A Regional Reset

Building upon GRP’s Strengths to Enhance Economic Development in the Richmond Region

A report prepared for the Greater Richmond Partnership, Inc.
Master of Urban & Regional Planning Program
L. Douglas Wilder School of Government & Public Affairs
Virginia Commonwealth University
April 30, 2010
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A report prepared for the Greater Richmond Partnership, Inc. by:
John Accordino, PhD, AICP
Fabrizio Fasulo, PhD
Grace Festa
Master of Urban & Regional Planning Program
L. Douglas Wilder School of Government & Public Affairs
Virginia Commonwealth University
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# Table of Contents

Executive Summary ......................................................................................................................... 1
Introduction ......................................................................................................................................... 9
PART I: Existing Practices and Linkages of the Greater Richmond Partnership ................. 13
PART II: Charlotte Benchmark Analysis Summary - Where does GRP stand? ........... 30
PART III: Case Studies in Key Economic Development Practices ................................................. 37
  Case #1 Ann Arbor, MI - Ann Arbor SPARK ................................................................................. 39
  Case #2 Austin, TX – The Greater Austin Chamber of Commerce ........................................... 44
  Case #3 Cincinnati, OH - Cincinnati USA Partnership for Economic Development ......... 50
  Case #4 Colorado Springs, CO - Colorado Springs Regional Economic Development
    Corporation ......................................................................................................................................... 52
  Case #5 Kansas City, KA and MO - Kansas City Area Development Council ................. 56
  Case #6 Lehigh Valley, PA - Southside Bethlehem Keystone Innovation Zone ............... 59
  Case #7 Louisville, KY - Greater Louisville, Inc. (GLI) ............................................................. 63
  Case #8 New Haven, CT - New Haven Biotech Partnerships ............................................... 73
  Case #9 New Mexico State – The New Mexico Partnership ...................................................... 77
  Case #10 Orlando, FL - Executive Advisory Board Exchange Committee ..................... 80
  Case #11 Orlando, FL - Metro Orlando Economic Development Commission ............... 82
  Case #12 Region 2000, VA - Virginia’s Region 2000 Partnership ........................................... 88
  Case #13 Research Triangle, NC - Research Triangle Regional Partnership ..................... 93
  Case #14 Seattle, WA - Seattle Jobs Initiative (SJI) ................................................................. 98
  Case #15 Tucson, AZ – Tucson Regional Economic Opportunities, Inc. (TREO) ........ 101
  Summary of Highlights ................................................................................................................ 111
PART IV: Recommendations ........................................................................................................... 117
Conclusion ....................................................................................................................................... 133
Sources ............................................................................................................................................ 134
Executive Summary

This report provides the Greater Richmond Partnership with the basis for a reset – a fresh look and an adjustment – of the region’s overall economic-development system. It reviews GRP’s performance on several key indicators via an analysis of a benchmarking study conducted one year ago, and it profiles the practices of 15 highly-acclaimed economic-development organizations throughout the United States. These analyses provide the basis for recommendations to enhance economic-development practice in the Richmond region and to adjust GRP’s role within that regional system.

Since 1994, the Greater Richmond Partnership has excelled at the art of regional economic development. While achieving impressive results through its aggressive and effective business-recruitment approach, GRP has also developed successful partnerships to provide other economic-development services to the Greater Richmond community – business retention and expansion, entrepreneurship assistance and small-business development, and workforce and talent development. GRP’s partners include the City of Richmond and the counties of Chesterfield, Hanover, and Henrico, along with other entities involved in various activities related to economic development – the Small Business Development Center, the regional Workforce Investment Board, the Virginia Economic Development Partnership, the Greater Richmond Chamber of Commerce, the Virginia Employment Commission, and the Richmond Regional Planning District Commission.

With respect to business recruitment, in order to attract new employers and new jobs, the Greater Richmond Partnership markets the assets of the region on both the national and international levels, focusing their efforts on target-industry clusters defined originally in 2004, but updated frequently to address changes in the economic conditions. The business retention and expansion functions of the Greater Richmond Partnership are housed in the Business First program, which is run jointly with the local partners. The purpose of the Business First program is to assist existing businesses by identifying growth issues and then referring companies to an appropriate service provider such as the Greater Richmond Small Business Development Center or other agencies. While much of the region’s workforce development functions are carried out by other organizations such as community colleges, the Virginia Employment Commission, or the Capital Region Workforce Centers, the Greater Richmond Partnership does
participate directly in workforce retention and attraction. In particular, given the current challenging economic climate, the retention of Richmond’s talented existing workforce has been GRP’s primary focus. To this end, RichmondJobNet, a new website created and operated by GRP, was launched in February 2009 in order to connect Greater Richmond job seekers to employment in the region. Finally, new-business formation and small-business support is a goal of the Greater Richmond Partnership, but it is carried out primarily by other entities in the Greater Richmond area, in particular by the Greater Richmond Small Business Development Center (GRSBDC).

The performance of the Greater Richmond Partnership was compared with seven regional economic development organizations in a benchmark analysis developed for the Charlotte Regional Partnership. On almost all aspects, GRP compares very well with its peer organizations. This is especially so when it comes to the proposal and marketing-plan management process, the diversification of marketing strategies and tactics, communication, and international recruitment efforts. In some other areas, the Greater Richmond Partnership ranks average. These include the lead-generation process, prospect management, and the agency website(s). Finally, the Greater Richmond Partnership shows some weaknesses in fields such as product development and improvement, and internal marketing, which the Charlotte study finds to be problematic for most of the organizations studied.

The purpose of this report is to identify ways in which GRP can improve the practice of economic development in the region. To do so, the report considers 15 different case studies of regional or state economic-development programs that are deemed by industry experts to be outstanding in one or more areas of interest to GRP. They are Ann Arbor (MI), Austin (TX), Cincinnati (OH), Colorado Springs (CO), Kansas City (KA and MO), Lehigh valley (PA), Louisville (KY), New Haven (CT), New Mexico State, Orlando (FL), Region 2000 (VA), the Research Triangle (NC), Seattle (WA), and Tucson (AZ). Each case was found to have significant initiatives in at least one of the six economic-development topics identified by GRP: organization & regional cooperation, business recruitment, retention & existing-business expansion, entrepreneurship & small-business development, workforce & talent development, and comprehensive sector- or cluster-based strategies.

The case studies offer key insights on economic-development practices that GRP may wish to consider emulating as it works to stay at the cutting edge of economic-development practice.
Organization and Regional Cooperation: Many of the organizations profiled in the report have been able to play a strong leadership role in organizing their partners around the common goal of regional growth. Some of them, for instance, have made excellent use of innovative partnerships, especially with universities, to create new economic ventures. Moreover, many of the organizations studied have even succeeded in combining economic-development and even community-development functions under one regional roof, thereby reducing total overhead costs, achieving greater economies of scale, and stimulating innovative thinking on how to coordinate more functions at a regional level. However, when this proves not to be possible or desirable, some of the cases in this report show the importance of having staff that can effectively bridge organizations so that they work more smoothly together. Another interesting aspect is the significant amount of effort that some of these organizations devote to internal, region-wide branding and organizing, which appears to reap great benefits when it comes to engaging partners and eliciting cooperation on a range of initiatives. Finally, the organizations profiled in this study derive their support from a number of sources, both public and private, and they include a variety of forms, ranging from fees for service, to voluntary contributions of funds, to project-specific support, volunteer services and mentorship, and in-kind donations.

Business Recruitment: In addition to targeting industries, some of the organizations also focus on start-up companies and site consultants in their recruitment program. Others, like New Mexico, use very narrowly targeted incentives such as their Job Training Incentive Program or High Wage Job Tax Credit to pursue cluster- and sectoral-development strategies. Finally, the Orlando Medical City case study demonstrates how a strategy intended to express the idea of innovation and excellence can be an effective tool when attracting businesses to a region.

Retention & Existing-Business Expansion: Some programs, particularly Louisville’s High-Impact Program, identify and provide special services to companies that are locally owned or headquartered in the region and that have a disproportionately high impact on job growth and development of the metropolitan economy. These companies may be selected because they are either gazelles (fast-growth companies), renaissance companies (established companies undergoing change or revitalization), or enablers (organizations with a vital product or service that enables fast growth in other companies). Another aspect of particular interest is the connection made between retention and recruitment programs by focusing on the same target industries and developing recruitment leads from retention visits. Finally, some organizations
pursue their retention goals using permanent, volunteer-based committees formed by community business leaders and local economic-development organization representatives.

**Entrepreneurship & Small-Business Development**: Various approaches to entrepreneurship and small-business development can be highlighted from the case studies presented in this report. For instance, some organizations use contractors, as opposed to in-house staff, in order to provide business assistance and services to start-up companies while preserving limited resources. Others, like the Lehigh Valley Economic Development Corporation (LVEDC), recognize how an educational institution can make the difference when supporting business growth. LVEDC promotes a stable partnership with Lehigh University, as well as the area’s regional community colleges. Finally, there is a common recognition of the importance of establishing strong connections among businesses and promoting networks that can provide solutions to management and business problems through business-to-business relationships.

**Workforce and Talent Development**: Some of the organizations profiled in this report are engaged in developing talent-attraction strategies which aim to market their region as hip, modern, and progressive. In some cases, these efforts are performed jointly with regional educational organizations, especially when aimed at the commercialization of university research or the creation of internship programs, which seem to be effective tools for both talent development and existing-business retention. Another significant aspect is the importance given by some regions, like Louisville, to the development of programs that tie workforce and business development together. Finally, an innovative example comes from the Seattle Jobs Initiative, which uses project managers, employer brokers, and the employer champion group to bridge the traditionally poor connections between workforce development and economic development.

**Comprehensive, Cluster- and Sector-Based Development Strategies**: Some of the organizations studied are engaged in developing comprehensive cluster- or sector-based strategies that include recruitment, retention, expansion, entrepreneurship, and workforce/talent development. This integrated approach has proven to be effective, especially in those cases where the cluster identification process was conducted with a professional and scientific approach, while maintaining an inclusive and participatory character.
The case studies and the highlights they provide offer enough examples to formulate some recommendations to help GRP in its efforts to promote and support economic development in the Greater Richmond area. These can be summarized as follows:

1. **GRP’s Role in the Development of the Richmond Metropolitan Economy**

   **1.1** GRP should be the primary coordinating body responsible for the development of the region’s economic base.

   **1.2** Local government partners of GRP should (i) work collaboratively to grow the region’s economic base; (ii) facilitate the development of the economic base within the region by creating and maintaining appropriate real-estate product and providing appropriate public services and amenities; and (iii) develop the region’s non-basic economy, i.e., retail, services, etc.

2. **Organizational Structure and Footprint**

   **2.1 Regional Planning:** We recommend that GRP develop a closer working relationship with the Richmond Regional Planning District Commission. Such a move could increase economies of scale and scope and bring advantages to both organizations.

   **2.2 Workforce Development:** The WIB and GRP should take steps to ensure a tight fit between the workers who come through the WIB and the region’s basic industries.

   **2.3 Talent Development, Attraction & Retention:** GRP should work closely with HYPE to develop ongoing, joint efforts for talent-attraction and retention. Also, through organizations such as HYPE or through other means, GRP should engage the area’s universities more extensively on talent-development and retention initiatives.

   **2.4 Footprint:** GRP should expand its footprint to include all of the jurisdictions in the Richmond Regional PDC as quickly as possible.

   **2.4.1** We recommend that GRP and the Richmond Regional PDC follow the examples of the Research Triangle, Lynchburg, Louisville, Austin, and other areas profiled in this report and take two steps toward cooperation for regional development. First, they should maintain frequent communications with the Crater PDD and Virginia’s Gateway Region. Second, at least twice each year, they should convene region-wide summits to discuss planning and economic-development strategies for the entire region.
3. Regional Economic-Development Strategy Formation

3.1 Following the models of Austin, Tucson, and the Research Triangle, we recommend that GRP work with the Richmond Regional PDC to coordinate a comprehensive economic-development strategy for the Richmond region (within the Richmond Regional PDC footprint). It is important that this process include both extensive technical analysis and widespread public participation.

4. Implementing the Regional Economic-Development Strategy

To be maximally effective, the cluster-development strategy must be implemented through business attraction, expansion, entrepreneurship and business development, as well as workforce- and talent-development tools. Quality-of-place, i.e. “place-making” tools must be utilized as well. Here we offer some specific suggestions for the implementation phase:

4.1 Developing and Managing Competitive Clusters: GRP should facilitate regular meetings of the CEOs in its key clusters to ensure that they have what they need to continue to develop and grow.

4.2 Business Recruitment: Two different elements need to be considered: I) any financial incentives or other forms of assistance used to recruit new businesses should be closely tied to the community’s specified economic-development goals and metrics; and II) local jurisdictions have important roles to play in place-making, in providing local services for base-industry businesses, and in collaborating to build new spaces where basic industries can locate. These roles should be specified during the development-planning process.

4.3 Business Retention and Expansion: Also in this case different recommendations can be identified: I) GRP could use Louisville’s model of peer-group consulting to focus on high-growth businesses, or it could adapt such a model to a business-expansion approach that focuses on clusters. II) With respect to business visitations, only basic businesses in the GRP target clusters should be visited through the GRP visitation program. If possible, visitation should be conducted by a GRP staff person and/or a staff person from the locality in which the business is located. Finally, follow-up processes should be of high quality.
4.4 Entrepreneurship Development: We suggest that GRP and the Greater Richmond Small-Business Development Center add the following initiatives to their current training and technical-assistance work: I) Regionalize the “How to Start a Business 101” course, offering it less often, but inviting attendees from all of GRP’s partner jurisdictions for each session, no matter where it is held. II) Entrepreneurs’ Roundtable, in which carefully selected groups of 10-12 entrepreneurs and start-ups that do not compete and do not supply goods or services to each other, meet monthly at breakfast or another convenient time to advise each other on how to handle the issues of starting a new business. III) Pitch Your Business Plan, which is a monthly opportunity to submit and present a business plan to a group of volunteer CEOs. IV) Commercializing University Research: working closely with the region’s research universities, GRP and the GRSBDC should establish a program to commercialize university research and stimulate entrepreneurship, within the cluster areas identified in the regional planning process.

4.5 Workforce development: We recommend that GRP and the Workforce Investment Board develop a tighter operational relationship; locating the WIB office close to GRP, as Lynchburg has done, might facilitate such cooperation. We also recommend that GRP and the Workforce Investment Board consider following the Seattle Jobs Initiative’s lead and use project managers and employer brokers, and perhaps an employer-champion group (or simply employer groups organized within the clusters), to bridge the organizations that assist and train workers with the employers who will hire them.

4.6 Talent attraction and retention: GRP should work aggressively with HYPE, the arts and culture communities, and other organizations, including existing businesses, to optimize the region’s approach to attracting and retaining talent to work in its target cluster industries.

5. Utilizing Key Community Assets

5.1 Cultivating a culture of economic development: GRP, following the model of Kansas City and the Research Triangle, should I) use staff to play a significant role in membership development and in the capital campaign; II) support the creation of community-based committees that will meet periodically to review the implementation of the economic-development strategy; III) make regular presentations to local political bodies and work with the press to ensure adequate publicity for the region’s economic-development goals and strategies, and IV) engage organizations such as Leadership Metro Richmond to
devise a strategy for keeping regional economic-development issues before the public, and create groups interested in discussing regional-development strategies and trends.

5.2 Resources: GRP should work with Virginia Commonwealth University, the University of Richmond, and Virginia Union University to stimulate entrepreneurship and business development within the region’s target industry clusters, provide technical assistance to start-ups and existing businesses, assist in the preparation of the regional economic-development strategy, and assist in measuring the region’s progress in achieving its economic-development goals by completing an annual report card.

5.3 Human Resources: We recommend that GRP take on the following new tasks, to be staffed either with existing or additional personnel: a development director to manage resource enhancement, investor relations, and marketing; a cluster-development manager; and a workforce and talent development liaison. Although these new tasks may require additional staff, we believe that it may be possible to outsource some of the more “back-office” types of tasks, through: I) closer collaboration with the Richmond Regional Planning District Commission, especially on the research side (in particular GIS and regional economic analysis), II) greater utilization of graduate-student interns from area colleges and universities, and III) judicious use of volunteers.

5.4 Funding: As GRP’s footprint grows, and as it engages in more internal development, we recommend that it consider increasing the private contribution to greater than 50% of the total.
**Introduction**

Since 1994, the Greater Richmond Partnership (GRP) has excelled at the art of regional economic development, building a strong reputation nationally and also internationally for its outstanding business-recruitment approach and results. In the past decade, GRP has formed partnerships to add new aspects of economic development – business retention and expansion, entrepreneurship assistance and small-business development, and workforce and talent development. Thus, regional economic development in Greater Richmond has grown somewhat by accretion, as new concerns and needs have been added to more established functions.

All great organizations regularly take stock of their achievements and find ways to accomplish their missions more effectively. GRP is one such organization and it has various self-evaluation systems in place. The purpose of this report is to go beyond GRP’s normal evaluation system and, indeed, beyond the primary scope of GRP itself, and to focus more on the overall regional economic development system, including business recruitment, but also retention and expansion, entrepreneurship and small-business development, and workforce development. In short, this report provides the basis for a regional reset – a fresh look at how the Richmond region practices economic development and how it might improve upon that practice.

The timing for such an effort is propitious. When GRP’s predecessor, the Metropolitan Economic Development Council (MEDC), was formed in 1978, regional cooperation was not widely practiced in the Richmond area. Today, thanks in part to the work of MEDC and GRP over the years, there is more acceptance of the need for region-wide efforts in economic development, planning, transportation, and a variety of community-development issues.

This report has two key components. Following a thumbnail sketch of GRP’s primary activities and the work of its various partner organizations, in Part II the report takes stock of GRP’s current performance level, via an analysis of a peer-to-peer report recently completed for the Charlotte Regional Partnership, which includes GRP as one of the peer organizations. As this report makes plain, GRP exceeds the performance of its peer institutions in a number of respects, confirming the impression conveyed to us verbally by economic-development
consultants in the course of this research project, that in general, GRP executes its business-attraction mission quite well.

The purpose of the second major component of the study (Part III) is to help GRP and other interested parties think about ways to reset and improve the region’s economic-development system. Since most good discussion and learning begins with comparisons, this part of the report presents sketches of 15 other economic-development organizations. These organizations were chosen because their work focuses on areas in which GRP would like to consider new ideas and approaches for the Richmond region. The selection and research process worked as follows:

1) Between November 2009 and January 2010, we held several discussions with the staff of both GRP and the Greater Richmond Small Business Development Center (GRSBDC) and determined their interest in learning about noteworthy practices in other regions in the following areas:

   o Organization and Regional Cooperation / Partners
     - Expanding the organizational footprint
     - Developing new resources
     - Measuring impact / return on investment / metrics
   o Recruitment – effectively engaging public partners in
     - Identifying target clusters and/or sectors
     - Developing real estate product appropriate to the targets
     - New or unconventional business incentives
   o Retention and Expansion – engaging public partners to pursue retention targets that also contribute to regional development goals
   o Workforce/Talent Development – creating strong linkages with business recruitment and retention/expansion
   o Small-Business Development and Entrepreneurship Assistance – formats to engage small businesses in effective training
     - Mentoring and financing gazelles
     - Stimulating and commercializing innovation
   o Comprehensive sector- or cluster-based strategies that integrate recruitment, expansion/retention, small-business and entrepreneurship stimulation, and workforce/talent development
2) We contacted eight well-known economic-development consultants and academics (see list of sources at the end of the report) and asked them to make recommendations of organizations excelling at one or all of the above-listed areas. (We also asked GRP and GRSBDC staff to make such recommendations.) We consulted relevant economic-development literature and reviewed a list of the International Economic Development Council’s 2008 economic-development award winners, summarized by GRP staff. This yielded a large list of organizations with little overlap among them. Where we found such overlaps (two or more sources listed the same organization in the same area of excellence) we chose that organization for closer study. We also made sure that the work of the total list of organizations collectively addressed each of the areas of interest mentioned by GRP staff. When our initial list of organizations did not completely address all of the points to some degree, we added more organizations.

3) We chose 18 regional and local organizations for closer study and we used a two-stage process to learn everything relevant that we could about them:
   o We conducted a thorough review of the organizations’ web-based materials and published literature focusing primarily on the features of that organization that were recommended to us by the experts with whom we spoke in Step 2. As a result of this process, we cut the list to 15 organizations whose work matches the GRP’s areas of interest.
   o Follow-up, confidential interviews with one or two key staff persons (CEO/president, vice president, or other staff person who is intimately involved with the work under study) were conducted with all but three of the organizations (where staff could not be reached). Each interview lasted 30-60 minutes. The staff persons contacted proved to be very knowledgeable and willing to help with the research project. (Indeed, they also mentioned that they know and have great respect for the work of GRP and its staff.)

The results of our research are reported in case studies in Part III of this report. Some cover all of the areas of interest mentioned by the GRP and GRSBDC staff; others cover only one or two areas. At the end of each of these case studies we have identified key highlights for GRP and other interested parties based upon the areas of interest identified in step one above. These key highlights are then summarized. Part IV to this report synthesizes these highlights into a set
of recommendations for discussion as GRP seeks to build upon its success to date and raise the level of economic-development practice in the region.
In order to best research and recommend strategies for improving the organization and execution of the work done by the Greater Richmond Partnership, it is important to have a clear understanding of GRP’s current practices. Part I summarizes GRP’s current efforts as they relate to organization, recruitment, business retention, talent and workforce development, and small-business development. This part will also discuss regional cooperation as it relates to GRP.

**ORGANIZATION**

The Greater Richmond Partnership is a 501(c)(6) not-for-profit organization with both public and private contributing partners. GRP is governed by a board of directors and has ten staff members with the following job functions: administration (3), recruitment (2), business retention and workforce development (1), research (2), and marketing, communications, and media (2).

**Key Partners:** The Greater Richmond Partnership is supported by several key partners. Four public partners – the City of Richmond and the counties of Chesterfield, Hanover, and Henrico – collectively contribute half of GRP’s operating budget. GRP focuses its economic-development work on these four jurisdictions and works closely with their individual economic-development authorities. As of January, 2010, there are approximately 120 private partners. These private partners consist of area businesses and other groups that are concerned with the success of regional economic development efforts. The private partners collectively contribute the other half of GRP’s operating budget in the form of cash donations or in-kind grants.

The Greater Richmond Partnership also has several secondary partners with whom it works closely in order to provide services to its prospects or further advertise the Richmond region. These secondary partners include commercial and relocation realtors, lawyers, accountants, and bankers. GRP also works closely with other service providers such as universities, utility companies, and transportation entities such as those that manage the airport or the port. GRP works closely with these entities to ensure that they are meeting the needs of prospective and existing businesses.
Other important partners include government and not-for-profit organizations involved in various activities related to economic development. Some of the most important partners are described below:

- **The Virginia Economic Development Partnership (VEDP)** is the state-level economic development organization. This group is responsible for marketing the Commonwealth of Virginia and its superior business climate to national and international prospects. Many location searches start on the state level, so the marketing efforts of VEDP are an important source of leads for GRP.

- **The Greater Richmond Chamber of Commerce** is an organization that represents numerous businesses throughout the Richmond region. The Chamber of Commerce is closely partnered with GRP, sharing a fundraising event and co-coordinating many Richmond-area business and labor services.

- **The Virginia Employment Commission** administers the federal-state employment-security program in Virginia. This includes providing a variety of services to unemployed persons and collecting, managing, and making publicly available data on industry and labor force trends. They administer unemployment benefits and offer services to help transition adults back into the workforce.

- **The Virginia Department of Business Assistance** is a state agency tasked with promoting economic growth by helping Virginia businesses prosper. One of the key initiatives carried out by this organization is the Virginia Jobs Investment Program, which supports the creation of new jobs in the Commonwealth by offsetting a company’s recruitment and training costs.

- **The Capital Region Workforce Investment Board** is a new organization designed to help dislocated workers, youth, and unemployed adults within the region by administering programs compliant with the federal Workforce Investment Act. This organization is an important component of the region’s workforce development strategy, and GRP maintains a representative on the board of directors.

- **The Richmond Regional Planning District Commission** staffs the Metropolitan Planning Organization for federal transportation funding and it provides planning services for the Richmond region. These services may include the creation of a comprehensive economic development strategy in the future.
**Board of Directors:** The Greater Richmond Partnership’s board of directors is made up of eight members and six alternates. Four of the members are elected officials and represent the interests of GRP’s public partners. The other four members are selected by the Greater Richmond Chamber of Commerce and represent the private sector. Each public partner has an alternate and the private sector has two alternates to ensure continuous fair representation between the private and public partners. Board representation changes on a yearly basis.

In addition to the board of directors, there are also currently five officers: a Chair and Vice Chair taken from the board members, the President and CEO of GRP, the Corporate Secretary, and a General Counsel. Four committees provide further guidance in key areas: Budget, Finance, and Personnel; Audit; Marketing; and Business First. Per the Partnership’s bylaws, the board of directors must meet at least once per quarter. However, the current board meets more frequently at the request of the current Chair. The function of the board is to focus on the policy and administrative aspects of the Greater Richmond Partnership. There is a heavy focus on financial and budgetary issues, and the board ensures that GRP invests their limited budget in the correct areas. The board does not directly manage the President or staff and does not directly oversee strategy. However, the board does review goals and results and the President serves at the pleasure of the board.

**LEDO Meetings:** The Greater Richmond Partnership holds Local Economic Development Official (LEDO) meetings on a monthly basis to ensure sufficient and appropriate communication between GRP and its local partners. The meetings are attended by the GRP President and the Senior Vice President, along with the four directors of the partnering local economic-development programs. The agenda of these meetings is flexible, depending on which issues are relevant for the current month. Typically the group discusses prospect activity, the status of GRP funding, marketing support, project updates, and current-year marketing and events outreach efforts.

**Funding:** The Greater Richmond Partnership is funded by both the public and private sectors, making it a true public-private partnership. The public sector funds 50% of GRP’s budget, with each of the four partner jurisdictions contributing 12.5%. The private-sector contributing partners provide the other 50% of the budget.
Fundraising efforts take place every five years in conjunction with the Greater Richmond Chamber of Commerce in the form of a capital campaign. Contributions are directed to the Chamber Foundation, which is set up as a 501(c)(3), allowing contributors to deduct contributions from their taxes in the form of charitable donations. A goal is set for each capital campaign and GRP’s public partners then match this amount to maintain the proper balance between public and private funding. The overall funding goal for the 2009-2014 cycle is $18 million, $9 million of which was to be raised from the private sector by the capital campaign. Due to a challenging economic climate, as of April 2010, this goal has not yet been reached.

**Measurement of Success:** The Greater Richmond Partnership uses performance measures to track success. Each GRP program has measurable goals, which are set every five years. These performance measures specify the goals of each GRP program and direct its actions. Performance measures vary per program, but may specify how many jobs should be created or retained, how much new capital investment should be attracted to the area, or media mentions. The current performance measures are listed in GRP’s updated economic development plan for 2009-2014, “Still Globally Focused, Regionally Competitive.”
The table below shows the performance goals and results for the previous five-year cycle, from July 2004 to June 2009.

**Table 1. Goals and Results: July 1, 2004 through June 30, 2009**

<table>
<thead>
<tr>
<th>Five-Year Goals</th>
<th>Achieved 2004-2009</th>
<th>% of Goals Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Greater Richmond Partnership</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,000 new primary jobs</td>
<td>6,904</td>
<td>69%</td>
</tr>
<tr>
<td>New Business Attraction</td>
<td>6,132</td>
<td></td>
</tr>
<tr>
<td>Business First</td>
<td>772</td>
<td></td>
</tr>
<tr>
<td>$1.5 billion capital investment</td>
<td>$1,948,504,827</td>
<td>130%</td>
</tr>
<tr>
<td>New Business Attraction</td>
<td>$1,874,212,595</td>
<td></td>
</tr>
<tr>
<td>Business First</td>
<td>$74,292,232</td>
<td></td>
</tr>
<tr>
<td>25 new foreign-affiliated companies</td>
<td>25</td>
<td>100%</td>
</tr>
<tr>
<td>125 total assisted companies*</td>
<td>85</td>
<td>68%</td>
</tr>
<tr>
<td>50 media messages</td>
<td>82</td>
<td>164%</td>
</tr>
<tr>
<td><strong>Greater Richmond Chamber of Commerce</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500 existing companies provided with expansion assistance</td>
<td>629</td>
<td>126%</td>
</tr>
<tr>
<td>Counsel 2,500 small businesses</td>
<td>2,819</td>
<td>113%</td>
</tr>
<tr>
<td>Training for 12,000 business owners</td>
<td>16,393</td>
<td>137%</td>
</tr>
<tr>
<td>Information for 33,000 business owners</td>
<td>46,619</td>
<td>141%</td>
</tr>
<tr>
<td>1. Retain 1,500 jobs**</td>
<td>2,210</td>
<td>147%</td>
</tr>
<tr>
<td>2. Create 1,250 jobs**</td>
<td>1,195</td>
<td>96%</td>
</tr>
</tbody>
</table>

Notes: *A company may be counted more than once if it has multiple projects in several localities. New foreign companies are included. **Data collected from semi-annual surveys covering Jan-June and Jul-Dec. GRC Training and Information goals were increased for the final two years of the period.

The Greater Richmond Partnership also uses a proposal evaluation system to measure the effectiveness of their responses to prospects. At the completion of any project, GRP seeks feedback from the prospect or consultant. Whenever possible, if a project does not locate in Richmond, GRP documents the reasons why the prospect decided on an alternate location. These reasons can range from a lack of appropriate real estate, to transportation issues, to better incentive packages from other localities. This information is then stored as a note in the project files and can be used to give feedback to the appropriate entities. For instance, negative feedback from prospects was used to help guide changes and improvements to the Richmond airport.
Planning: The Greater Richmond Partnership operates on a fiscal year beginning the first of July. Strategy-planning efforts are generally conducted every five years, which coincides with fundraising efforts. At the beginning of every five-year cycle, GRP produces a published plan which guides its actions and sets goals for key activities. This document also serves as a fundraising tool, providing contributors with information about how GRP funds will be spent over the next five years. The most recent five-year cycle began on July 1, 2009. The booklet meant to dictate the current five-year strategy was developed well in advance in order to provide time for fundraising. Due to the deterioration of global economic conditions beginning in the summer of 2008, the “Globally Focused, Regionally Competitive” plan no longer served as the best guide for GRP. In response, GRP produced an emergency 90-day action plan to address economic realities in the region and nation. This plan was then followed by “Still Globally Focused, Regionally Competitive,” a revised strategy for the 2009 to 2014 planning cycle. This current plan was designed with a more limited budget in mind, dropping some infrastructure investments detailed in the original plan. The new plan also incorporates a talent-retention program, designed as a response to the growing unemployment of skilled workers brought about by the closing and downsizing of companies in the Richmond region.¹

BUSINESS RECRUITMENT

In order to attract new employers and new jobs, the Greater Richmond Partnership markets the assets of the region on both national and international levels. In this activity area, GRP’s goals for the 2009-2014 planning cycle are to support the creation of 8,500 jobs generating $391 million in payroll; encourage $1.5 billion in new capital investment; assist a total of 125 new and expanding firms, of which 25 are new internationally-owned companies; and place 50 positive media messages about the region in national and/or international publications.²

GRP maintains target industry clusters to focus these marketing efforts. The current first-tier target industries are as follows: advanced manufacturing; green, clean, and energy technologies; life sciences; information and communication technologies; creative and knowledge-based services; and food processing. Two industries – finance securities and insurance, and logistics and supply chains – are considered to be second-tier clusters, which are supported but not actively pursued. The industry clusters were generated with the help of a

target business analysis report conducted in 2004 by Market Street Services, an Atlanta-based consultant. The report includes quantitative data such as a location-quotient analysis, a shift-share analysis, and a study of basic industries. Qualitative research included several focus groups and interviews involving local businesses.³

As economic conditions evolve and circumstances change, GRP has needed to revise the 2004 list of target clusters. The information in the target business analysis report has continued to help the GRP staff in making informed decisions about the industry clusters they are targeting. Industry trends, news reports, politics, and other external types of information are also taken into consideration. Furthermore, before any targets are officially added or removed from the list, GRP discusses the change with its local partners during the regularly scheduled LEDO meetings. All local partners should be in agreement with the region’s targets. Using the industry clusters as a guide, staff attends trade and industry expos and goes on marketing missions. In the case of international marketing, locations are chosen based on current events in the world economy and on the success of past marketing efforts. Currently, there is heavy emphasis on the United Kingdom, Germany, Scandinavia, and Canada.

Marketing missions are generally attended by representatives from GRP as well as local and state government staff. As they plan marketing missions, GRP and its partner localities begin with the Virginia Economic Development Partnership’s marketing schedule, which is released every April. Events are chosen based on the target clusters, and each locality determines which events it would like to attend. Any additional visitations done by GRP are then laid on top of VEDP’s schedule. This process is conducted in order to ensure even coverage of marketing missions and appropriate representation during each mission. The Greater Richmond Partnership welcomes all local partners on all marketing missions, but has found that one GRP staff with two representatives from the localities provides a good balance of representation without overwhelming prospects. Occasionally, there are too many representatives on a single marketing trip, so GRP is considering addressing this issue formally in the future. The City of Richmond has not had a travel budget for the past four years, so has not been able to participate in marketing missions during that time.

In order to market the Richmond region, GRP produces printed and web-based literature designed to appeal to targeted businesses. The topics of the printed materials vary greatly,

ranging from cost-comparison analyses to quality-of-place information. There are also brochures written especially for target clusters, such as green technology or logistics. These materials, which have won awards from the Southern Economic Development Council and the International Economic Development Council over the years, are powerful tools.

About half of all prospect leads are generated by GRP’s own marketing efforts, including those brought in by Springboard Marketing, a UK-based consulting company, as well as a consultant working in Germany. Other sources of leads include VEDP, referrals from allies, direct company contacts, and real-estate consultants. About half of all successfully located projects are referred to the Greater Richmond Partnership by VEDP.

BUSINESS RETENTION AND EXPANSION

The business-retention functions of the Greater Richmond Partnership are housed in the Business First program, which was started in 2006 as a successor to the Greater Richmond Chamber of Commerce’s business visitation program. Business First is run on the regional and local levels and involves in-person visits to local companies, often by a group of volunteers. The purpose of the program is to identify barriers to the success of local businesses and nurture effective two-way communication between businesses and local governments on a range of issues. Information collected in interviews is entered into a regional database so that regional trends can be identified. Local staff then refers companies to an appropriate service provider such as the Greater Richmond Small Business Development Center or the U.S. Small Business Administration. The 2009-2014 goals of the business retention and expansion program are to interview 2,500 existing businesses; assist 500 companies; support the creation of 7,500 new jobs; and secure $250 million in new investment.

Although local service providers are generally able to address the issues of exiting businesses, there are some notable gaps in coverage. For instance, there is a very limited availability of staff able to help businesses create strategies to increase their sales. Also, there are no local service providers able to help companies adopt a business culture that encourages product and service innovation.

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The Business First program is run in cooperation with the Greater Richmond Partnership and the local partners. However, there is currently no regional strategy to determine which companies will be visited. Each jurisdiction determines its own visitation strategy, with methods ranging from sectoral focuses to geographic focuses. The regional effort has a goal of bringing local strategies together into a logical way, but this has not yet been accomplished, likely due to the wide variance of the local strategies.

Despite the differences in visitation strategies, the four jurisdictions do cooperate on the execution of the Business First program, including marketing, data entry, and consistency in carrying out program functions. The Greater Richmond Partnership provides marketing materials such as the program website and annual reports. GRP also facilitates communication with volunteers and coordinates Business First events at the regional level.

Information gathered during company interviews must be kept confidential in order to respect the privacy of participating businesses and retain their trust. However, all information collected by volunteers is entered into Executive Pulse, a shared database. Local partners are able to access company profiles within their own jurisdiction and GRP has access to all profiles. By storing information in a collective database, it is possible for GRP to identify trends in the data. For instance, hiring predictions can be made, clusters that may need special attention can be identified, or issues involving local services such as police or utilities can be addressed. This information is then shared with localities to help them make informed decisions about the direction of their Business First interviews and the status of the services such as zoning, public safety, or development assistance which are offered to companies.

There is a Business First regional planning committee that meets every other month to talk about regional trends, marketing, technology platforms, and administrative issues. The meeting attendees include GRP staff, local business leaders, and representatives from GRP’s local partners. These meetings encourage communication among partners.

TALENT AND WORKFORCE DEVELOPMENT

Much of the region’s workforce-development functions are carried out by organizations other than GRP, such as the Virginia Community College System, the Virginia Employment Commission, and the Capital Region Workforce Centers. The Greater Richmond Chamber of
Commerce is also responsible for some regional workforce-development functions. However, since the beginning of the current economic downturn, GRP has engaged in talent-retention and attraction efforts. The RichmondJobNet website was launched in February, 2009 in order to connect Richmond job seekers to employment in the region.

The RichmondJobNet website was created and is managed by GRP. It provides job seekers with information about available regional resources, including job boards, area networking organizations, education opportunities, and professional associations. Registered users are given access to the Career Concourse, a career tool which helps job seekers identify additional job opportunities based on their experience and preferences. A monthly newsletter provides job search tips as well as featured employment in the Richmond region. RichmondJobNet also uses social media (Facebook and Twitter) to interact with job seekers and provide resources.

The Greater Richmond Chamber of Commerce provides additional talent-development services, including the organization of the annual College to Career Fair, aimed at helping new college graduates transition into the workforce. The Greater Richmond Chamber also produces the Workforce Services Directory, which is a comprehensive directory of service providers within the Richmond region. Available online and in print, this guide is designed to help human-resource professionals and recruitment staff find needed resources. The Next program helps trailing spouses find employment in the Richmond region by placing their bios and resumes in front of member human-resources departments. This program was started when big employers such as MeadWestvaco and Altria began moving large numbers of staff to Richmond; it has since been suspended due to a lack of need. When economic conditions improve or when another large company locates in the Richmond area, the Greater Richmond Chamber intends to reinstate the Next program. The Greater Richmond Chamber of Commerce also partners with the United Way to support the Smart Beginnings of Greater Richmond and Petersburg programs, which provide early-childhood development services. The Greater Richmond Chamber provides marketing and lobbying services for this program, arguing that successful early-childhood development is the first step towards successful workforce development.

Over the past year, the Greater Richmond Chamber has reduced its involvement in workforce development, eliminating a staff position and cutting back programs. This decision was both strategic and budgetary in nature. The Chamber of Commerce plans to focus the majority of its
workforce-development energies on the formation and support of the new Workforce Investment Board. The Chamber’s Senior Vice President serves as Vice Chair in the newly formed board.

The new Workforce Investment Board (WIB) was created in November, 2008 by merging the former regional workforce board with the Workforce Investment Board in the City of Richmond. The new regional entity is still under construction. The approximately 50-member board of directors was appointed in July 2009 and includes a representative from the staff of GRP. The organization’s strategic plan was just approved in January 2010. Forty-nine percent of the board must be comprised of representatives from partners such as community colleges, social-service agencies, or rehabilitative services. The remaining fifty-one percent is comprised of private-sector representatives. The WIB represents the counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and the City of Richmond. The WIB’s main function is to administer the federally funded Workforce Investment Act through appropriate workforce-development programs. The funds are designed to support dislocated workers and disadvantaged adults and youth.

The majority of the WIB’s funding is provided by the federal government, but individual partner jurisdictions also contribute to the organization. Currently, Henrico County serves as the fiscal agent, managing monies and ensuring that the WIB is compliant with the Workforce Investment Act. The current Chief Administrative Officer of the WIB is an employee of Henrico County. This individual and three other temporary staff members – also employees of Henrico County – are paid through the regional WIA allocations, but may still have duties to Henrico County. As the new WIB takes shape, new administration and funding arrangements will be made.

Currently, the WIB does not have any official staff, and programs are administered by service providers such as Goodwill Industries and the Capital Region Workforce Centers. Under the new strategic plan, the WIB will focus on industry as its primary customer, working with employers to use resources to develop a workforce with skills that are currently in demand. Counselors working with job seekers will know what types of jobs are available and how to get individuals trained to work in these careers. The WIB is still mapping the sectors and occupations that they will be supporting, but the intent is to connect business demand with business attraction and retention targets.
SMALL BUSINESS DEVELOPMENT

New-business formation and small-business support are goals of the Greater Richmond Partnership, but they are pursued primarily by other entities in the Greater Richmond area. GRP funded the production of a series of CDs entitled *An Interactive Guide to Setting Up a Business*, designed to assist local entrepreneurs in the four partner jurisdictions, but other support for small and developing businesses is fulfilled in the form of financial support for the Greater Richmond Small Business Development Center (GRSBDC).

The GRSBDC is a partnership program between the U.S. Small Business Administration and the Greater Richmond Chamber of Commerce. It is funded by the same capital campaign that funds GRP and the Chamber of Commerce. The GRSBDC provides a multitude of services, including one-on-one counseling, global commerce assistance, training, and connecting businesses to financial resources. The goal of this program is to encourage small-business growth to increase capital investment and the number of jobs created by existing businesses.

The GRSBDC works with many partners in order to deliver services to local entrepreneurs. First and foremost, GRSBDC partners with the U.S. Small Business Administration to help businesses take advantage of financing and many other programs offered by this organization. GRSBDC is part of the Virginia Small Business Development Centers network, which consists of 28 local small-business development centers. GRSBDC also works with many local universities and community colleges, networking groups, and other small-business service providers such as the Service Corps of Retired Executives.

The GRSBDC was founded in 1994, and has helped entrepreneurs face numerous challenges over the years. Current economic conditions have created further challenges for small business in the form of shrinking capital. The GRSBDC can help match small businesses with financing opportunities, but it has found that under the current economic conditions, getting a small business approved for a loan can be difficult. Even under federal programs funded by “stimulus package” monies, the loan programs can often be too conservative to make a large impact on the current capital problem. GRSBDC would like to expand training and counseling services, but its budget is limited to its share of the amount raised in the capital campaign conducted every five years by the Greater Richmond Chamber and GRP.
REGIONAL COOPERATION

The Greater Richmond Partnership represents a major advance in regional cooperation between local governments and other state and local organizations. Each contributing partner must recognize the importance of the overall success of the region in order to be a member of GRP. Despite general good will, however, there are some challenges to smooth cooperation among GRP’s partners, as there are in many regions. Another area of challenge is the coordination between the different economic-development programs conducted and sponsored by the Greater Richmond Partnership.

Business Recruitment Cooperation: Within the business-recruitment program, there is a significant amount of cooperation between the staff of GRP, the local partners, and the Virginia Economic Development Partnership. These groups must come together to agree on target-industry clusters, marketing strategies, and marketing missions. Because companies tend to look at a state or region before considering a particular jurisdiction, these groups must work together to make the Richmond region appear as appealing as possible to prospects. The monthly LEDO meetings assure an appropriate level of communication between GRP and the local partners, giving all parties the chance to discuss strategy and raise issues.

The business-recruitment program has been in existence for several years, and is thus well organized. There are areas within the program that continue to challenge the partners, however. For instance, local directors expect to be kept up-to-date on prospects by GRP and may become annoyed if communication breaks down, since it can be embarrassing for the local directors if the media hears about prospect activity before they do. Also, each locality prefers to handle communication with secondary partners such as existing businesses or real-estate agents on its own, and does not want GRP to make these contacts without its participation.

Also, the fact that Chesterfield is a member of two regional organizations can create tensions between the localities if, on occasion, the other economic-development offices perceive that Chesterfield gets more than its fair share of prospects. The economic-development interests of the City of Richmond reportedly vary slightly from those of the counties. The City has no large sites for economic development and focuses more on neighborhood revitalization, while the counties are more concerned with landing prospects on larger tracts. Because of this difference in interests, the City of Richmond may not appear to the other partners to be as full a participant in regional recruitment activities as are the others. This perception is reportedly confirmed by
the fact that City economic-development staff persons have no travel budget, so they cannot accompany GRP on marketing missions.

Overall, the level of regional cooperation that goes into the recruitment program is significant. Any conflicts that may arise between GRP and their partners are handled professionally with tact and consideration. The differing economic-development interests of the City and the counties pose a challenge, but the City of Richmond nevertheless pays the same member dues as do the other localities.

**Business Retention and Expansion Cooperation:** Since the start of the Business First program in 2006, the region has made some impressive strides in business retention and expansion, but there are also many opportunities for improvement.

The local partners cooperate to a large degree when it comes to the administration of the Business First program, including marketing and program operations. Each locality follows the same basic format when organizing volunteers, conducting interviews, and recording information in the regional database. All localities use the same software program to track interviews and enter data. This consistency allows data to be gathered and analyzed at the regional level. The marketing of the program is handled by GRP, with consistency throughout the imagery and slogans.

Although the program runs with a degree of outward consistency, there is no cooperation with regard to retention strategy. Each locality chooses its own visitation strategy, and none are connected to the region’s target clusters. Instead, localities have such varying visitation strategies that it has been impossible to connect them on a regional basis. In addition, it is reportedly not clear that the localities’ retention staff members are interested in participating in a regionally-focused visitation strategy.

There are also differences of opinion with regard to regional involvement with local companies. Some localities do not want GRP staff communicating directly with businesses within their jurisdiction, believing that it is the locality’s role to remain connected to its businesses. This policy limits the amount of retention work the GRP staff can do outside of collecting and analyzing data. At the same time, the job descriptions of some of the local business-retention
staff reportedly are too specific to allow for the flexible problem-solving work and communication with other agencies that business retention and expansion may require.

Overall, there is work to be done within the Business First program in order to improve regional cooperation, as well as inter-program cooperation. The foundation of a good regional retention program is in place, but as yet there is no alignment of the regional recruitment strategy with local retention strategies.

**Talent and Workforce Development Cooperation:** There are many different entities within the Richmond region providing talent and workforce-development services, and the newly formed Workforce Investment Board (WIB) represents a major improvement in regional cooperation within this area. Before the founding of the current WIB, there was a WIB representing the counties and a separate WIB representing the City of Richmond. Each WIB provided services to clients in a different way, in some cases outsourcing responsibilities to other entities such as Goodwill Enterprises, Inc. This setup resulted in several different groups providing different services to the Richmond region’s workforce. The new WIB now brings the entire Richmond region together to share funding and resources, and to better serve the area’s workforce needs.

With a newly-adopted strategic plan, the new WIB is only just beginning the process of sorting through all of the different workforce service-providers in the region. Currently, each Capital Region Workforce Center provides slightly different services, and even when the same program is offered at multiple locations, the specifications of these programs are inconsistent. For instance, the dollar amount granted to a dislocated worker under the Individual Training Account program is not capped at the Innsbrook Transition Center, but may be limited to a few thousand dollars per year at other locations. The coordination of accepted training programs also presents a problem. In addition to the inconsistencies between workforce centers, there are a vast number of service providers, creating a potentially confusing situation for those seeking workforce services. For example, the Virginia Employment Commission provides services to dislocated workers, while the WIB and its workforce centers also provide services to youth and other adults. Dislocated workers who are clients of the WIB would also be clients of VEC, but youth and other adults would not be. There is certainly an opportunity to streamline services and for more cooperation between these entities.
Currently, workforce services are not connected to a regional economic-development strategy, and workforce counselors are not generally provided with quantitative information about industry demand. Training, which is provided by partnering with community colleges and other educational entities, is generally offered based on which programs are already in existence, not based on which occupations have the highest demand for workers. Therefore, after training is provided, there is not always a job available for the applicant. There is no connection between workforce-development efforts and recruitment or retention efforts. This situation will hopefully change, however, as the new strategic plan for the WIB includes targeting sectors and occupations that would be best supported by the region’s workforce efforts. Other economic-development activities in the area will be considered when these occupations are selected.

The WIB is in the beginning stages of forming itself and organizing regional workforce efforts. Though there is poor regional coordination under the status quo, many aspects of the Richmond area’s workforce-development system should be evolving within the next few years as the WIB develops further.

**Small-Business Development Cooperation:** As with workforce development, there are many different service providers in the Richmond region that focus on helping entrepreneurs and small businesses. Unlike the region’s workforce-development efforts, however, the organization of a regional small-business development center began many years ago and the organization has had time to mature. The Greater Richmond Small Business Development Center (GRSBDC) is a truly regional entity, sharing funding from the same regional capital campaign that funds GRP and the Greater Richmond Chamber of Commerce. GRSBDC provides important local services to small businesses and is able to effectively connect regional small-business support efforts to federal programs such as the U.S. Small Business Administration. GRSBDC also partners with several local programs to effectively connect much of the small-business development support available throughout the region.

The small staff of the GRSBDC provides high-quality, one-on-one consulting to small businesses, with services ranging from strategic visioning and management assistance, to help with completing SBA financing applications. Basic business-planning assistance is provided through digital templates and in-person assistance, as well as through monthly courses. The SBDC also refers entrepreneurs to services offered through local colleges and universities, as well as through organizations such as the Service Corps of Retired Executives and the Virginia
Council of CEOs, as well as the Hispanic Chamber of Commerce. However, it is a challenge to find formats for training that engage entrepreneurs sufficiently that they will invest the time to do it. Linked to this is a perceived lack of long-term mentoring for gazelles and other high-impact companies.

Another challenge that to date has not been adequately met is connecting small businesses – especially early-stage entrepreneurs, but also gazelles – to appropriate sources of capital. The Richmond area reportedly has a chronic shortage of appropriate capital for such businesses. This lack of funding has been particularly noticeable during the current recession, when capital from banks is difficult to access and federal small-business programs are very cautious.

**Overall Economic Development Strategy:** Overall, the Richmond region demonstrates a fair amount of regional cooperation when it comes to economic development. There is a reasonable amount of communication between the Greater Richmond Partnership and its local partners. However, there is room for improvement in the coordination and connection of each of the four economic-development programs run or supported by the Greater Richmond Partnership. The Richmond region is lacking an overall economic development strategy that connects the business recruitment, business retention, workforce development, and small business development programs together at the operational level. A lack of connection between these projects limits their effectiveness and spreads limited economic-development resources thinner than need be. The Greater Richmond Partnership has accomplished a great deal with its current structure, strategy, and operating procedures and it enjoys a strong national and international reputation, especially for its business-recruitment work. But it may be possible to do even better by improving other aspects of economic development in the region. A good place to begin that discussion is with a consideration of noteworthy practices occurring in other regions. First, however, we turn to a brief analysis of a recent benchmarking study that shows how well GRP performs on a range of indicators.
PART II: Charlotte Benchmark Analysis Summary - Where does GRP stand?

In 2009, Competitive Strategies Group LLC completed a peer-to-peer benchmarking study for the Charlotte Regional Partnership: A Benchmark Analysis of Regional Economic Development Organizations: Their Mission Critical Activities and Organizational Design. Six regional economic-development organizations (EDOs) were chosen as benchmark comparisons for Charlotte – those of Cincinnati, Nashville, Hampton Roads, St. Louis, and Richmond. On almost all aspects, the Richmond region’s economic-development organization – GRP – stands out among its peers as a leader, especially on the dimensions of marketing strategies and tactics. It should be noted that this superior ranking was confirmed several times during the course of the research conducted for this study, as economic-development consultants around the United States offered unsolicited compliments on the quality of GRP’s organization and work. The following discussion presents the key features of the Charlotte benchmarking study, focusing especially on GRP’s rankings.

OVERVIEW OF THE STUDY

The benchmark study presents the results of a survey and interviews with the seven aforementioned economic-development organizations, and provides some analysis of the findings. The web-based survey and follow-up interviews covered three main areas: (1) Organizational Design, (2) Marketing Strategy and Tactics (which include operational strategy, marketing and communication materials, economic-development organization (EDO) involvement, evaluation measurements, etc.), and (3) Websites.

As regards Organizational Design, the characteristics investigated include age, nature and mission of the organization, footprint of the service area, annual budget, funding sources, and organizational structure.

In the Marketing Strategy and Tactics section, the study reveals substantial consistency among the economic-development organizations on the nature and scope of services they provide, but it also identifies significant differences in their approaches to achieving their goals. Twelve different activity areas are investigated: Operational Strategy, Marketing and

The last section of the study is dedicated to a review of the EDO Websites. Here, through the survey and two different web review processes, several elements, including design, tools and applications (i.e. GIS, social networking and search engines), contents and audience, are investigated and assessed in order to gauge the effectiveness of the internet marketing strategy of each EDO.

**HOW GRP SCORES IN THE STUDY**

The Greater Richmond Partnership shows tremendous competitiveness when compared with its peer organizations. Although the Charlotte study focuses primarily on the assessment of the Charlotte Regional Partnership and therefore sometimes does not explicitly reference GRP’s ranking, it nevertheless clearly shows GRP’s superior performance on a number of characteristics.

This is especially so when it comes to the proposal and marketing-plan management process, the diversification of marketing strategies and tactics, communication, and international recruitment efforts. In some other areas the Greater Richmond Partnership ranks average. These include the lead generation process, where GRP has 55% of leads independently generated, whereas other agencies generate up to 80% of their leads independently (although it can be argued that GRP is making better use of partnerships with VEDP and other lead generators). GRP also ranks average in prospect management (an activity that is mainly shared with the local EDOs), and the agency website(s). Finally, the Greater Richmond Partnership shows some weaknesses in fields like product development and improvement, and internal marketing, which the study finds to be problems for most of the EDOs studied.\(^6\)

**Proposal Management:** The Greater Richmond Partnership has developed an effective approach to manage and deliver its proposals to clients and prospects. The approach, which the study considers far more effective than what the other EDOs do on the same subject, includes

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\(^6\) The report combines qualitative and quantitative information, as well as objective evaluation and self assessment. Therefore, while it is not always easy to identify accurate rankings, it is still possible to assess the competitive position of an EDO in relation to the others.
pre-proposal questions to help customize responses, the use of software for proposal automation and a structured analysis of prior proposals to evaluate their effectiveness and their consistency. These results are also confirmed by the capabilities assessment survey, where GRP scored the highest in several areas related to the agency-prospects relationship, such as the capability to secure a visit. Moreover, the innovative and refined approach adopted by GRP explains why Richmond has the best annual conversion ratio of inquiry into visit, 4/1, while the average ratio for the other agencies is 10/1.

**Marketing-Plan Management and the Strategies and Tactics to Implement It:** Marketing-plan management is another area in which GRP shows a significant level of expertise, compared to its peers. GRP is the only EDO in the study that has a structured peer-review process to assess its management and marketing strategy. Through its quarterly conference calls and the Engage Forum, through the ongoing evaluation of key factors for their competitors’ success, through the use of objective outside evaluations together with their internal evaluation process (which also includes frequent meetings with its key partners), GRP has an ongoing commitment to evaluating, and eventually modifying and improving, its strategic plan. Moreover, GRP is the only EDO that has adopted a 90-day strategic plan in order to address short-term problems and contingencies.

In regard to marketing strategies and tactics, while the mission of each EDO focuses on stimulating economic vitality in its region, only GRP seems to be engaged in workforce/talent development, in addition to the traditional activities of business attraction and small-business development. A similar observation can be made for business-retention and expansion activities, where only a few EDOs have dedicated programs and GRP is one of these. GRP’s move into talent-development work, in particular, exemplifies its sensitivity to the impacts of the current recession and its ability to respond nimbly by diversifying its services. GRP’s addition of business-retention and expansion work, and its partnership with small-business development promotion, reveal a commitment to ensuring that all appropriate economic-development tools are deployed in the region.

**Marketing and Communications Approach:** The Greater Richmond Partnership has a rather effective approach in this area as well. Good examples of this are its website, its increased use of new technologies like YouTube, and its support of Grid, a quarterly publication promoting business development, innovation, and entrepreneurship in the Greater Richmond area.
Overall, communication seems to be one of the most obvious GRP strengths. The ability to use new communication tools like Facebook and Twitter, as well as other sophisticated information software (like a partner intranet software – Executive Pulse – for the management of proposal development), is one of the reasons why GRP is more confident than other EDOs in the study about the effectiveness and competitiveness of its marketing and sales programs.

**International Recruitment Efforts:** While all the agencies interviewed show significant commitment to business attraction, GRP is recognized as a leader in international marketing. This finding from the Charlotte benchmarking study was confirmed many times in the course of our study of noteworthy economic-development practices in other regions. GRP has a very good reputation in this area. Along with its participation in trade shows and frequent visits abroad, one of the key factors that accounts for GRP’s success in effective international-investment recruitment is its organizational structure; GRP is the only EDO, other than the Hampton Roads Economic Development Alliance, with offices abroad (in the United Kingdom and Germany). This last element, vital for business recruitment efforts, is considered in the study as a “best practice example of effective global business development activity.”

**BENCHMARKING SUMMARY**

This section summarizes the benchmark study. For an easy reading and to allow further comparisons, the original study structure is followed.

**Organizational Design:** The study outlines how the EDOs differ greatly in terms of age and service territory, while the general mission - economic vitality - is common to all of them. Some differences arise when the agencies are compared on the economic activities to achieve economic vitality. Although all of them are engaged in international and business recruitment, only a few agencies (and GRP is one of them) have a formal business-retention program or have an organizational structure devoted to community and workforce development. As regards the office organization, as already mentioned only GRP and the Hampton Roads Economic Development Alliance have representative offices abroad for their international-recruitment efforts.

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Marketing Strategies and Tactics: The study investigates the economic-development practices of the seven agencies under different categories. These include:

Operational Strategy: The EDOs differ greatly in the strategy adopted to pursue economic vitality. While the majority of EDOs focus essentially on the fundamentals of business-attraction marketing, only a few of them engage in business retention or in promoting entrepreneurship (although these initiatives are pursued, at least to some extent, by other organizations in the region). Most importantly, none of their recent strategy shifts appears to address the challenges posed by the current recession. As noted above, GRP developed a 90-day strategic plan precisely with this goal in mind, demonstrating its sensitivity to its environment and ability to make strategy adjustments as necessary.

Marketing and Communications Materials: All seven EDOs create and disseminate a large quantity of marketing and communications materials. There is also evidence of a significant increase in electronic materials, easily accessible through the agencies’ websites.

Capabilities Assessment: The EDOs were asked to assess their capabilities in different fields of economic-development practice. The results showed three tiers of topics. In the first tier we find the topics that the agencies consider the most important and on which they have the strongest capabilities: Respond to detailed information requests; Establish relationships with prospects; and Engage in partnerships. In the second tier fall those topics that are considered highly important but where the majority of the EDOs believe their capabilities are only adequate or average: Develop and Maintain track of prospect records; Gather intelligence on prospects; Win investments successfully; Generate quality leads; Secure a visit; and Create a comprehensive marketing plan. This last area, which should be a core task for a development agency, is considered a strength by only two organizations, while the others believe their capabilities on this subject are just adequate. In the third tier we find topics that are generally less important or where the agencies believe they have fewer capabilities. However, this group includes activities such as board training and product improvement, which should be essential parts of an EDO’s activity.

EDO Involvement: All the EDOs studied demonstrated great commitment to establishing and cultivating relationships with local economic-development organizations, which are often important actors in the EDO’s international missions/visits.
Management and Marketing: None of the agencies, except GRP, are involved in a structured peer-review process of their marketing strategies and activities. However, the majority of the EDOs uses external consultants to evaluate objectively their marketing program, and analyzes competitors’ success factors to test their marketing approach.

Tactical Effectiveness: When asked about the effectiveness of their marketing and sales programs, all agencies rank themselves average or higher, and in general they consider themselves competitive when compared with their peers.

Lead Generation: The responses on lead generation vary greatly. While some agencies depend completely on their own resources to generate leads, other agencies rely on their state partners or, to a far lesser extent, on their local economic-development partners. Three agencies in particular, Charlotte, Hampton Roads and Kansas City, are fairly independent in their leads generation, with an average of 80% generated in house or through walk-in/call-in. (While it is certainly good to be able to generate one’s own leads, it is not necessarily a shortcoming to work with a state partner to do so. The important thing is to generate as many good leads as possible and to convert them into on-site visits.)

Proposal Management: The proposal development process seems to play an important role for all the respondents. Each of them uses some analysis technique to shape the proposal to the needs of its prospects, like pre-proposal questions to help customize responses. But GRP, as discussed earlier, stands out among the others both for its particular approach to proposal development and delivery and for the structure analysis performed on prior proposals.

Prospect Management: After a proposal is delivered, most of the agencies leave prospect management mainly to the local economic-development organizations. However, all agencies remain involved during the project-definition stage, either collaborating with the local EDOs or just providing a “safety net” to ensure that the negotiation is successful.

Evaluation Measurements: The study shows that the regional EDOs have different ways of defining evaluation measures. While factors like number of visits to the community and goal attainment are generally recognized as significant indicators to measure an organization and its mission, there is commonality among the EDOs on other elements. Another difference arises in
the internal evaluation process. While all the agencies organize a staff meeting every week to monitor prospects and activities, only a few, including GRP, have frequent meetings with their key partners (usually once per month).

**Challenges:** While most of the challenges mentioned by the respondents are related to operational issues and current needs, like funding and performance, some more serious and structural concerns were also pointed out. These include the issues of understanding the next economic cycle, so as to be able to seize new opportunities, intra-regional relocations that can be traced to a lack of real economic growth, and the missing linkage between marketing activity and real-estate product development.

**Website:** The benchmarking analysis investigated the EDOs' website systems and their overall use of the internet and various new communication tools. The study shows that all attach great importance to their website(s), engaging in ongoing investments for updates and redesign. Also as regards content, the responses were very similar – contact information, sites and building information, and workforce data were considered to be the most valuable content.

Finally, in the web review process, a section was dedicated to social networks. It appears that most of the sites have few connections with new social media applications. However, as noted above, GRP has entered the realms of Facebook and Twitter successfully and is continuing to explore this communication avenue.
PART III: Case Studies in Key Economic Development Practices

This part of the report lists 15 different case studies of regional or state economic-development programs which were found to have significant initiatives in at least one of the six economic-development topics considered in this study: organization & regional cooperation; recruitment, retention & existing-business expansion; entrepreneurship & small-business development; workforce & talent development; and comprehensive sector- or cluster-based strategies. In order to present the greatest concentration of meaningful information, only the strengths and significant points from each case study are discussed. Depending on the value of each case, some programs are described fairly comprehensively, while other descriptions are more tightly focused on only one or two of the study areas.

The chart below provides a list of the individual case studies researched, and the highlights from each case. Checkmarks appear under the areas of study in which each case is considered significant. Note that the table reflects only the major highlights of each case. The reader will find that the case descriptions actually contain information on more of the areas of interest to GRP than are indicated in this table.
### Table 2. Highlights Summary by Case Study and Category

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<th>Case Study</th>
<th>Organization &amp; Regional Cooperation</th>
<th>Recruitment</th>
<th>Retention &amp; Existing Business Expansion</th>
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Case #1 Ann Arbor, MI - Ann Arbor SPARK

ORGANIZATION & REGIONAL COOPERATION

Tasks and Footprint: Ann Arbor SPARK is a public-private partnership which represents 28 communities in the Ann Arbor, Michigan area. SPARK’s mission is to be the driving force in establishing the Ann Arbor region as a desired place for business expansion and location by identifying and meeting the needs of business at every stage, from those that are established to those working to successfully commercialize innovations.

Funding: SPARK is funded by several different revenue streams, including private companies, universities, and local and state government. The overall annual budget is about $7 million with a majority of funding coming from service contracts and other sources of non-discretionary funding. Only a very small percentage (20%) of this budget is made up by grant dollars and about $325,000 of its $7 million budget is contributed by local jurisdictions in the form of discretionary funding. The funding structure between local partners is very loose, with each locality giving what it is able to afford. Of the 28 communities included in the partnership, only about half make financial contributions. The foundation grants, service contracts, and other sources of non-discretionary funding pursued by SPARK serve to lessen the funding burden on local government.

As part of the non-discretionary funding that SPARK receives, it provides services under contracts with very specific operational requirements. For example, SPARK has a contract through the Local Development Finance Authority (Ann Arbor and Ypsilanti) in the amount of $1.3 million to provide entrepreneurial services. The State does not give SPARK any discretionary dollars, but is one of the providers of contract money. In order to retain control over the services it offers and to avoid becoming nothing more than a contractor, SPARK has taken the initiative in designing many of the programs that are paid for under service contracts. If SPARK sees a need for a new service, it designs the program, then pitch the idea in order to secure funding. For example, SPARK operates two incubators, and was able to find private funding for them within the Ann Arbor community.
Division of Services: Like any regional economic-development organization, SPARK must divide its services between its 28 partners fairly. In order to balance the needs of so many public partners, SPARK does not allow the organization to become beholden to any particular locality. Prospects dictate where they prefer to locate, and services are delivered to residents where they are needed. SPARK does not focus on or discuss how much each locality contributes financially, and the size of contributions does not dictate how services are distributed. For the most part, no contributor provides enough money to complain about the distribution of services or size of others’ contributions.

SMALL BUSINESS & ENTREPRENEURSHIP

Entrepreneurial development is one of SPARK’s main focus areas, and the organization emphasizes regional growth from within. SPARK’s services are offered in the form of several different programs designed for budding entrepreneurs and existing small-business owners.

Strategy: SPARK’s current president was formerly employed at the River Rochester Enterprise Organization, which conducted a benchmark study with the goal of rekindling the entrepreneurial spirit within the community. SPARK looked at 25 different communities with a significant level of entrepreneurial activity and developed a 10-point best-practices list to encourage entrepreneurship, which is presented in order of importance (“10” being least important, “1” being most important):

10) Create a common vision among economic-development organizations;
9) Establish specific goals and timing for the community’s support to emerging business;
8) Gain the support of local and state government to enact laws and modify policies which will be friendlier to start-ups;
7) Communication – Create an effective branding message to develop a consistent understanding of the region’s value-proposition;
6) Facilitate increased connectedness of larger corporations to startups;
5) Facilitate increased connectedness between universities and startups so that intellectual property is more easily transferred;
4) Focus on a finite set of emerging technologies, or industry specialties;
3) Encourage a more entrepreneurial, risk-taking culture in the region by celebrating venture successes;
2) Link entrepreneurs with early and effective mentoring and coaching;
1) Provide adequate seed funding and subsequent growth capital.

The Rochester report is now dated, but the conclusions are still relevant. Thus, Ann Arbor adopted the strategies that were being used in New York as its own. SPARK has used the ten-point guidelines above to identify any gaps that exist in the entrepreneurial system and have worked aggressively to fill those gaps.

**Staffing Business Experts:** Ann Arbor’s entrepreneurial programs focus on connecting experienced entrepreneurs with new ones, but SPARK strives to keep its staff small in order to save money. The most significant part of their entrepreneurial services is contracted out to service providers. They have a pool of about 40 individuals who work for them as consultants (entrepreneurs, CEO’s, CFO’s, business plan experts, etc.) and can be called on to offer assistance and guidance to new companies. This system allows SPARK to provide top-quality services to their entrepreneurial clients without having to pay large full-time salaries to highly experienced business experts.

**Financing Start-Ups:** SPARK has a $16 million fund, initially provided by the State of Michigan, to make direct investments in start-up companies. SPARK can provide up to $250,000 in funding to any given company, who must acquire matching funds. These funds can come from any other source, including angel or venture capital investors. In order to vet start-up companies, SPARK maintains an investment review board made up of angels and venture capitalists. The process SPARK uses to vet start-ups is very similar to that of angel investors and venture capitalists, so once a company is approved for SPARK funding, it is generally easier for it to find other funding sources.

SPARK is very active in working with angel investors. Within Michigan, there are just over 30 venture capitalists, with a majority located in Ann Arbor. SPARK also has relationships with some national venture capitalists. However, most of the companies it deals with are not yet ready for venture capitalists, so it is more dependent on angel investors, most of which are also local. The venture capital base was built in Michigan with a program called Venture Michigan. The State makes available some guarantees and tax credits (up to $200 million) to allow venture capitalists to raise money. The 21st Century Investment Fund now encourages location and growth of venture capital in the state.
**Entrepreneurial Programs:** The Business Accelerator is designed to help innovation-based companies in the early stages of product or customer-based development. The program is designed to shorten the time required for start-ups to attract capital, customers, or other resources. Program resources include:

- Connections to executive and technical talent;
- Entrepreneurial education programs;
- Business networking opportunities;
- Intellectual property advice;
- Assistance in locating potential financing sources;
- Referrals to qualified service providers;
- Management Coaching;
- Business plan development assistance;
- Access to the SPARK Regional Incubator Network.

Participants of the Entrepreneurial Boot Camp spend two days and evenings learning how to identify critical issues for business plans. Participants gain critical advice and feedback about their business models, management teams, competitive positioning, market strategies, and other key elements. The boot camp especially focuses on helping entrepreneurs with their “elevator speech,” because making sure they can articulate their business ideas is the first step in gaining support and financing. There are post-camp benefits as well, such as consulting services, access to the SPARK Expert Resource Board (a monthly business-assistance roundtable which gives entrepreneurs each 30 minutes with a panel of experts), and a three-month “after care” including mentoring, networking events, and business-critical introductions. There are also pre-boot camp education programs.

There is also general counseling available to entrepreneurs, and the following services are also offered:

- Researching the market and the competitive landscape;
- Developing business model strategies;
- Intellectual property validation and FTO reports;
- Marketing and sales initiatives;
- Identifying key employee needs and opportunities;
- Preparing a business plan and financial analysis;
• Reviewing product plans, validation steps, and regulatory issues;
• Creating a compelling case for attracting funding and other resources.

HIGHLIGHTS FOR GRP

SPARK is able to excel at entrepreneurial development, while managing a fairly limited pool of discretionary funds. Some key highlights are listed below:

• **Resource Development:** SPARK is funded from many different sources. Weak public contributions are supplemented by service contracts which provide non-discretionary funding.

• **Entrepreneurial Development:** SPARK uses a 10-point system developed by a benchmark study in Rochester, New York in order to ensure that it is encouraging an environment in which entrepreneurs can thrive. In order to provide expert business advice and services to start-up companies while preserving limited resources, SPARK uses contractors, as opposed to in-house staff. This allows the organization to recruit true experts on a part-time basis to help its entrepreneurial clients, while still maintaining a small full-time staff. SPARK also controls a $16 million investment pool to help fund start-up businesses.
Case #2 Austin, TX – The Greater Austin Chamber of Commerce

ORGANIZATION & REGIONAL COOPERATION

Tasks: The Greater Austin Chamber of Commerce is a private, non-profit organization with 2,500 members. The organization is governed by a board of directors. Its mission is to provide leadership that will help create regional economic prosperity and success for its members in Central Texas. The organization is a full-service chamber of commerce and economic-development office offering many different economic-development functions, with departments including communications, economic development (recruitment, retention), education and talent development, finance, governmental relations, membership, small-business development, regional infrastructure and development, and technology.

Funding: The Greater Austin Chamber of Commerce is funded solely by private contributions, and all fundraising is conducted in-house. Among the staff of 40, there are 12 individuals in the Membership Department and five of them are dedicated to sales. General-business services are funded through dues paid by the Chamber of Commerce’s 2,500 members, but funds to support economic-development efforts are raised separately in capital campaigns. The Greater Austin Chamber of Commerce runs on a five-year cycle, producing Opportunity Austin, a plan for economic-development activities within the region. Money is then raised from the business community in order to support the plan. The Opportunity Austin funds are kept separately from the Greater Austin Chamber of Commerce’s general fund and are dedicated directly to recruitment, retention, and other key economic-development strategies. All employees work directly for the Greater Austin Chamber of Commerce, but if additional employees are needed to carry out the five-year economic development plan, they are paid from the Opportunity Austin funds. The most recent Opportunity Austin fundraising campaign began in 2009 and the Chamber of Commerce was able to raise $18 million in order to operate for the following five years.

There are two investment tiers: general investors and lead investors. Lead investors contribute $20,000 or more each year. The Greater Austin Chamber does not want any one investor to have undue influence, so it ensures that it is able to continue its operations without the
contributions of any single investor. The City of Austin is a lead investor in the program, but because the Chamber of Commerce is a private organization, the City is treated no differently than any other investor. There are 13 other economic-development organizations throughout the region that also invest in the Greater Austin Chamber of Commerce.

**Volunteer Support:** The Greater Austin Chamber of Commerce relies on volunteers to help run the operations and administer many of its community-based programs. Volunteers are attracted with slogans such as “Helping Austin Helps You”. The first level of volunteers helps to guide the Chamber of Commerce by sitting on the Economic Development Board of Directors, which consists of about 25 members who meet quarterly. The next layer of about 65 volunteers represents lead investor companies. They meet monthly to talk about pressing economic-development issues. There are also special committees formed for each targeted attraction industry group, with five to fifteen people on each committee. Volunteers assist with marketing missions as well. The staff conducts 20 to 22 marketing trips per year, and of those, there are three scheduled to have up to 15 volunteers participate.

In addition to using volunteers on boards and committees, the Greater Austin Chamber also takes advantage of volunteer labor to carry out many of its community-based programs. For instance, the “20,010 by 2010” initiative uses volunteers to help high-school students apply for college by offering financial aid application help and tutoring services.

**BUSINESS RECRUITMENT**

**Background:** Recruitment functions are housed in the Economic Development Department. The Greater Austin Chamber has identified the following five industry targets in the Opportunity Austin plan: convergence technologies, creative media, green industries, corporate/professional headquarters/offices, health care, and life sciences. The staff conducts 20 to 22 marketing missions per year in order to attract business to the region.

**Identifying Targets:** Target industries are developed based on an analysis of strengths and weaknesses of the Greater Austin business community, as compared to competing areas. Location factors that give Greater Austin a unique advantage over their competitors are identified, and target industries are chosen based on these advantages. The Greater Austin Chamber of Commerce is also focused on further diversification of the economy, which was
formerly dependent on the information-technology industry. A stand-alone strategic plan is then created by the staff for each target industry, in order to guide recruitment efforts further.

RETENTION & EXISTING-BUSINESS EXPANSION

Strategy: The Greater Austin Chamber of Commerce’s retention program is based on the Opportunity Austin economic development plan. In order to have a meaningful and candid interview, business visitation is conducted by staff members, not by volunteers. It is believed that companies do not fully trust volunteers and so staff visits are more effective at identifying issues and trends. Companies are selected for visitation based on the target industries in the Opportunity Austin plan. Growing companies are also visited, though Greater Austin Chamber membership is not a factor in choosing which companies to focus on.

Data gathered during interviews is tracked in an electronic database. A SWAT team made up of representatives from about 15 different business-critical agencies is called upon to handle any identified issues. The Greater Austin Chamber of Commerce staff follows up to ensure that issues are handled in a timely fashion by the correct agency.

WORKFORCE & TALENT DEVELOPMENT

Talent Attraction: The City of Austin markets their highly educated workforce as one of its top assets in business recruitment and retention, so it takes talent recruitment very seriously. In addition to talent attraction efforts conducted by the Greater Austin Chamber of Commerce, the City of Austin Chamber of Commerce maintains a website, www.austinhumancapital.com, which exists to attract talent to the city. The website has information about employment, company location, and living in Austin. The Austin Chamber of Commerce has produced several videos about different topics such as traffic, riding the bus, First Night, Austin’s historic theater, business assistance, etc. These videos are candid but positive, and effectively portray Austin as a hip, lively, progressive city with a vibrant arts-and-culture scene, a thriving business community, and a high quality of life.

Talent Development: Greater Austin’s population is very well educated, with about 40% of residents holding at least a bachelor’s degree. However, many of these highly educated citizens are transplants, and the home-grown population is actually lagging in higher-education
attendance. The “20,010 by 2010” initiative is designed to help high school students get to college with the following programs:

- **Financial Aid Saturdays:** 300 volunteers work with staff to provide help to 3,000 graduating high school students with financial aid forms.
- **APIE College Readiness Classroom Coaching:** Provides tutoring to help students pass college entrance exams and graduate high school academically well-prepared for college.
- Provides help filling out enrollment forms.

**COMPREHENSIVE SECTOR- OR CLUSTER-BASED STRATEGIES**

**Opportunity Austin:** The *Opportunity Austin* planning program is a comprehensive economic-development strategy that is developed every five years in order to guide the activities of the Greater Austin Chamber of Commerce. The plan includes integrated strategies for business recruitment, retention, infrastructure development, and other needed services. The program started in 2003, after a decline in the technology sector had caused massive job losses in Austin. As a reaction to the declining economic conditions, in 2004 the first *Opportunity Austin* plan was created. After exceeding the goals set for the five-year cycle, a second plan, *Opportunity Austin 2.0*, was created to guide actions from 2009 to 2014.

The *Opportunity Austin* planning process is handled by a consultant, Market Street Services, who uses economic-analysis tools as well as focus groups and interviews with key business leaders and elected officials in order to develop five deliverables:

1) Market assessment, including demographics;
2) Competitive assessment, which identifies benchmark communities as well as an analysis of Greater Austin’s strengths and weaknesses;
3) Identification of Greater Austin’s target industries;
4) Creation of a broad, comprehensive economic-development plan;
5) Implementation strategy, including a timeline, a budget, and bottom line goals.

In the middle of the five years, the Greater Austin Chamber of Commerce brings back the consultant to do an update to make sure they are following the recommendations of the plan.

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8 Market Street Services is the same consultant that prepared the Greater Richmond Partnership's target business analysis report in 2004. However, the product it produces for the Greater Austin Chamber of Commerce is significantly more detailed and comprehensive.
The current *Opportunity Austin 2.0* plan has the following three goals:

1) **Economic diversification:** Use existing organizations to improve the coordination between small-business, entrepreneur, and technology-commercialization services; retain current companies and foster their growth; target new companies nationally and internationally in five target areas (convergence technologies, creative media, green industries, corporate/professional headquarters/offices, health care, and life sciences); create a new comprehensive international-development program (recruitment); prioritize the funding, development, and construction of a top-tier medical school in Austin; market area advantages at trade shows and on recruiting trips.

2) **Talent development and recruitment:** Expand the organization’s web presence and use other proactive marketing methods to attract talent to Austin; increase secondary-school math and science requirements to qualify more students to go to college; increase the number of college-ready graduates by 30%.

3) **Quality of Place issues:** Expand the “Take on Traffic” lobbying initiative to address transportation problems; make Austin a model of smart-growth development through proactive planning and collaborative regionalism; support policies that sustain and protect air, land, and water through smart development.

**HIGHLIGHTS FOR GRP**

The Greater Austin Chamber of Commerce provides an excellent example of comprehensive economic-development planning, as well as resource development and talent attraction. Below are some points that may be of particular interest to GRP:

- **Resource Development:** The Greater Austin Chamber of Commerce is entirely funded by private-sector investment. It is an aggressive fundraiser, using a combination of marketing and dedicated staff to raise enough money from the local business community. By providing effective leadership and by effectively selling its mission, the Greater Austin Chamber is successful in recruiting many volunteers, who help guide the Greater Austin mission as well as provide community assistance.

- **Comprehensive Sector-Based Strategy:** The *Opportunity Austin* planning process links the Greater Austin Chamber of Commerce’s economic-development efforts together into an overarching strategy. Recruitment, retention, workforce development, infrastructure, and
other activities relate to each other and to the overall plan. Target industries are developed by weighing Greater Austin’s strengths and weaknesses against their competitors, ensuring that the recruitment team has an advantage when marketing the region.

- **Talent Attraction:** Greater Austin highly values its skilled and educated workforce, which is composed of many relocated professionals. The City of Austin takes talent attraction seriously, with successful marketing aimed at branding the city as hip, modern, and progressive.
**Case #3 Cincinnati, OH - Cincinnati USA Partnership for Economic Development**

**ORGANIZATION & REGIONAL COOPERATION**

**Tasks & Footprint:** The Cincinnati USA Partnership for Economic Development is the regional economic-development initiative directed by the Cincinnati USA Regional Chamber of Commerce. It promotes regional economic development by attracting new business, jobs, and investment to the three-state, fifteen-county region at the intersection of Ohio, Kentucky, and Indiana. Its functions include domestic and international marketing, prospects generation and management, business retention, and partnering with local communities to win projects. Its work is supported through a five-year campaign with investment from nearly 200 companies, public economic-development organizations, and over 1,000 Chamber of Commerce members.

**RETENTION & EXISTING-BUSINESS EXPANSION**

**Regional Business Retention Committee:** The Regional Business Retention Committee (RBRC) is a volunteer group of business leaders who work with the Cincinnati USA Partnership to assess the needs of the business community. The group consists of over 20 private-sector businesses and nearly ten different public-sector economic-development organizations from across the region.

**Strategy:** The RBRC approach is based on one-on-one company visits and targeted follow-ups with its local public partners in order to link existing businesses, both large and small, with community resources. The program also offers a face-to-face “thank you” to businesses for locating in the region, acknowledging their contributions and value to the regional economy.

Retention activity is strictly related to the overall economic-development strategy adopted by the Cincinnati USA Partnership. In particular, the RBRC focuses on surveying companies within specific industry clusters defined by the Cincinnati USA Partnership as core strengths for the Cincinnati region. These industries include aerospace, automotive, brand design, chemicals and plastics, financial services, information technology, and life sciences.
**Methodology:** In order to identify the candidate businesses for retention and expansion projects, the RBRC meets face-to-face with company owners to discuss the threats and opportunities that the businesses face. To assess the businesses’ needs, the RBRC committee members also ask the interviewees to complete a 42-point questionnaire. All information shared is strictly confidential. If an issue is identified, the RBRC committee volunteers work with the Cincinnati USA Partnership staff to address the problem. At this stage, local economic-development professionals and/or government officials become involved in the process. They play a crucial role since they can employ a range of resources, including financing, local development and tax abatement tools, workforce training, or other solutions to enhance business growth.

**Reports and Policy Implications:** The information collected through the interviews and surveys is aggregated and analyzed at local and regional levels. The data and information analysis is performed both by the Cincinnati USA Partnership and by the Cincinnati USA Regional Chamber of Commerce’s government affairs team. The retention survey data and information is very valuable in the aggregated form because it can provide a useful indication of the overall health of the regional business environment. The information is then used to help formulate recommended policy changes at the state and federal levels in order to improve the economic climate in the region. Finally, the results are shared with local governments for their overall understanding of the issues related to the regional business community as a whole.

**HIGHLIGHTS FOR GRP**

It is possible to identify some interesting elements from the Cincinnati USA Partnership’s initiatives that could be useful for GRP:

- **Retention:** The Cincinnati USA Partnership uses a permanent, volunteer-based committee formed by community business leaders and local economic-development organization representatives to guide its retention activities. Retention activity is connected to the rest of economic-development practice (cluster identification and recruitment efforts) that is implemented regionally by the Cincinnati USA Partnership.
Case #4 Colorado Springs, CO - Colorado Springs Regional Economic Development Corporation

ORGANIZATION & REGIONAL COOPERATION

Task and Footprint: The Colorado Springs Regional Economic Development Corporation (EDC) is a privately-funded regional economic-development organization with the goal of providing primary employers with complementary, comprehensive relocation and expansion services. The EDC services the Pikes Peak region, which includes the City of Colorado Springs and the surrounding county. The EDC maintains a staff of nine full-time members and two part-time members working in the following departments: marketing, local industry, development and communication, and administration.

Funding: The annual budget of the Colorado Springs Regional Economic Development Corporation is $1.4 million, with most funding provided by private sources. About $1 million is collected from 70 major investors contributing at the $10,000 level, as well as several smaller investors. Colorado Springs Utilities, a municipal organization, provides about $200,000 annually, and $70,000 is contributed by the City of Colorado Springs. The EDC also receives $50,000 from the State of Colorado in the form of a three-year grant, but this funding source is currently being phased out. The EDC runs on a five-year funding cycle, and their current economic-development strategy indicates that they would like to increase funding over the next five years to $1.9 million annually.

Regional Cooperation: The Colorado Springs Regional Economic Development Corporation provides leadership and management of an Economic Vitality Group, which consists of the following key economic-development partners:

- Colorado Springs Regional Economic Development Corporation;
- Colorado Association of Manufacturing and Technology;
- City of Colorado Springs Economic Development Division;
- The Colorado Office of Economic Development and International Trade;
- Colorado Springs Utilities;
- Colorado Technical University;
El Paso County Office of Economic Development and Public Finance;
The Greater Colorado Springs Chamber of Commerce;
Pikes Peak Community College;
Pikes Peak Workforce Center;
University of Colorado at Colorado Springs;
Colorado College;
Pikes Peak Area Council of Government;
Colorado Springs Small Business Development Center.

The Economic Vitality Group meets at least quarterly, but often times gathers more frequently (monthly or bi-monthly) depending on the issues that need to be discussed. The general purpose of the Economic Vitality Group is to bring all the key partners into the economic-development realm and to the same table to ensure that each individual entity is in sync with other organizations throughout the region. Meetings help to connect the efforts of these groups with one another and to the overall economic-development goals in the region. Meetings facilitate communication and interaction between key organizations, as attendees often raise issues that some of the other group members may not be aware of. These meetings also serve as an extension of the visitation program, as the group helps the EDC to identify issues or companies that may need more attention from the retention staff.

BUSINESS RECRUITMENT

Recruitment Strategies: The Colorado Springs Regional Economic Development Corporation has designated six target industries for their attraction program: aerospace, data storage, homeland defense & security, life sciences, national nonprofits, and sports organizations. Under a limited budget, the organization participates in trade shows, places advertisements and stories in target-industry journals, and collaborates with local businesses in key target industries to generate leads.

In addition to targeting the six key industries above, the EDC also targets top site selection consultants in order to make them aware of Colorado Springs. This strategy includes meeting with the “top 100” site consultants in the nation, as well as inviting recognized site consultants to the city twice a year for a tour.
Identifying Target Regions: In order to effectively attract their targeted industries on a limited budget, the EDC has developed target regions. They have identified California and Seattle (IT and biotech opportunities); Washington, D.C. (high density of national non-profits and aerospace companies); and New York, Atlanta, and Texas (high number of site-selection consultants) as areas where they are likely to have the greatest success in contacting and attracting business to Colorado Springs. Per the 2006 strategy, the EDC also targets California to visit venture-capital firms and early-stage companies to promote Colorado Springs as a great place for start-up and early-stage companies.

RETENTION & EXISTING-BUSINESS EXPANSION

Background: Retention is a relatively new segment of the EDC’s activities, and the current program began in 2005-2006. Last year, the EDC conducted about 150 visitations and expects to complete approximately 175 in 2010-2011. Visitations are conducted by economic-development professionals. The EDC has used volunteers in the past, but has found that in order to have meaningful conversations with the region’s major employers, visits need to be conducted by individuals who are able to communicate on a deeper level with business leaders. There are two staff members at the EDC who are dedicated to retention efforts, and a contractor with a background in economic development is also used on a part-time basis. One measure of success in this program is the number of companies to be visited. Another is to maintain an 80% or better issue resolution rate.

Visitation Strategy: The Colorado Springs Regional Economic Development Corporation uses three criteria to determine which companies to visit in any given year. First, large employers are given top priority, because their actions could have a profound effect on the regional economy. These companies are generally kept in the visitation rotation each year. Special focus is dedicated to businesses that have a higher risk of downsizing or relocating. Second, companies within the EDC’s target industries (for recruitment) are visited. These companies may be large, or could be as small as five employees. These companies are focused on in order to help them become more competitive and aggressive, and also to identify any issues which may be hindering the growth of the target industries. The third type of business targeted for visitation is corporate headquarters. Similarly to large employers, these companies are chosen for their effect on regional employment. They are also selected because they have a tendency to bring
other businesses and professionals to the region. Because of their potential as business and talent-attraction tools, the EDC gives them extra attention.

**Visitation Goals:** During visits, the first priority of staff is to get a sense of any frustrations that a company may have, and then work to get the correct agency involved in fixing any problems. A second focus of the visitation program is to identify relationships with local companies. By connecting the supplier and customer dots, the EDC is able to make important business introductions that can link local companies to other local companies, encouraging cluster development. They also make an attempt to identify any existing suppliers or customers located outside of Colorado Springs that may be interested in moving closer to their business partners.

**Local Involvement in Retention:** Though the EDC is a private organization with minimal local government financial support, they do maintain a good relationship with localities. The local governments understand the value of jobs, and occasionally accompany EDC staff on visitations. Otherwise, EDC makes it a priority to give the City and County updates on the retention program and what is happening in the regional business environment. The local governments are encouraged by job creation so have been supportive of the program.

**HIGHLIGHTS FOR GRP**

The following economic-development efforts from the Colorado Springs Regional Economic Development Corporation are particularly laudable and of potential use to GRP:

- **Regional Cooperation:** Colorado Springs uses the Economic Vitality Group to connect key partners to the economic-development arena, and to encourage communication and issue identification among entities in the region.
- **Recruitment:** In addition to targeting industries, the EDC also focuses on start-up companies and site consultants in their recruitment program.
- **Retention:** The EDC maintains a regional strategy for retention visitation, using staff and economic-development professionals to conduct visits. Colorado Springs connects their retention and recruitment programs by focusing on the same target industries and developing recruitment leads from their retention visits.
Case #5 Kansas City, KA and MO - Kansas City Area Development Council

ORGANIZATION & REGIONAL COOPERATION

Tasks and Footprint: The Kansas City Area Development Council (KCADC) is a private, not-for-profit organization that represents the economic interests of the vast two-state, 18-county Kansas City region. The KCADC serves about 2.4 million residents in the Kansas City MSA and the nearby Lawrence MSA. The organization has a 45-member board of directors that meets monthly to help make decisions regarding staffing, budgets, and new initiatives. They also have a staff of 19, divided into administration, business development, and marketing communication.

Funding: The KCADC has a current annual budget of approximately $4.5 million. As a private organization, the majority of their funding comes from the private sector in the form of membership, with about 250 private investors involved with the KCADC. Area businesses and individuals can also contribute funds for special projects. Local community partners, including cities and local chambers of commerce, contribute about $500,000 each year. Fundraising is done in-house in five-year cycles. Between the cycles, they continue to raise funds when they can, but are able to focus more heavily on other activities as well.

Engagement of Investors: A full-time Director of Investment Relations is on staff to ensure that investors remain happy and engaged. In order to promote investment, the KCADC spends a significant amount of time with their private investors. They do what they can to make sure that investors can participate in “wins”, which connects them more strongly to each other and to the region as a whole.

Role of Local Governments: The contributions of local jurisdictions are negotiated based on capacity, direct involvement, and other factors, with a minimum investment of $7,500 annually. The core business of the KCADC is to grow the economy of the region, mainly through the attraction of new business and the growth of entrepreneurs. Thus, they strive to stay very neutral when dealing with localities, and allow employers to decide where they would like to locate on their own. Their funding is not dependent on the contributions of any single locality, so no single entity has too much sway over the KCADC. The contributing localities are given an
opportunity to participate on the KCADC Board of Directors, as each year, two partners from Kansas and two from Missouri are given seats.

**Regional Branding:** The Kansas City region spans two states and 18 localities, and thus is prone to fragmentation. There exists a natural rivalry between Kansas and Missouri, and the potential for the metropolitan area to become divided. In order to encourage the perception of Kansas City as a single region, KCADC began the ThinkKC and the OneKC branding campaigns in 2004. These campaigns serve as both an internal and external advertisement for the region.

The KCADC wanted to emphasize the fact that businesses in the region can create advantages for themselves if they can act regionally, so during the start of the ThinkKC campaign, staff members conducted over 100 presentations to encourage companies to participate. Many signed an “interdependence contract” and now more than 250 companies and communities use the brand in their own marketing efforts. ThinkKC has now evolved into a true regional brand, and aids both fundraising and attraction efforts by binding a politically fragmented area into a single economic region.

**Footprint Expansion:** In the early 1990s the KCADC only represented 10 localities, but it has since expanded its footprint to include 18. The organization did not seek out expansion, but was instead approached by each locality that wished to join. As its funding structure is very simple, new members were required to invest at least the minimum $7,500 annual contribution, and there was no need to make any changes to the structure of funding or the composition of the board. The KCADC does not have a formal process of evaluation for potential new members, but evaluates them on a case-by-case basis. New members must be part of the Kansas City region and have an active, local economic-development organization. There have been some cases in which localities wishing to join were rejected because it was determined that they were too far away from the core of the region, and there would be no mutual benefit to their membership.

**WORKFORCE & TALENT DEVELOPMENT**

KCADC has a “living in KC” section on its website, and a marketing campaign to attract talent. The website offers information on housing and neighborhoods, careers, education,
entertainment, arts and culture, and more. Under the ThinkKC brand, KCADC has produced four distinct videos designed to appeal to college graduates, young professionals, families, and executives. Each video highlights important quality-of-life factors for each demographic segment, from night life to low housing costs.

HIGHLIGHTS FOR GRP
The Kansas City Area Development Council excels at organizational capacity, including marketing and investor relations:

- **Internal Brand Management**: Kansas City uses strong regional branding to encourage businesses and organizations to think regionally. Because this branding strategy is internal as well as external, local businesses are more likely to have a regional outlook and connect with other regional businesses, more likely to become involved in regional economic-development activities, and more likely to contribute funding to KCADC.

- **Investor Relations**: KCADC has a full-time staff member in charge of investor relations, which keeps investors engaged in the economic-development process and encourages repeat investments.

- **Talent Attraction**: The KCADC produces a series of effective videos targeting different demographics to move to the Kansas City area.

- **Footprint Expansion**: While expanding its footprint, KCADC made the decision to reject some localities wishing to join because they were too far away from the core of the region and there would likely be few mutual benefits resulting from their membership.
Case #6 Lehigh Valley, PA - Southside Bethlehem Keystone Innovation Zone

ORGANIZATION & REGIONAL COOPERATION

Tasks & Footprint: The Southside Bethlehem Keystone Innovation Zone (KIZ) initiative provides seed funding and technical assistance to entrepreneurs and early-stage businesses in selected clusters. It is administered by the Lehigh Valley Economic Development Corporation (LVEDC), a private, not-for-profit, one-stop, full-service business and economic-development agency with functions that include marketing, business retention and attraction, land and site redevelopment, research, regional development, and financing. The agency promotes regional economic development in Lehigh and Northampton Counties, which together have a population of approximately 600,000 residents. Northampton County includes the three cities of Allentown, Bethlehem and Easton, PA.

Regional Cooperation: The Southside Bethlehem Keystone Innovation Zone consists of 14 partner organizations. It has a governing board comprised of a local bank, three hospitals, and seven other economic-development support organizations as well as Lehigh University, Northampton Community College, the City of Bethlehem Department of Community & Economic Development and the Commonwealth of Pennsylvania. These organizations were selected based upon their strategic importance to the overall goal of the KIZ program, which is to foster the growth and cultivation of new ideas and new businesses that will drive regional economic growth and create new opportunities. According to Associate Vice President of Government Relations and Economic Development at Lehigh University, and Co-Chair of the KIZ Board, William D. Michalerya, “The Keystone Innovation Zone is based on partnership and on the university being an economic development driver in the community.”9 The role of the partner organizations is two-fold. They provide funds or engage in fundraising activity, and they provide companies with specific business services, such as technical or financial advice.

Other Relevant Regional Agencies: One of the Southside Bethlehem KIZ partners is the Ben Franklin Technology Partners Northeastern PA, which is located on the Lehigh University campus. The Ben Franklin Technology Partners is a statewide, state-funded economic-

development initiative with five main locations and several satellite offices throughout Pennsylvania. It was established more than 25 years ago, which makes it one of the nation’s longest-running technology-based economic-development programs. It has been recognized nationally and internationally as a successful model program. It has provided both early-stage and established companies with funding, business and technical expertise, and access to a network of innovative, expert resources. In 2008, it won the IEDC award for Technology Based Economic Development in areas with a population greater than 200,000.

ENTREPRENEURSHIP & SMALL-BUSINESS DEVELOPMENT

The Southside Bethlehem Keystone Innovation Zone: Keystone Innovation Zones are designated areas throughout Pennsylvania that are home to institutions of higher education, including community colleges and associate-degree technical schools. By gathering the combined resources of schools, private businesses, banks, and economic-development agencies, partnerships are created that provide resources (especially through seed funding) to assist entrepreneurs and early-stage businesses and to create a "knowledge neighborhood" that enhances the urban environment of innovation and entrepreneurship. The Southside Bethlehem KIZ was officially approved as a zone on May 27, 2004.

In the early stages, KIZ funding comes from the State, whose money must be matched by private and local funds. Year after year, the percentage of state contributions is supposed to diminish. However, the Southside Bethlehem KIZ is the only KIZ in Pennsylvania that has succeeded in becoming self-sufficient, and it now operates without State support. This fiscal year budget is $260,000. About $230,000 is provided through public and private funds, while the rest is provided through in-kind services.

The Southside Bethlehem KIZ is administered under the umbrella of the Lehigh Valley Economic Development Corporation. LVEDC operates merely as a fiscal agent, while an executive committee of four members and a full board of thirteen members are the actual KIZ’s governing bodies. They are not part of the LVEDC, even though the connection between the two organizations is strong; the KIZ Coordinator is also the LVEDC Director of Project Development. The KIZ is part of the LVEDC’s strategy for small-business development. The LVEDC has a very diverse approach, and the Southside Bethlehem KIZ is one of the tools they use to move towards their small-business development goals.
Currently, the Southside Bethlehem KIZ boundaries only partially overlap with the LVEDC operating area. There are ongoing negotiations with the Commonwealth of Pennsylvania to extend the zone throughout the whole area, so that the other localities - and the companies and educational organizations located there - can access the same services.

**Operation of the KIZ:** The primary activity of the KIZ is to provide seed funding to encourage collaboration among faculty, students, and companies within the designated zone, and also to enhance commercialization in the areas of information technology, the life sciences, advanced materials, nanotechnology, optoelectronics, and financial services. These clusters were chosen according to Lehigh University’s strengths. Moreover, when the LVEDC went through a five-year marketing plan revision, these clusters were also included in the regional strategies for business recruitment and small business development.

Together with seed funding, the most appealing incentives are the *Research & Development Tax Credit*, calculated on business expenditures, and the *KIZ Tax Credit*, calculated on business revenues. A company seeking KIZ funding needs to prepare a detailed written proposal with a budget. Once the board reviews the plan, the entity must give a presentation in front of the board explaining why its project should be financed. The seed funding can amount to a total of $15,000 per project. The program doesn’t require any matching funds, but does allow participating companies to obtain funding from other sources. However, if additional funding is obtained, the applicant must provide a solid argument to support the request.

To date, the Southside Bethlehem KIZ has funded more than $450,000 in Technology Transfer Grants to 24 new start-up companies, leveraging more than $11,000,000 in total investment. Most of the companies that have benefited from KIZ seed funding have been started by undergraduate students. The program is rapidly expanding and there is a plan to create a business incubator to facilitate the start-up process.

**WORKFORCE & TALENT DEVELOPMENT**

**Student Internships:** In order to educate students about the growing technology opportunities within the Southside Bethlehem KIZ, the partners have instituted and placed 44 undergraduate and graduate students into paid internships within the selected business clusters of life
sciences, optoelectronics, information technology, and advanced materials and nanotechnology. Five internships out of 44 (10%) became regular, full-time jobs. It is the company that must apply for the internship. Once the internship is established and an intern is chosen, the board signs a contract with the company and the intern. The board provides the money to the company to pay the intern.

HIGHLIGHTS FOR GRP

Even though the Southside Bethlehem KIZ is a statewide program and not a regional initiative, there are some interesting ideas that should be drawn from this case study:

- **Regional Cooperation**: The Lehigh Valley Economic Development Corporation facilitates the initiative. The KIZ is hosted by the agency and the coordinator is one of its staff members, but the whole project relies on regional cooperation among the different players involved. LVEDC has played a leadership role in organizing the regional actors around the initiative.

- **Entrepreneurial and Workforce Development through University Partnerships**: This case provides an excellent example of how the strengths of a major research university and community colleges can be tapped to help drive an innovative business- and talent-development strategy. In this case in particular, the relationship covers different aspects: 1) industrial cluster definition, which lines up well with Lehigh University’s research strengths; 2) research commercialization, which has been translated into excellent opportunities for undergraduate students that want to start their own companies; and 3) the internship program, which seems to be an effective tool for both talent development and existing business retention.
Case #7 Louisville, KY - Greater Louisville, Inc. (GLI)

ORGANIZATION & REGIONAL COOPERATION

Tasks & Resources: Greater Louisville, Inc. (GLI) was formed in 1998 through the merger of the Greater Louisville Economic Development Partnership and the Louisville Area Chamber of Commerce. It is tasked with a complete range of economic- and community-development functions for the region, including business recruitment, expansion, retention, small-business development, workforce development and talent recruitment, as well as the promotion of a healthy business environment, educating the public on the importance of its work, and doing transactions to recruit or expand businesses. GLI receives 84% of its funding from private businesses who join as Chamber of Commerce members. Public money comes only from Metro Gov (Louisville and Jefferson County), which contracts with GLI to handle its economic-development functions. GLI has a full-time staff of 15 persons and makes very heavy use of low-cost interns to do research and other tasks.

Footprint & Regional Cooperation: GLI represents a 26-county region that ranges from very urban to very rural areas in Kentucky and Indiana. Staff noted that they are constantly working to serve all parts of the region, but that since the organization is financed almost completely by the private sector, political jurisdictions do not play a significant role in its business-recruitment work. Metro Gov was formed a couple of years after GLI from the merger of Louisville and Jefferson County. Both staff and outside observers give Metro Gov very high praise for having greatly improved local governance and economic development, especially since the mayor is able to represent the most populous area of the region where most business activity is concentrated.

Other Relevant Regional Agencies: Kentuckiana Regional Planning and Development Agency is a regional planning organization (like Virginia’s PDCs) that serves a seven-county area including Louisville. The agency managed the 2007 Comprehensive Economic Development Strategy (CEDS) process and coordinates collaboration on regional issues including transportation, waste management, and water supply. Under its guidance, all member counties now share comprehensive plans and collaborate in other ways. The Kentuckiana Regional Planning and Development Agency helps local jurisdictions specify their economic-
development objectives. It also serves as a regional data clearinghouse and provides GIS-based data to GLI and other organizations, but it does not collaborate with GLI operationally.

BUSINESS RECRUITMENT

Identifying Clusters, Sectors & Targets: GLI uses a cluster-based development approach, but also focuses on specific sectors within the clusters. The identification process has a strong technical component – during the most recent cluster-analysis process, an analyst worked in-house with GLI for several months and helped them identify targets. They then organized discussions with the key companies in the clusters to identify gaps in the cluster and other needs. They identified the need to build talent and skills to further develop clusters such as aging care and franchising headquarters.

Developing Real Estate Product and Other Local Services Appropriate to the Targets: According to staff, all of the jurisdictions that GLI represents strongly engage in building the target clusters. As one person put it, “We have unique cohesiveness here. There is no problem getting partners on board when they see an opportunity.” This includes local governments as well as the University of Louisville, which, for example, is developing a special program on franchise management to train people from around the country in this industry. The university also identifies target areas for research that explicitly dovetail with GLI’s health-sector development targeting.

RETENTION & EXISTING-BUSINESS EXPANSION

Background: GLI’s High-Impact Program is the widely-praised winner of IEDC and U.S. Department of Commerce (2005) awards. It was initiated by Louisville Mayor Abramson in 2003 after a series of focus groups with existing businesses revealed significant unmet needs. It was operated as a program of GLI until 2009, when it was moved into the EnterpriseCorp.com division of GLI, which works with fast-growth, early-stage companies. The High-Impact Program operates on a budget of roughly $100,000 per year for one full-time staff person, and it funds many of its activities through donations and sponsorships.

Operation: The program identifies and provides special services to companies that are locally owned or headquartered in the Louisville region and that have a disproportionately higher
impact on job growth and development of the metropolitan economy because they are one of the following:

- **Gazelles**: fast-growth companies at least four years old with recent annual growth of at least 20% and at least $1 million in annual revenues. These companies exhibit many of the following selection criteria:
  - Strong management teams;
  - Competitive advantage;
  - A defensible market position;
  - Strong records of, and potential for more, job creation;
  - Company profitability;
  - Growth strategy in place;
  - Strategic plan being followed;
  - Revenue growth targets in place;
  - Innovation viewed as a priority and rewarded;
  - Internet used in significant ways;
  - Investments being made in key areas – information technology;
  - International business element exists;
  - Benchmarking through databases used;
  - An exit strategy in place;
  - An advisory board being utilized.

- **Renaissance Companies**: established companies undergoing change or revitalization. They must be at least 15 years old, have 10% annual growth over the past four years, and be undergoing change due to new management, a new large client, a new market, a new product or service, or due to a change in mission or business direction. These companies typically need:
  - Capital acquisition assistance;
  - Bridge or interim management;
  - Product commercialization assistance;
  - Technology development assistance.

- **Enablers**: organizations with a vital product or service that enables fast growth in other companies. They include:
  - Guidance centers or incubators for entrepreneurs & start-up companies;
  - Investment firms of operating businesses;
o Providers of technology & knowledge transfer and problem-solving.

The program appears to be popular because of its focus on job growth and local ownership or headquarters. And in practice, the criteria tend to include only companies in basic industries, which is a plus from an economic-development standpoint. Companies are generally invited to join the portfolio after GLI studies their public information and conducts an interview with the highest-level executive. Companies are added to the portfolio each year and once in, they are not asked to leave, even after their growth rates level off. Rather, GLI continues to assist them and explore new avenues for growth. To date, there are over 150 companies in the portfolio. Most of these are in Jefferson County and the City of Louisville (the Metro Gov area).

The most significant assistance that companies in the portfolio receive is network building and facilitation, intense information brokering, and custom-made assistance. These include:

- **The CEO Roundtable**: According to staff, this is a highly successful network that is not like a typical CEO group. The CEOs meet frequently to share ideas and they serve as an advisory board for each other on how to deal with the challenges of growth. They generate their own agenda of important topics and, as they do so, GLI staff develop responses that range from commissioning national and local surveys, to reports on topics of interest to the CEOs (such as *Exit Strategy and Succession Planning for the High Impact Company*, *Building a High Performance Management Team*, *Partnering for Growth*, and *PeoplePowerPlanning: An Emerging Recruitment Model*).

- **Additional Services**: The following additional services are also provided to High-Impact Program companies:
  - Facilitating the development of innovative partnerships, industry-specific business networks, strategic alliances and market development tactics;
  - Access to government procurement agencies and to international trade assistance;
  - Assistance in finding real estate through database searches and work with brokers;
  - Assistance in applying for various incentive programs;
  - Finding appropriate workers through various community job portals;
  - Developing customized education or training programs at a university or two-year college, or through internships;
  - Finding training credits or public training grants;
  - Evaluation of each business’ progress and satisfaction with community services;
Public recognition, which enhances market exposure.

Although many of these services involve the support of, and collaboration with, other public and non-profit entities in the region, GLI is apparently able to manage this program on its own, as it sees fit to do.

**Existing Business Retention:** GLI staff stated that they devote upwards of half of their resources to business retention. This includes working with businesses facing crises that could result in a closure, but the more prevalent type of assistance appears to be to existing companies that are growing (see High-Impact Program Renaissance Companies) and the Business Advising function of EnterpriseCorp (see below), which works with mature businesses that have growth potential.

**ENTREPRENEURSHIP & SMALL-BUSINESS DEVELOPMENT**

**Enterprise Corp:** The mission of this division of GLI is to “dramatically increase the number and quality of fast-growth companies headquartered in the Louisville region – companies that create the vast majority of new wealth, new revenue and new jobs.”

In addition to the High-Impact Program discussed above, EnterpriseCorp works with early-stage, fast-growth companies (younger than four years) that then become prospects for the High-Impact Program when they are four years old. Staff stated that this is a very deep consulting area for GLI that involves the entire range of business advising, as well as assistance in getting access to capital. EnterpriseCorp works with a variety of partners, including the Service Corps of Retired Executives (SCORE) and the Small Business Development Center housed at the University of Kentucky, and it facilitates networks and brokers relationships with a variety of providers of services to fast-growth companies, from technology start-ups to mature businesses with growth potential. Specific services include:

- Start-Up Assistance that features:
  - The SBDC’s free business plan template;
  - Business Plan Feedback: Prospective entrepreneurs send their business plans to the Business Plan Review Board, comprised of CEOs, entrepreneurs, Fortune-500 executives and SBDC consultants, who check the plan’s assumptions and financials and provide feedback. Once each month, entrepreneurs have the opportunity to pitch their

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plans to the Review Board, much as they would to a bank or investor and then receive on-the-spot feedback from the Review Board on how to improve their plans and presentations;
- Free mentorship from a retired business executive volunteer;
- Performance Roundtables that bring together 10-12 new business owners from non-competing industries (vendors to these industries are not included in the roundtable) to meet on a regular basis. The members of the roundtable become a sounding board for each entrepreneur as he or she formulates business goals, helps to keep him or her focused on them, and provides advice if things do not go as planned.

- Technology Commercialization Assistance, which assists early-stage, technology-based companies with advice and assistance in accessing grants offered by local, state, and federal sources.
- Private Equity Funding Assistance, which matches entrepreneurs with various types of private equity funding, including individual angel investors and angel groups, seed funds, venture-capital funds, and mezzanine funds. Entrepreneurs can begin the application process online (all of the aforementioned services begin with online access). And Louisville’s Enterprise Angels list the industries in which they are interested in investing online with the application.
- Business Advising, which provides both start-ups and mature companies with custom-made recommendations from an advisory council of professional advisors on how to generate growth in their business.

Other Small-Business Development assistance includes micro lending, gap financing, financing for small and disadvantaged business owners, forgivable retail loans, façade loans, accessibility loans, and brownfield-redevelopment financing.

WORKFORCE & TALENT DEVELOPMENT

WIRED65: In 2007, the US Department of Labor’s Employment & Training Administration made a WIRED (Workforce Innovations in Regional Economic Development) grant of $5 million to the WIRED65 region – a 26-county area along I-65 centered in Louisville – to create a regional workforce-development strategy. Key partners in the WIRED65 consortium are the six Workforce Investment Boards in the region, including the Louisville area’s KentuckianaWorks WIB, and the Kentuckiana Regional Planning & Development Agency.
The 2007 Comprehensive Economic Development Strategy, organized by the Kentuckiana Regional Planning & Development Agency, calls for a "regional approach to workforce development that will support innovation, entrepreneurship and continued strong economic growth." The WIRED65 strategy is to:

- Make training relevant to growth industries;
- Align postsecondary training programs with local business needs;
- Make the region a magnet for the 21st century workforce;
- Invest in workforce development in priority sectors: healthcare, life sciences, logistics, human-resources management, energy technology, advanced manufacturing, agriculture, entrepreneurship, tourism.

Both the WIRED65 grant and the CEDS process are relatively recent developments, so the extent to which this strategy has been operationalized is not entirely clear. Nor is the extent of operational linkage between the WIRED65 process, the CEDS process, the work of the Kentuckiana Regional Planning & Development Agency, and GLI entirely clear. However, GLI staff reported a strong culture of cooperation within the community, and generally good success with linking workforce-development agencies with business needs, both in the business-recruitment function and in the High-Impact Program. Some specific workforce-development initiatives of WIRED65 and the Kentuckiana Regional Planning and Development Agency include:

- WIRED65 & Bingham Fellows (Leadership Louisville Center's community action program) – November 2008 regional summit on workforce development (400 regional leaders).
- Kentuckianna Regional Planning and development Agency outreach program to local employers to identify individual employment needs, in tandem with local employment groups to place job seekers. WIRED65 hired a consultant to identify emerging industries where the region can be competitive and defined specific steps to attract and develop these opportunities. Declining industries and the skill sets of displaced workers were defined and the possibilities to fit these skills into future jobs were identified. A human capital analysis was completed to define current workforce skills and the steps needed to attract, train, and retain a quality workforce. This report (TIPS Report) also called for improved

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communication between business and education providers to align technical and post-secondary education and training with private sector skill requirements. WIRED65 created an action plan for this.

- Adult workforce development & literacy:
  - KentuckianaWorks, the Workforce Investment Board for the seven-county Louisville region, received $1,000,000 in Workforce Investment Act funds in 2007 to recruit and train people for construction related careers to work on $3 billion in construction projects in the Louisville area, including the Fort Knox expansion.
  - A new one-stop Career Center was opened November 2008 in Jeffersontown by KentuckianaWorks.

- Practical business program in secondary schools:
  - School to work program established.

- Use CDBG to provide daycare for single parents doing workforce training and placement.

- Catalytic Grants totaling $853,000 were awarded by the Kentucky Education & Workforce Development Cabinet and WIRED65 in Summer 2009 to ten organizations for new ways to develop, retain, and recruit the next generation of talent. The grants were for the following activities:
  - Junior Achievement Career Planning for high school students;
  - Fix the Pipeline to get more high school students to graduate and go on to college;
  - Building Regional Food Economy – regional farmers and Louisville’s food market;
  - School at Work – developing a career ladder in Healthcare;
  - High school student entrepreneurship stimulation through virtual program;
  - HIRE Education Forum – employs college students as interns to fill workforce shortages;
  - Innovative Technology & Outreach Program – supports single parents working toward college degree;
  - Invention Convention regional fair showcases creative ideas and inventions of high school students;
  - Refocus One-Stops as talent development portal, not unemployment offices;
  - Regional leadership development.

- A so-called Quantum Grant was made to establish a regional workforce web portal.
Attracting & Retaining Talent – GLI initiatives:
YPAL – The Young Professionals Association of Louisville (in collaboration with the Urban League of Greater Louisville), uses networking events, community service, and social opportunities to involve persons aged 22-39 in important local issues and career development, and to help them develop a sense of a stake in the community. YPAL has 600 members and offers free admission to signature events throughout the year.

In 2003, GLI began throwing “homecoming parties” in cities around the U.S. (Atlanta, Chicago, cities in California) to attract highly-skilled talent to Louisville. The extent and impact of this initiative were not determined in the research. Starting in 2003, emails have been sent to 40,000 people either born or raised in Kentucky to spread awareness of opportunities in the state, and especially in Louisville.

COMPREHENSIVE SECTOR- OR CLUSTER-BASED STRATEGIES
See above, particularly under “Recruitment”, for more information on Louisville’s sector-based strategy.

HIGHLIGHTS FOR GRP
Louisville and, especially, GLI, appear to offer several ideas worth pondering, in particular:

- **Organization:** The integration of several facets of economic development within a single organization – GLI – and the complete merger of the Chamber of Commerce with Economic Development seems to provide great synergies in development practice and a significant private-sector funding base.

- **Business Expansion:** The High-Impact Program seems to be an innovative and effective way to focus the region’s business-expansion efforts.

- **Entrepreneurship Development:** EnterpriseCorp, especially now that it includes the High-Impact Program, appears to set a tone of aggressive support for business formation and development that is backed up by strong programs based on proven methods of network development and expert mentoring.

- **Workforce Development:** The workforce-development initiatives, especially the successful grants and efforts to tie workforce and business development together, convey the impression that the relevant community organizations are focused appropriately on
economic development. The talent-recruitment program appears to be the right approach, but its impacts are not clear.

- **Comprehensive Cluster-Based Strategy:** Louisville had a consultant work in-house with them for several months to identify target clusters, which are used throughout their economic-development efforts, including workforce development. Overall, the focus on growth and collaboration conveys an image of a community that is serious about development.
Case #8 New Haven, CT - New Haven Biotech Partnerships

ORGANIZATION & REGIONAL COOPERATION

Background: New Haven, Connecticut is similar to Richmond in that it is sandwiched in between two recognized biotech centers – Boston and New Jersey. This case study provides a good example of how cooperation between educational institutions, city government, and state government can result in successful development of a target industry.

Key Players in the Growth of Biotech in New Haven: In order to attract and retain the best faculty at Yale University, a commitment was made in the mid 1990’s to better assist faculty to apply research findings towards commercial products. The university expanded the Yale Office of Cooperative Research, which provided oversight of patenting and licensing of university inventions, and also worked with researchers to identify commercially viable discoveries. In 2000, Yale began to increase university investment in research facilities and programs. To date, the university has invested over $1 billion dollars in expanded biomedical, basic science, engineering, and clinical research programs, including the construction of state-of-the-art science and medical facilities.

Connecticut United Research for Excellence, Inc. (CURE) is a not-for-profit 501(c)(3) corporation that oversees the biotech cluster in the state by facilitating information exchange and communication among cluster members. The organization began with $150,000 in seed money from Connecticut’s Department of Economic and Community Development, along with another $350,000 contributed by biotech firms. CURE now has over 100 dues-paying members which support the organization.

CURE supports the biotech industry in Connecticut by maintaining data on the sector, identifying problems and threats to firms, and developing strategies to advance the group. Some of its accomplishments are listed below:

- Worked to simplify permitting process, greatly reducing the number of permits required for start-ups;
• Organizes committees to identify best practices and offers seminars to help firms stay in compliance with federal laws governing things such as the use of animals in research, clinical trials, and low-level radioactive materials;
• Organizes job fairs to allow firms to attract a greater number of applicants for job openings;
• Helped several biotech companies come together to lobby for biotech research and development tax cuts at the state level.

**Connecticut Innovations (CI)** is a quasi-public agency that serves as the State’s technology-investment arm, managing the Connecticut’s BioScience Facilities Fund. The organization was founded in 1993 to supply equity investment to high-tech start-ups, and is the state’s leading public-sector investor in high technology. CI was started with $30 million in state bond funds and $10 million from CI, but is now self-sustaining through repayment and equity appreciation on its investments.

The **City of New Haven** is another major player in the development of a bioscience cluster. The City has done four things to encourage bioscience: 1) property development; 2) zoning and permitting to encourage bioscience-related construction and renovation; 3) eliminating red tape in startups and expansions; and 4) improving the city’s quality of life.

Through several renovations done by either the City or private developers, lab space was created for new biotech companies, including incubators for start-ups. New Haven also made sure that it had a building inspector on staff who understood the ventilation, waste disposal, and other regulations required for biotech real estate.

**BUSINESS RECRUITMENT**

Connecticut has made many legislative changes that have made the state more attractive to biotech companies. Several different tax credits related to bioscience are offered, aimed at attracting new companies to the state. In 1996, the State created a biotech tax incentive, which exempts biotech companies from sales, use, and property taxes for five years and provides a 15-year carry-forward of research and development tax credits. The carry-forward feature is especially designed for biotech start-ups, as it recognizes the number of years it could take for a company to turn a profit from its research. In 1999, this program was expanded to allow companies to exchange tax credits for cash and to extend net operating losses for 20 years.
Also, through working with CURE, the state legislature has been able to cut down on the amount of red tape necessary to operate a bioscience company. The permitting process has been simplified and the number of permits required of new companies was reduced from 220 to about 25.

The City of New Haven also plays a major role in the attraction of new companies to the area, by making it a priority to develop lab space suitable for biotech companies. By working with both public and private organizations as well as private-sector developers, the City has been able to create enough product to attract existing biotech companies to the region.

RETENTION & EXISTING-BUSINESS EXPANSION

CURE is not a formal retention program, but provides many of the same services that a traditional retention program might. The group serves as a voice for biotech companies throughout the state, providing them with the power to group together and lobby for their needs. CURE encourages communication between biotech companies, along with the sharing of best practices, to support the further growth and development of the industry. It stays in communication with these companies to identify issues, and then works with the appropriate agency to alleviate any problems.

SMALL BUSINESS & ENTREPRENEURSHIP

Yale University serves as a major recruiter of bioscience faculty, and these researchers have been able to turn their work into marketable products with the help of the university’s Office of Cooperative Research. Currently, this office is a partner in 24 start-ups that employ a total of about 1,000 people.

As an investor, Connecticut Innovations is also a major player in the start-up of new bioscience firms. Their contributions typically only make up a small portion of a company’s total funding, but CI is able to fill gaps left by other investors. For example, venture capitalists are often willing to fund the research and development operations of a new bioscience start-up, but often unwilling to provide funds for real estate. Because acquiring lab space is a major cost for start-ups, this leaves a hole in their funding, which can be filled by CI. Connecticut Innovations also makes risk
capital investments, and then withdraws support when the new company becomes successful or goes public.

WORKFORCE & TALENT DEVELOPMENT
Yale University serves as a major talent attractor in the biotech field. The university seeks out the top-quality faculty and researchers, and has the good reputation, facilities, and organizational capacity to bring the best and brightest to Connecticut. The City of New Haven has also played a part in attracting talent, due to a major effort to improve the quality of life in the city. Reinvestment and redevelopment projects have made New Haven a more attractive place to live and work, so it is better able to draw top talent to Connecticut.

HIGHLIGHTS FOR GRP
This case study provides an example of how diverse entities can work together to enhance the attractiveness of a targeted sector or cluster:

• **Regional Cooperation:** The New Haven Bioscience cluster was developed through collaborative efforts from a research university, local and state government, and the private sector. Not every organization can provide every service necessary to develop a successful cluster, but when public and private sector groups with different sets of expertise work together, they can fill existing gaps and build a complete set of services for both start-up and relocated companies.
Case #9 New Mexico State – The New Mexico Partnership

ORGANIZATION & REGIONAL COOPERATION

Structure and Tasks: The New Mexico Partnership is a state-level public-private partnership created in 2003 to recruit businesses from out-of-state. The New Mexico Department of Economic Development continues to focus on internal development. That department also provides most of the New Mexico Partnership’s funding.

BUSINESS RECRUITMENT

Targets: New Mexico targets the following industries in its recruitment program: aerospace & aviation, agri-business, business & financial services, clean & renewable energy, digital media, and technology & manufacturing, including a strong focus on maquiladoras and telecommunications.

Strategy: Noteworthy is New Mexico’s Green Economy Strategy (2009) developed by the Governor’s Green Jobs Cabinet. The program’s essential features include the following goals:

- Be the leader in renewable energy export—electricity and biofuels, energy and products;
- Be the center of the North American solar industry, including the entire value chain from research and development to installation operations;
- Lead the nation in “Green Grid” innovation through research at universities and national labs;
- Be a center of excellence for green building and energy efficiency, including building renovation and new products;
- Have a highly skilled and ready-to-work workforce. A state workforce development plan has been funded by federal grant.

Metrics: The 2008-2009 performance goals are to:

- Generate at least 400 leads that have the potential to relocate to New Mexico;
- Identify at least 120 prospect companies that have projects that could be located in New Mexico;
• Arrange and conduct at least 31 site visits to New Mexico communities by prospect companies with qualified projects;
• Demonstrate responsibility for the creation of 2,200 new economic-base jobs in New Mexico, no less than 900 of which are in non-urban areas.

**Incentives:** New Mexico offers a variety of standard business location incentives, including the following:

• Job Training Incentive Program:
  - Funds classroom and on-the-job training for newly created jobs;
  - Reimburses 50-80% of employee wages and required travel for six months.
• High Wage Job Tax Credit:
  - Applies to employees with salaries greater than $28,000 in rural areas and $40,000 in urban areas.
• Industrial Revenue Bonds;
• ISO 9000 Compliance for Small Business;
• General Tax Credits;
• Lottery Scholarship.

In addition, New Mexico offers numerous business-location incentives that are focused specifically on its industrial-location targets. These include the following Technology and Manufacturing incentives:

• R & D Gross Receipts Tax Deduction;
• R & D Small Business Tax Credit;
• Rural Software & Website Gross Receipts Tax Deduction;
• Technology Jobs Tax Credit;
• Rural Jobs Tax Credit.

Incentives also include Clean and Renewable Energy:

• Clean Energy Generation Incentives:
  - Renewable Energy Production Tax Credit;
  - Electric Utility Programs, including:
- Performance-Based Customer Solar PV Program.
  - Renewable Energy Production Tax Credit;
  - Equipment and Facility Incentives:
    - Solar Market Development Income Tax Credit;
    - Ground-Coupled Heat Pump Tax Credit;
    - Sustainable Building Tax Credit.
  - Advanced Energy Tax Credits;
  - Alternative Energy Product Manufacturers Tax Credit;
  - Biodiesel Blending Facility Tax Credit;
  - Blended Biodiesel Fuel Tax Credit;
  - Sustainable Building Tax Credit for LEED, Build Green NM or Energy Star Certification.

**HIGHLIGHTS FOR GRP**

Despite the inherent difficulties of drawing lessons for regional development strategies from a state's economic-development features, this case does have an interesting highlight for GRP:

- **Recruitment**: In addition to standard incentives, New Mexico uses very narrowly targeted incentives to pursue cluster- and sectoral-development strategies.
ORGANIZATION & REGIONAL COOPERATION

Footprint, Budget, Tasks, and Partnerships: The Executive Advisory Board Exchange Committee (EABX) provides free business-management advice for growing companies. It is a partnership of 11 Central Florida companies, which believe in the idea of a mutual benefit when companies within the region grow. EABX is completely self-financed by the members. It was formed to assist companies that have an average annual revenue of more than $5 million over the past three consecutive years. The board cooperates with several regional organizations and institutions, including the Small Business Development Center, Orange County, and the University of Central Florida.

EABX was established in 2003 as a spinoff of the Advisory Board Council that was created by the University of Central Florida, the SBDC, Orange County, and The Columbus Business First publication to help small businesses. Despite the fact that their activities overlap, the EABX does not have any relationship with the Metro Orlando Economic Development Commission.

ENTREPRENEURSHIP & SMALL-BUSINESS DEVELOPMENT

Methodology: The method used by EABX, developed and proven by Columbus Business First, pairs select companies with teams of experts. These experts are invited to join a board based on the specific needs of the company, which are previously assessed by EABX. All advisors are experienced, proven professionals in their field.

The board of volunteers suggests steps to help a client company grow its business. The purpose of a board is to advise only; at the end of the day, decisions to implement any suggestions are at the sole discretion of the client company. All information shared by client companies in the program is kept confidential. Typically, the volunteer board members comment on the viability of an idea, product, service, or strategy proposed by the client company. Moreover, they provide objective and unbiased evaluations of corporate or management performance and assistance in the formulation of long-term objectives and goals. The duration
of the assistance is usually one year, but the board can decide to extend the period, depending upon the needs of the client company.

**HIGHLIGHTS FOR GRP**

The most relevant aspects of EABX can be summarized as follows:

- **Simplicity:** The assistance program is based on a simple, direct relationship. Besides the $5 million limit, there are no restrictions for the companies that want to access this service.

- **Business Community Engagement:** The whole initiative started from regional companies that believed that the Orlando local economy could be strengthened by assisting other companies. Considering that centers for start-ups were already in place and that big corporations generally have in-house advice programs, the clear target of the EABX program is the small business.

- **Business-to-Business Relationship:** The program is essentially based on the idea that solutions to management and business problems come from business leaders. According to the EABX members, this guarantees an atmosphere of trust, which is an essential ingredient in the program.
Case #11 Orlando, FL - Metro Orlando Economic Development Commission

ORGANIZATION & REGIONAL COOPERATION

Background: The Metro Orlando Economic Development Commission (MOEDC) is a not-for-profit, private-public regional economic-development organization with an annual budget of $6.5 million and 39 full-time employees. The organization serves the City of Orlando and Orange, Seminole, Lake, and Osceola Counties. Together these localities form the Metro Orlando MSA, the 27th largest MSA in the United States, with a population of over two million residents. MOEDC engaged in a cluster-based development effort to promote the life science and biotechnologies cluster that now characterizes the Orlando region.

Leadership, Regional Cooperation, and Key Players: As major research institutions and hospital systems started looking to Orlando as their ideal location, it became clear to the business community that the life-science and biotechnology sector was a major asset to build upon. The opportunity for a unified group to accelerate life science in Central Florida became even more evident when the Burnham Institute for Medical Research announced that it had selected Orlando’s Lake Nona as its East Coast expansion site.

In early 2007, the MOEDC accepted the task of forming a life-science council. Over a period of 180 days, focus groups, personal interviews, extensive research, and travel to 12 life-science regions in North America occurred. The result of this collaborative work was the launch of the bioOrlando Council in July of 2007. The bioOrlando Council is an internal committee that was considered the most appropriate strategy to accelerate growth in a cluster already in place in the region (current estimated earnings are $2.9 billion). All the public and private parties involved in the life-science and biotechnologies cluster are represented in the bioOrlando Council, and in fact, promoted the initiative. Moreover, all the MOEDC investors who requested to be included are automatically added to the bioOrlando Council. The bioOrlando Council is comprised of four committees which support the MOEDC’s overall mission of diversifying the economy through the retention and recruitment of high-wage, high-value jobs.
Orlando’s regional cooperation effort was made possible in particular by the leadership exercised by MOEDC, who, through the bioOrlando Council, organized the regional partners around the ambition of pursuing a worldwide competitive life-science and biotechnologies cluster. One of the organization’s most important accomplishments was the founding of the Orlando Medical City, a physical manifestation of Orlando’s life-science and biotechnologies cluster. In order to accomplish such an ambitious feat, various players in the private and public sector had to interact and collaborate for a common goal. The following organizations were major players in the Medical City initiative:

- **The Tavistock Group’s** founder, Joe Lewis, first envisioned the possibility of creating the Medical City, while the main catalyst during the process was the Tavistock Group Orlando manager. He is a cancer survivor and engaged in tremendous efforts to realize Orlando Medical City. The Tavistock Group owned a very large piece of land and decided to donate a portion of it (as an incentive) to both the Burnham Institute and the University of Central Florida. That property, Lake Nona, was extremely attractive for its location near the Interstate and the university, and for the presence of a mixed use complex with an extensive residential area and a golf course.

- **The University of Central Florida** became an important player, especially with its project for a new biotech facility, to which it soon added a new medical school complex.

- **The Burnham Institute** may be the most important piece of the picture; its decision to locate its East Coast expansion in Orlando (together with its strong relationship with the University of Florida) was the final boost needed for the success of the project. Moreover, the institute started negotiations with the University of Central Florida to locate the university’s biotech facility and also a new medical school in the same area.

- **The Orlando hospital system** is one of the best in the country, and was involved since the beginning in the process of a cluster spatial definition.

- **The public local partners**, the City of Orlando and Orange County, were the only two localities involved in the Medical City initiative. The localities provided incentives totaling approximately $10 million.

- **The Metro Orlando Economic Development Commission** was designed to lead the process, together with the private developers (Tavistock). In particular, MOEDC played a vital role in convincing the State of Florida to fund the new University of Central Florida medical school and to close the deal with the Burnham Institute for its relocation to Orlando. MOEDC also
hosts the bioOrlando Council, which essentially supervises the efforts to further strengthen this cluster.

COMPREHENSIVE SECTOR- OR CLUSTER-BASED STRATEGIES

Cluster-Based Strategy: The idea promoted by MOEDC was to create an integrated strategy of economic development centered on the bioscience cluster. Considering the importance of this cluster for the regional economy, MOEDC and its regional partners envisioned the possibility of focusing part of their business recruitment, workforce development, and retention and expansion efforts on an economic cluster that was showing tremendous potential.

The strategies for business recruitment and job creation inside the cluster are now defined within the council by the steering committee, though the recruitment committee is also involved in the strategy identification process. Since the bioOrlando Council is an internal MOEDC structure, these strategies must be consistent with the overall MOEDC recruitment strategy. This consistency is also ensured by the presence of some MOEDC board of directors’ members on the steering committee. The business recruitment efforts, especially in the early stage, were also favored by a terrific business climate, and in particular by the presence of the Innovation Fund which was set up by then Governor Bush. The Innovation Fund provided $165 million to the Burnham Institute.¹²

Orlando Life-Science and Biotechnologies Cluster: The life-science and biotechnologies cluster has significant industrial, research, workforce and academic strengths:

- **Industry strengths:**
  - More than 150 biotech and life science companies operating in Metro Orlando employ 9,248 people;
  - The prestigious Burnham Institute for Medical Research announced that they would establish their East Coast headquarters in Orlando;
  - The University of Florida and the Veterans Administration announced plans to establish facilities adjacent to the region’s brand new University of Central Florida College of Medicine;

¹² Some of this money is at risk (the Burnham Institute has to meet some goals in terms of jobs creation, etc…), while another portion was granted to the prestigious research institute with no conditions attached.
The area hosts a healthcare system made up of some of the top hospitals in the country;
- The area has a prominent agricultural base.

**Research strengths:**
- Increasing disease resistance in humans and plants through nutraceuticals;
- Cloning soil-less plants in a clean-room environment;
- Developing computer modeling systems for laser surgery training;
- Conducting medical training with advanced human patient simulators;
- Developing defenses against bioterrorism, including an Anthrax vaccine.

**Workforce strengths:**
- A highly-skilled workforce formed by the state's six leading universities. MOEDC coordinates with the regional universities and community colleges to ensure that the region has appropriate skills.

**Academic strengths:**
- Several prestigious educational and research centers help to make this area one of the most competitive locations for biomedical technology businesses in the nation. These include the University of Central Florida's Biomolecular Science Center; the Mid-Florida Research and Education Center; the University of Florida's Institute of Food & Agricultural Sciences and College of Pharmacy; Florida State's Fisheries Research Laboratory; the newly-approved UCF College of Medicine; the Central Florida Research Park and the University of Central Florida's Technology Incubator.

**The Medical City Initiative:** The idea of a spatially located cluster, later called Medical City, started to become a tangible project when the University of Central Florida President decided to create a new biotech research capability and saw the opportunity to team with the Burnham Institute and other top medical and research institutes. They decided to locate in a common site and to attract other competing business and research institutes to that same site, understanding the economy-of-scale advantages of a long-term process. The University of Central Florida was willing to accept the presence of the University of Florida due to the fact that its presence was requested by the Burnham Institute. The Medical City initiative offers an example of how it is possible to go beyond a simple cluster enhancement to create a physical manifestation of cluster development. By locating a significant portion of the cluster within a single area, Orlando has managed to create a unique product that draws widespread attention. There is only one other community worldwide that hosts an entire city completely dedicated to advanced
healthcare, in Dubai. However, only Orlando is also devoted to the most innovative medical research. The effect is that of a giant and innovative science and technology park.

Orlando’s Medical City project is still underway, and should be completed by 2012. Anchored by the University of Central Florida’s College of Medicine and the Sanford-Burnham Medical Research Institute, the Medical City will also consist of:

- University of Central Florida’s Burnett School of Biomedical Sciences;
- Cancer Research Institute of M. D. Anderson Cancer Center Orlando (CRI);
- Nemours Children’s Hospital;
- Orlando VA Medical Center;
- Department of Veterans Affairs (VA) Medical Simulation Center for Excellence; and
- University of Florida Research Center.

All these facilities will be hosted in the Lake Nona area, a 7,000-acre community within the city limits of Orlando. Moreover, the project plans include the development of a completely new town with elementary, middle and high schools, a community park, a local YMCA and a myriad of entertainment and recreation options.

The Tavistock group manages the entire Medical City area; therefore, if a company seeks to locate there, they can close the deal without any intervention from MOEDC. However, if the company is asking for financial incentives, the Tavistock group must contact MOEDC, which is the only organization that can access and negotiate the public funds offered by the State of Florida.

**HIGHLIGHTS FOR GRP**

The bioOrlando Council and the Medical City initiative promoted by the Metro Orlando EDC provide some useful elements worth pondering:

- **Comprehensive Cluster-Based Strategy:** Orlando demonstrates an integrated approach to regional economic development, which focuses on one or more clusters characterizing the region. Through the cluster-based strategy, Orlando is able to develop consistent business recruitment efforts, business-retention and expansion strategies, workforce and talent development programs, and small-business development initiatives.
• **Regional Cooperation:** The creation of an internal committee like the bioOrlando Council proved to be an excellent tool to organize the regional actors around a common goal. The economic-development agency was designed to lead the process but, at the same time, recognized the importance of each player and the contribution it could give to the cluster-based strategy.

• **Recruitment:** Orlando’s success in attraction of businesses is arguably due to an innovative idea. The whole Medical City initiative is based, of course, on the tremendous assets the region has in terms of existing business, but it relies also on the marketing concept of a ‘Medical City’, which is intended to express the idea of innovation and excellence.
ORGANIZATION & REGIONAL COOPERATION

Footprint: Region 2000 consists of the entire Lynchburg MSA – the cities of Lynchburg and Bedford, the towns of Altavista, Brookneal, Appomattox and Amherst, and the counties of Bedford, Campbell, Appomattox and Amherst. This footprint was established for the Planning District Commission and the Economic Development Partnership prior to the formation of the consolidated organization described below.

Regional Cooperation: As of 2007, all of the region’s development-related organizations – the Economic Development Partnership (now Council), the Local Government Council, the Technology Council, the Workforce Investment Board, the Young Professionals of Central Virginia (funded by the Economic Development Council), and the Center for Advanced Engineering and Research, are employees of the Planning District Commission. However, the Partnership also includes several private non-profit corporations (the Chamber of Commerce is not a formal member of the Region 2000 Partnership, but it was reportedly involved in the effort to organize it). All six entities are in the same building, and this has created numerous synergies and made coordination much easier. Only the workforce centers (One Stops) are in another building, but the Workforce Investment Board director is in the same building as the other Region 2000 entities. About 20 staff persons are employed in the building, for a region with a population of about 250,000.

The physical co-location is mirrored by functional integration as well. The boards of directors of all of the organizations are cross-populated and staff of the six entities hold regular meetings as a group. The Region 2000 Partnership has a coordinating council comprised of two members from each of the six entities who do strategic planning for the entire Partnership, for the region. This ties all of the strategic plans together. In short, the consolidated physical and organizational structure has made possible both continuous informal collaboration, as well as formal policy coordination, according to staff members. As one put it, “We look like a corporation.”
One of the primary considerations that led to the formation of the consolidated organization was the desire to economize on overhead expenses and to facilitate easier sharing of information and expertise. According to staff members, both objectives are being achieved. One example of such synergies includes the Local Government Council’s role as a regional clearinghouse of statistical information and analysis. This role allows the Local Government Council to support the Region 2000 Partnership, localities, and non-profits; lead grant identification and development efforts; and develop strong GIS capability, including timely provision of GIS-based data for the Economic Development Council. Another example is the development of the Technology Park in Bedford County, and the smooth operation of the “One-Stop, No Wrong Door” policy that provides customers with easy access and services. Each partner coordinates with each other partner to work toward individual goals & action steps. The Region 2000 Partnership website sums it up well: “Virginia’s Region 2000 Partnership is an interwoven network of organizations with a centralized vision to provide regional development leadership within the 2,000 square miles that surround Lynchburg, Virginia. We provide a single point of contact to the public and private sector for regional planning services, economic development, marketing, and workforce training.”

In addition to functional cooperation, Region 2000 reportedly works hard to improve inter-jurisdictional cooperation as well. For example, once each month, the executive director of the Economic Development Council meets with all of the local-government managers to discuss ways to regionalize more functions. A recent initiative was regional landfill consolidation. Currently, they are discussing the idea of consolidating all local economic-development offices at the regional level.

**Funding:** The funding of the Economic Development Council comes partly from the region’s local governments (52%) and partly from the private sector (48%), through pledges made once every five years. In fact, 75% of its budget comes from just ten organizations, which means that a few private organizations are paying large sums and others are paying much smaller sums. The public-sector contribution is based on a per-capita method which is reportedly accepted as fair by all parties.

**Metrics:** The Primary Metric used by the Economic Development Council is job growth. Council staff expresses pride that the region grew jobs in 2008-09 and led the state in the rate of job growth.
BUSINESS RECRUITMENT
The Economic Development Council is consciously seeking to transform the Lynchburg-area economy from a materials-oriented economy to a high-growth, innovation economy powered by high-wage jobs of the creative class. This means that real-estate development has been superseded by technology development, which requires a high-skilled workforce, innovation, technology transfer, and venture capital. Concretely, this means focusing on developing a research and development infrastructure that includes “last mile” broadband installation in the rural parts of the region and the Center for Advanced Engineering and Research (which is linked with university-based science and engineering research), along with the Technology Park, in the more urbanized areas. One task of the Technology Council (part of the Region 2000 Partnership) is to assist in the recruitment of technology-based businesses. The work of the Local Government Council in coordinating regional infrastructure development is also very relevant.

The Economic Development Council perceives that it cannot recruit new factories to replace the ones that left the more rural areas, which is a source of some stress in those areas, since localities are so reliant on the real-property tax and machinery/tools and sales taxes for revenues. However, as a sign that regional thinking is taking over, the local jurisdictions recently asked the Economic Development Council to begin reporting all new business locations on a regional basis, i.e., without stating the name of the jurisdiction where the business located.

RETENTION & EXISTING-BUSINESS EXPANSION
The Economic Development Council coordinates a regional-local call program on existing businesses through local economic developers to gather input on regional business issues, facilitate services supporting employer retention and expansion, and offer appropriate business-to-business networking opportunities. A question posed in this study is the extent to which the various local partners coordinate their retention efforts and focus them on regionally agreed-upon targets. The research did not reveal if this is done.

ENTREPRENEURSHIP & SMALL-BUSINESS DEVELOPMENT
The Economic Development Council is working with Southwest Michigan First, Eli Lilly, and other entities to develop venture-capital sources and stimulate research and development
activity. They are also working on lower-tech entrepreneurship, using the Virginia Crossroads Institute’s approach to assisting start-up and small-business development in activities like paint and body shops, to assist entrepreneurs who are not part of the high-wage, high-tech sector.

WORKFORCE & TALENT DEVELOPMENT

Workforce Development: The services provided by the Workforce Investment Board appear to be similar to those provided in other communities. One outstanding feature, however, is the reportedly high degree of collaboration between the Workforce Investment Board (whose director is housed with the other entities in the Region 2000 Partnership); Central Virginia Community College, which staffs the One-Stop Career Center; and the Economic Development Council, especially in support of new business start-ups or expansions through on-the-job training initiatives and the support of new hires through pre-screening (employer skill determination) job fairs and staffing assistance (through the Career Center). They use Jobs EQ and regional business development goals to better define labor demand and plan curricula and training.

Talent Recruitment and Development: One of the Partnership’s goals is to deliver effective workforce recruitment programs to help businesses find a qualified workforce of professionals, college graduates, and technology-based employees. This includes helping major corporations such as Babcock & Wilcox and Areva recruit skilled workers, and developing talent that will help to recruit new technology-based businesses to the region. Two significant initiatives in this area are:

- **Technology Council** (member of Region 2000 Partnership) STEM (science, technology, engineering, math) program in the schools and the “biggest Lego Robotics Tournament in the state,” as one staff member described it.
- **Young Professionals of Central Virginia** (a member of the Region 2000 Partnership) is a spin-off organization of the Workforce Investment Board’s Youth Council. It organizes networking events in the community to help businesses recruit high-skilled talent, reaching out to both businesses and young professionals directly. The former are provided with information on the value of attracting and retaining young professionals and the latter are given information on services and opportunities for young professionals in the region. The initiative is strongly supported by major corporations, such as Areva and Babcock & Wilcox.
HIGHLIGHTS FOR GRP

The major idea worth pondering is the Region 2000 regional structure and operations:

- **Organization and Cooperation:** According to observers and staff, the physical co-location and organizational integration has brought major direct benefits and also stimulated thinking on other ways to cooperate on a regional basis. Each of the major initiatives mentioned above benefits from this structure and spirit of collaboration, despite the problems posed by having rural and urban areas, with different problems and needs, in the same organization.
ORGANIZATION & REGIONAL COOPERATION

Structure: The Research Triangle Regional Partnership (RTRP) is a public-private partnership comprised of 13 counties, 34 chambers of commerce, and roughly 100 economic-development organizations. It includes 30 CEOs and six university presidents, but no elected officials. It also includes nine institutional partners, such as the Raleigh Chamber of Commerce and the Small Business Development Council. It is governed by a 56-member Board of Directors with representatives from each of the 13 counties, and it works with the North Carolina Department of Commerce and a wide range of private and public partners. An Economic Development Advisory Committee comprised of economic developers from each of the 13 counties meets monthly to plan & implement strategic marketing efforts.

RTRP Partners is a volunteer organization of businesses that meets quarterly to examine economic competitiveness issues and support RTRP marketing strategies through:

- Assistance in overall regional positioning;
- Advising RTRP on targets and messaging;
- Serving as resources for prospective companies;
- Providing content for intra-regional public relations;
- Helping to expand the region’s connections to promote investment in targeted industry clusters.

Staff, Budget, and Financing: RTRP has seven full-time staff and an annual budget of $1.4 - $2 million. This includes one marketing trip per year for each of the 13 member counties, on which they accompany RTRP staff. (RTRP makes multiple trips.) Operations are financed as follows: 30% is contributed by the State of North Carolina, 7-8% comes from voluntary per-capita based contributions from the economic-development organizations in the 13 counties, about 40% comes from private-sector contributions, and the remainder is derived from fees for services. These services include workforce training work and the development of strategic plans for communities that cannot afford consultants. The Greater Raleigh Chamber of
Commerce is a large contributor. Marketing Raleigh is a sub-contract back to Downtown Raleigh, Inc.

**COMPREHENSIVE SECTOR- OR CLUSTER-BASED STRATEGIES**

RTRP’s cluster-based strategy is articulated in two Five-Year Plans:

- *Staying on Top: Winning the Job Wars of the Future (2004-2009)*;
- *The Shape of Things to Come (2009-2014).*

**Cluster Development Strategic Planning Process:** The community was moved to action by the recession of 2000-01 and a study by Michael Porter on regional innovation, which had included the Research Triangle but which had not been digested or utilized. The first stage, identification of competitive clusters, was a technical process, in which a consultant (RTI) defined the region’s competitive advantage in terms of clusters. According to RTRP’s website, “RTRP focuses its economic development effort on 10 clusters. Eight of these were identified following a comprehensive analysis of growth opportunities in the region conducted by RTI International. RTI identified 30 technology strengths and 120 growth opportunities in which the region’s academic, government, and corporate research and development lead the world in innovation and achievement. From the list of 30, RTI identified eight areas that hold the highest potential for boosting economic growth in the near term. These eight draw on the region’s most competitive and innovative research and development assets and represent the region’s best opportunities for strong and sustainable job creation, business investment and growth. Each of these overlapping and interdependent clusters support and reinforce the region’s life sciences companies.” UNC Chapel Hill then analyzed the clusters and created GIS-based maps to show where different parts of the clusters could likely locate in the region.

In the second stage of the process, RTRP staff held over 100 meetings with its numerous stakeholders to translate the work of Porter, RTI and UNC into terms that stakeholders would grasp and explain to them what was at stake in such a development strategy. Essentially, the staff explained that such a strategy was necessary to ensure that RTRP would be among the regions that would win in the global competition for investment and jobs. Finally, the RTRP leadership was asked to meet four times to determine if the region should follow a cluster-based
strategy or not, determine which clusters they would pursue, and finally adopt the strategic plan with the clusters. No local government was asked to adopt the plan.

Over time, the cluster plans evolved, with the second plan containing features not included in the first one. Now RTRP revisits its cluster targets once every year or two. Although the process is still participatory, it does not include the number of meetings used to explain and eventually adopt the first cluster-based strategy.

**Implementation:** To implement the strategy requires a number of actions, including regular meetings of the CEOs of the cluster groups. Various other informal groups have regular “alignment meetings” as well. These include the monthly “boys meetings” (which include women) of foundation presidents, chamber of commerce representatives, RTRP staff, where the big regional economic development issues are written up on a white board and discussed.

In short, it appears that a culture of collaboration, as one staff member called it, is cultivated in the RTRP area. People are asked to come to meetings and they do so. Although there are political differences between some parts of the region, there is minimal bickering between urban, suburban and rural areas about whether they are getting what they consider to be a fair share of business locations through the RTRP’s work. This is partly because the Research Triangle Park is in the middle of the region and it has a unifying force, and partly because there is a strong norm of “play nice or go home,” as one staff person stated. It is partly due also, according to a staff person, that RTRP spends a great deal of effort showing the individual communities (partly through their participation in the marketing missions) what the clients want, so there is little argument about that.

**Substance of the Strategy:** The strategy appears to focus primarily on inward investment, but also includes business retention/expansion and entrepreneurship, especially in a variety of science and technology clusters.

The strategy aspires to capture manufacturing that results from local discovery – as product testing enters phase I, discussions about manufacturing are initiated with the research and development companies. The strategy also calls for increased industry interaction and engagement of cluster suppliers, universities, etc.
Also, entrepreneurship support and capital infrastructure are to be expanded through an online inventory of incubation spaces, venture-capital recruitment, and a state-government legislative agenda that includes the following:

- Institute qualified business-venture tax credit;
- Institute capital gains tax exclusion for founders stock;
- Create a life science manufacturing credit enhancement program;
- Establish a research and development sales tax parity;
- Institute a research and development sales-tax exemption for research and development supplies;
- Eliminate franchise tax on pre-revenue startup companies;
- Expand industry-focused outreach, promotion, and media placement;
- Expand efforts to include all life-sciences support companies & organizations in RT Region – recruit all support organizations into RT Institutional Partner network; RTRP’s cluster network will recruit representatives from all of region’s support groups;
- Expand industry labor pool available to life sciences industry;
- Create a Science Technology Engineering Math (STEM) Forgivable Loan;
- Create a Tuition Program for the University of North Carolina System;
- RTRP will encourage Math & Science education improvements at K-12 level.

**Rural Strategy:** Ten of RTRP’s 13 counties are rural; they have lower land costs but still have access to all advantages of RTRP. Strategies include the Triangle North Initiative. Governments in four northern rural counties (Franklin, Granville, Vance, Warren) of the RTRP are sharing costs and revenues (for the first time in North Carolina) to develop a network of tax-advantaged business parks to promote business growth and to encourage growth to leap, not sprawl. The Kerr-Tar Regional Economic Development Corporation was formed to own and develop the parks. However, one staff person mentioned that it has been very difficult to get businesses to locate in the parks.

**HIGHLIGHTS FOR GRP**

The Research Triangle Research Partnership developed and pursued a cluster-based strategy. Their success in building a major research and development powerhouse proves that the strategy is worth considering:
Engaging the Community in Cluster Development: The apparent success and widespread community support for the targeting strategy in general and the specific targets chosen seems to be attributable, in large part, to the time-consuming, but ultimately successful strategy of multiple discussions with stakeholders. This appears to have strengthened the region's already collaborative climate and laid a foundation for effective implementation of the strategy.
ORGANIZATION AND REGIONAL COOPERATION

Background: In 1993, Seattle Mayor Norman Rice moved the City’s workforce-development function into the Office of Economic Development in order to better integrate workforce and economic development. Shortly thereafter, Seattle was chosen as one of the Annie E. Casey Foundation’s eight Jobs Initiative sites. The Seattle Jobs Initiative (SJI) remained in the Office of Economic Development until 2002, when it was launched as a private non-profit organization, allowing it to conduct fundraising and do policy analysis that is independent of City government. However, SJI continues to receive 80% of its funding from the City.

Tasks and Metrics: SJI is a so-called overarching intermediary that coordinates a network of service providers with employers and prospective employees so that people are trained and placed into good jobs and employers get workers with the skills they need. The following metrics are used to determine the success of their efforts:

- Percent of clients who complete the training that they choose (which is preceded by counseling and short-term job shadowing).
- Percent of clients who are placed into full-time jobs with benefits and a career track.

WORKFORCE & TALENT DEVELOPMENT

Workforce Development Objectives and Strategy: The overarching objective of the SJI is to link low-income Seattle residents with living-wage jobs and improve employment and training systems to produce better results for disadvantaged job seekers. The organization maintains the following goals:

- Help residents get middle-wage jobs;
- Ensure long-term job retention;
- Organize employer involvement so workers get relevant training for jobs that exist and employers get skilled workers;
- Integrate human services with employment and training services.
SJl serves essentially the same population as the Workforce Investment Board. However, whereas the WIB is required to focus more on getting as many clients as possible into jobs as quickly as possible, even if the jobs are not of high quality and only provide training secondarily, the SJI focuses mostly on education and then on job placement.

**Key Features of the SJI Strategy:**

- **Research:** SJI has a strong research function that is continually studying labor market trends to determine which industries are growing and which ones offer middle-skill, middle-wage jobs for which their clients could be prepared and then employed. In the 1990s, SJI focused on sector-based strategies and they continue to follow regional economic-development sectoral strategies as one source of middle-skill jobs. For example, the Puget Sound Prosperity Partnership is pursuing a cluster strategy that seeks to grow green technologies, aerospace and other industries, so SJI is identifying middle-wage jobs in those industries.

However, SJI recognized years ago that following sector- or cluster-based strategies for job development only works if the sectors or clusters are growing. Hence, in addition to following sector strategies, SJI constantly watches all parts of the labor market to identify middle-skill job opportunities that are appropriate for its clients. For example, staff noted that welding jobs are particularly appropriate for ex-offenders, since these persons are excluded from many other jobs and the welding jobs typically offer good pay and benefits.

- **Project Managers:** They are organized by type of job and serve as the liaison between the students, the community college (which provides much of the education and training), community-based organizations (which provide a variety of services, including counseling and training), and the Seattle Jobs Initiative. The Project Manager handles student life-skills issues (everything from daycare to illness to personal problems) and connects with clients' social-service case managers. The Project Managers develop systems to improve employment retention and identify advancement opportunities such as:
  - Pre-training orientation to the job they'll get after their training lets them know if it is work they will like;
  - Peer mentoring through groups like the Men of Action group to overcome racial barriers;
  - Creation of career ladders through programs such as Tech Talent.
SJI works with community colleges to create bridge programs to move people from basic skills classes to college level work. For example, at one point, students were not completing the computer numerical control program at Shoreline Community College because they lacked basic math skills. A bridge program was created to provide those math skills.

- **Employer Brokers:** These individuals work closely with employers to make sure the training that the students are getting is the training that the employers want them to have. They then work with the community-based trainers and community colleges to make adjustments in the training they are providing and they also work with trainers to make sure workers are receiving appropriate soft skills. They identify internships for trainees, such as office-worker trainees, and they cultivate employers to hire people at the end of their training.

- **Employer Champion Group:** This group is organized by SJI and consists of the human resources managers at the local employers who are seeking workers, as well as the community and technical colleges, to make sure that the workers have the hard and soft skills that the employers need.

There is no employer job guarantee. As one SJI staff person stated: “SJI serves 1,300 to 1,500 persons per year. Some employers think we deliver a good product so they’re willing to hire the people we train. Seventy to 80% of the people complete the courses we place them in and 57% – 80% of those are placed into full-time, 30-32 hour-per week jobs with benefits and a career track.”

**HIGHLIGHTS FOR GRP**

The Seattle Jobs Initiative program provides an excellent example of a workforce-development initiative that complements other economic-development efforts in the region:

- **Regional Cooperation in Workforce Development:** The Seattle Jobs Initiative’s use of project managers, employer brokers and the employer champion group are an excellent example of how the traditionally poor connections between workforce development and economic development can be bridged. An overarching intermediary like the Seattle Jobs Initiative may be useful in the Richmond context as well.
Case #15 Tucson, AZ – Tucson Regional Economic Opportunities, Inc. (TREO)

ORGANIZATION & REGIONAL COOPERATION

Tasks and Resources: Tucson Regional Economic Opportunities, Inc. was formed in July 2005 to serve as the lead economic-development agency for the Greater Tucson area and its surrounding community partners. The operational area is therefore Pima County (which has the same boundaries as the Tucson MSA) with a population of approximately one million residents. TREO offers an integrated approach of programs and services that support the creation of new businesses, the expansion of existing businesses within the region, and the attraction of companies that offer high-impact jobs and share the community’s values. The agency is also engaged in workforce development and talent attraction.

The board of directors is comprised of 16 members, representing more than 60 public and private investors. TREO’s staff is made up of 12 full-time employees.

Regional Cooperation: In 2006, TREO commissioned the KMK Consulting group to develop an economic-development plan for the Greater Tucson area, the Economic Blueprint. The KMK Consulting Team included the following: KMK Consulting Company, Donald T. Iannone & Associates, IO. INC, KPMG, Moody’s Economy.com, and Ady International Company. The Blueprint project, a sustainable integrated action plan whose main scope is to effectively position the Tucson region to capitalize on its best economic-development opportunities, was officially launched in the Tucson community in September 2006. At the end of 2006, TREO published the Economic Blueprint analysis. The plan was presented to the public in March 2007, with a public presentation called “Securing Our Future Now: An Economic Blueprint for the Tucson Region.” According to the TREO staff, the whole project cost about $280,000 and required four TREO staff members working full time, together with the consulting team.

A significant part of the project involved community inclusion. From the start, TREO recognized that the successful implementation of the Blueprint hinged on cohesion and commitment from important stakeholders. In order to achieve this, TREO leadership designed an inclusive process for the community which involved nearly 6,000 people and organizations,
representing the broadest possible range of community interests - public, private, and non-profit. In addition, TREO's Blueprint Steering Committee (46 members) was made up of a broad cross-section of public, private, and community leaders who represented the voices of more than 51,000 employees in the Tucson region. The composition of the steering committee was a rather important issue for the TREO staff, and an external local consultant was hired to study the best and most representative structure. A large role was also played by the local public partners, who understood the importance of this effort and provided valuable input throughout the process.

In addition to the Blueprint Steering Committee, interviews, focus groups, one-on-one meetings, a SWOT Analysis survey, and presentations to local groups and organizations, TREO also published a Community Survey in both English and Spanish to encourage an even broader range of local citizens to voice their opinions. The survey was promoted in the Arizona Daily Star, Tucson Citizen, and translated into Spanish for the Star's La Estrella.

After the Economic Blueprint was launched in March 2007, TREO announced its Economic Blueprint Mobilization strategy, a detailed and inclusive plan for engaging economic-development stakeholders and partner-organization experts to develop action plans for the Blueprint's Power of Five. The Power of Five is the major focus areas identified throughout the Economic Blueprint process. These include High-Skilled/High-Wage Jobs, Educational Excellence, Livable Communities, Urban Renaissance, and Collaborative Governance and Stewardship. TREO has met with and engaged more than 50 organizations, representing thousands of Tucsonans, who are active partners and experts in leading the region in these five areas. For this purpose, the Economic Blueprint Mobilization Council was created. The process is still ongoing and, according to the TREO staff, more organizations are becoming involved.

The Economic Blueprint Mobilization Council is divided into four committees. Its goal is to formally integrate communications and forge strong ties between partner organizations and TREO in order to ensure a framework of high communication and common strategies. This framework enables TREO to develop consistent action plans for the four areas of the Power of Five involved in this regional cooperation effort. TREO leads the efforts in the first area, High-Skilled/High-Wage Jobs, which represents the main task of a regional economic-development agency, while in the other four areas the leadership is administered by local private and public
partners who deal with those topics on a daily basis. However, TREO is also engaged in these four areas and some staff members are part of the sub-committee.

**Measuring Impact and Return on Investment:** TREO commissioned the University of Arizona to develop a *Community Report Card* measuring how the community is doing in achieving a competitive economy. These report cards, which are updated every two years, measure regional progress on key indicators of economic health, prosperity, and competitiveness. Based on a set of measures agreed upon by all of the organizations, these reports indicate whether the region is becoming more competitive or not – and most importantly, they indicate which economic sector or cluster is showing opportunity for future growth.

Divided into five areas according to the Power of Five, the report card includes explanations and analyses of the indicators and compares the Tucson region’s performance with that of ten competitor regions. As regards the choice of the indicators and their refinement, TREO is engaged in an ongoing promotion of opportunities for leadership and involvement, in order to stimulate regional businesses to work with the Mobilization Council, to improve the report card indicators, and to contribute to identifying priorities and next steps, which are located at the end of each report-card section.

**ENTREPRENEURSHIP AND SMALL-BUSINESS DEVELOPMENT**

In November 2009, TREO launched the Entrepreneurial Economy Blueprint to focus on entrepreneurship. The outcome of the Entrepreneurial Economy Blueprint is an action-specific strategy to create new jobs and community wealth through the start-up, growth, and expansion of knowledge-based enterprises. TREO staff imagined this program as a natural follow-on to the *Economic Blueprint* process. The project addresses topics and goals such as:

- Angel, Venture and other Capital Resources: Addressing key gaps and leveraging a new “Fund of Funds” State program;
- Talent Attraction/Retention: Improving Tucson as a location for the “Creative Class Entrepreneur”;
- Enhanced Infrastructure: Strengthening incubation of the next big idea;
- Forming University-Industry Research Partnerships: Aligning strategies to achieve a common vision;
• Technology Transfer: Getting more out of the University of Arizona’s research powerhouse;
• Promoting Technology-based Economic Development: Aligning marketing efforts to plan strategies;
• Communication Plan: Extending entrepreneurial opportunity by building a robust communications campaign.

The effort is guided by a diverse, high-profile Entrepreneurial Economy Task Force that is developing a series of strategies to strengthen Tucson's economy through innovation and entrepreneurial growth. The project is to be completed by March, 2010.

COMPREHENSIVE SECTOR- OR CLUSTER-BASED STRATEGIES

The Economic Blueprint, TREO's major effort to develop a cluster-based strategy for regional economic development, consists of two main documents. The first one is a Strategic Analysis Report, which serves as an assessment tool to identify areas of opportunity and areas in which Tucson can be most competitive. The document includes six different sections:

1) An analysis of major economic growth trends in Tucson and Pima County;
2) An analysis of the Tucson region’s strengths, weaknesses, threats, and opportunities (SWOT) for economic development;
3) An analysis of the region’s economic performance and an assessment of its position relative to key competitor regions. This section also includes a comparative analysis of TREO and the EDCs operating in the key competitor regions;
4) An in-depth assessment of Tucson’s cost factors and how they compare to competitor markets and average national costs;
5) An identification of the industry clusters that should be given attention for future growth and development in the Tucson region;

Identifying Clusters and Defining Priorities: The cluster-identification analysis was conducted by Donald T. Iannone & Associates (DTIA), a co-manager of the KMK Consulting team, as part of the Economic Blueprint process. DTIA worked with the data resources of the Institute for Strategy and Competitiveness (ISC) at Harvard Business School, Economy.com,
and Ady International in completing this analysis. The purpose of this analysis was to provide a basis for deciding which industry clusters are most important to the future growth of the Tucson regional economy. This informs recruitment, retention/expansion, and small-business development efforts.

Significantly, TREO used the target-clusters identification process to develop a shared “conceptual framework of competitiveness.” Therefore, the whole community – including both private and public sectors – was deeply involved. They provided the consulting team with all the information needed on the existing clusters and industries and contributed to define the cluster-selection criteria adopted for the analysis. This represents a marked improvement for the region, since past cluster-development efforts seemed to achieve no appreciable results, mainly due to a lack of common vision on this issue.

The core of the clusters identification process can be described as follows:

Among the three groups defined by the Harvard ISC methodology (1. trade sector clusters, 2. local sector clusters, 3. natural endowment dependent clusters), only the first type of clusters were chosen. Within this category, several clusters were identified. Then the trade sector clusters identified in the Tucson area were divided by DTIA consulting into five groups:

- **Group 1**: Technology-Driven Manufacturing Clusters;
- **Group 2**: Advanced Services Clusters;
- **Group 3**: Travel and Tourism Clusters;
- **Group 4**: Emerging Technology Clusters;
- **Group 5**: Other Promising Industries.

At this stage, a set of cluster selection criteria were applied (see table 3) and 12 final clusters were chosen. Once the 12 clusters were selected, the consulting team provided appropriate recommendations for each in terms of strategy priorities for business attraction, business retention and expansion, and entrepreneurial development (see table 4 for an example of strategy priorities).
### Table 3. Cluster Selection Criteria

<table>
<thead>
<tr>
<th>Screening Criteria</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Sector (location Quotient/Harvard Traded Clusters)</td>
<td>LQ 1.5 or Higher</td>
</tr>
<tr>
<td>Sales per Employee</td>
<td>$150,000 or above</td>
</tr>
<tr>
<td>Wage and Skill Level (Minimum Threshold)</td>
<td>$25,000/yr ($12/hour)</td>
</tr>
<tr>
<td>Wage and Skill Level (Maximum Threshold)</td>
<td>$33,280/yr ($16/hour)</td>
</tr>
<tr>
<td>Critical Mass (Current Tucson Presence), Established Cluster</td>
<td>Employment: 2,000</td>
</tr>
<tr>
<td>Potential Future Critical Mass, Emerging Cluster (within 5 years)</td>
<td>Employment: 1,000</td>
</tr>
<tr>
<td>Innovative (including UA Linkages)</td>
<td>National High Tech Industry</td>
</tr>
<tr>
<td>Tucson's Cost Competitiveness</td>
<td>At least on Par with Competitors</td>
</tr>
<tr>
<td>Entrepreneurial Opportunities Offered</td>
<td>New Start-up Likely</td>
</tr>
<tr>
<td>Fovorable Environmental Impact (Especially low water use)</td>
<td>Little to No Environmental Impact</td>
</tr>
<tr>
<td>National Growth Industry</td>
<td>5,000+ New Jobs 2006-2015</td>
</tr>
<tr>
<td>Global Market Served</td>
<td>Export Industry</td>
</tr>
<tr>
<td>Overall Community Impact</td>
<td>All Criteria Considered</td>
</tr>
</tbody>
</table>


### Table 4. Strategy Priorities for Technology-Driven Manufacturing Clusters

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Business Retention/ Expansion</th>
<th>New Business Recruitment</th>
<th>Entrepreneurial Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Established Clusters</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aerospace and Defense</td>
<td>First Priority</td>
<td>Second Priority</td>
<td>Probably not productive</td>
</tr>
<tr>
<td>Analytical Instruments</td>
<td>First Priority</td>
<td>Second Priority</td>
<td>Third Priority</td>
</tr>
<tr>
<td>Medical Devices</td>
<td>First Priority</td>
<td>Second Priority</td>
<td>Third Priority</td>
</tr>
<tr>
<td><strong>Emerging Clusters</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bio-Pharma</td>
<td>Second Priority</td>
<td>Second Priority</td>
<td>First Priority</td>
</tr>
<tr>
<td>Environmental Technology</td>
<td>Second Priority</td>
<td>Second Priority</td>
<td>First Priority</td>
</tr>
</tbody>
</table>

In the 2008 *Community Report Card*, only the first 10 clusters (all, except the tourism-related) were considered. Among these, in Phase One, TREO is focusing on:

- Aerospace and Defense;
- Biosciences;
- Solar/Environmental;
- Transportation and Logistics.

The reasons for these choices vary. The solar/environmental cluster is being pursued because of the federal stimulus package and the grants it offers to businesses in this category. Aerospace and defense, and transportation and logistics represent well-established clusters with high location quotients, and the agency considered it worthwhile to continue promoting them. Finally, Biosciences was considered as a priority because of the presence of the University of Arizona, which represents an asset for this cluster.

**Developing Real-Estate Product Appropriate to the Targets:** According to TREO staff, local public partners are strongly supporting the *Economic Blueprint* strategies by using their land use regulations and zoning in order to develop an appropriate product for business attraction.

**The Economic-Development Comprehensive Plan:** The second document is the action plan which, according to the strategic analysis, identifies five major focus areas called the Power of Five. These five areas were chosen to “boldly secure and shape this region's destiny.” They include the following:

1) **High-Skilled/High-Wage Jobs**
   - **Goal:** Increase regional prosperity by focusing resources on growing industry sectors with high-paying jobs while developing a world-class workforce.
   - **Strategies:** a) Develop opportunities in target industries; b) Increase regional workforce readiness; c) Advance higher education/economic development partnerships; d) Strengthen the regional science and technology base; e) Strengthen entrepreneurship; f) Expand and coordinate international foreign direct investment and trade opportunities; g) Market the region.

2) **Educational Excellence**
   - **Goal:** Inspire talent and innovation, while preparing children and adults with the skills necessary to compete in the knowledge-based global economy.
3) **Urban Renaissance**
   - **Goal**: Revitalize Tucson’s urban center so that it excites, attracts, and economically benefits the entire region.
   - **Strategies**: a) Form a Downtown Development Group; b) Target Quality Growth Zones.

4) **Livable Communities**
   - **Goal**: Build on the unique assets and attributes of the Tucson region in order to be globally recognized and valued for livability.
   - **Strategies**: a) Approach growth with a balanced perspective; b) Collaborate to address challenges; c) Promote ongoing development of a multi-ethnic community; d) Support efforts to reduce crime; e) Improve public image and competitiveness; f) Support tourism.

5) **Collaborative Governance & Stewardship**
   - **Goal**: Foster and support an innovation-based economy with efficient and enlightened government services and committed, collaborative private sector leadership.
   - **Strategies**: a) Encourage leaders to push boundaries; b) Provide a competitive advantage in permitting; c) Cultivate future community leaders; d) Create sustainable, long-term funding for economic development; e) Create a Super-Regional Resource Partnership.

The results, in terms of community actions, as of September 2008, are summarized in the following graphic:
HIGHLIGHTS FOR GRP

The Economic Blueprint process conducted by TREO provides some interesting concepts that GRP may want to consider:

- **Cluster-Based Strategy**: The integrated approach to economic development provided by TREO’s cluster-based economic-development strategy offers the possibility to develop consistent efforts for business attraction, business retention and expansion, talent, and entrepreneurship and small-business development.

- **Cluster Identification**: The process of identifying the region’s competitive clusters excelled on both analytical and participatory dimensions. This allowed Tucson to fully capitalize on the existing and emerging assets of the local economy. Often these assets are hidden or unclear, and therefore not sufficiently valued. Moreover, in the implementation of the first area of the Power of Five, High-Skilled/High-Wage Jobs, Tucson decided to focus on only
four of the twelve clusters identified. Narrowing the list will allow them to more effectively build on the economic opportunities offered by the regional economy during particular times.

- **Community Inclusion.** TREO realized that its job would be much easier if the regional business community, local residents, and, most importantly, local public partners were involved in the process of identifying the top priorities for regional economic development. In particular, local governments have the crucial task of developing a real-estate product consistent with the strategies in the plan.

- **Regional Cooperation:** TREO is deeply engaged in several regional partnerships. In particular, its relationship with the University of Arizona provides the support for economic analyses and program evaluations. Moreover, the whole *Economic Blueprint* plan implementation is based on the partnerships developed with the TREO investors and with other partner organizations within the Economic Blueprint Mobilization Council.
Summary of Highlights

The case studies presented in Part III provide examples of alternative practices in regional economic development, organized, for the most part, into functional areas. In this concluding discussion, we identify some themes that run through many of the case studies and which provide another way to think about these approaches.

Organization and Regional Cooperation

Many of the organizations profiled in the report have been able to play a strong leadership role in organizing their partners around the common goal of regional growth. These include Tucson Regional Economic Opportunities, Inc., the Metro Orlando Economic Development Commission, and the Cincinnati USA Partnership for Economic Development.

Some have even succeeded in combining economic-development and even community-development functions under one regional roof, thereby reducing total overhead costs, achieving greater economies of scale, and stimulating innovative thinking on how to coordinate more things at a regional level. Region 2000 (Lynchburg MSA), which combines all major aspects of regional economic development with urban planning functions via the regional planning district commission, represents one such approach. Greater Louisville, Inc. and the Greater Austin Chamber of Commerce appear to have achieved great success by merging their chambers of commerce with their regional economic development functions. Of course, GRP is also linked with the Greater Richmond Chamber of Commerce, but in the Louisville and Austin cases, the functional linkage appears to be more complete and functional integration appears to be stronger. It appears that this structure makes raising funds easier, since both are largely supported by private funds.

Although consolidating organizations and functions under one roof is clearly an idea worth considering, in some contexts, it is neither possible nor desirable. Some of the cases in this report show the importance of having staff who can effectively bridge organizations so that they work more smoothly together. Here the primary stand-out is the Seattle Jobs Initiative, whose project managers, employer brokers, and employer champion group effectively link low- and moderate-income persons with permanent jobs via appropriate training and very close communication with employers to ensure that they are satisfied with the workers they hire and
are not burdened with bureaucracy. This appears to be a true win-win model, but it requires the project managers and employer brokers to make it work. Other cases in which staff persons perform vital linkage functions include Greater Louisville, Inc.’s High-Impact Program and the Kansas City Area Development Council’s full-time staff member who focuses on investor relations.

Several organizations profiled here have made excellent use of innovative partnerships, especially with universities, to create new economic ventures. Examples of such university-community economic development partnerships in Richmond include the Virginia Biotech Park and the VCU School of Engineering. Nevertheless, some of the cases profiled in this report show additional possibilities. Among these, Orlando’s Medical City Initiative, the New Haven Biotech Partnership and the Southside Bethlehem Keystone Innovation Zone, administered by the Lehigh Valley Economic Development Corporation, with Lehigh University and the City of Bethlehem, are true stand-outs. Other communities with significant university involvement include Colorado Springs, the Research Triangle, and Tucson.

Many of the organizations studied in this report appear to devote a significant amount of effort to internal, region-wide branding and organizing, which appears to reap great benefits when it comes to engaging partners and eliciting cooperation on a range of initiatives. Stand-outs here include the Research Triangle Regional Partnership, which engages several overlapping networks on a continuous basis to ensure that all partners want to stay on the same page. As noted in that case study, the process of selecting a cluster development strategy and then choosing cluster targets was organized through 100 meetings throughout the region with various stakeholders. The Kansas City Area Development Council’s ThinkKC and OneKC branding campaigns seem to have gone a long way toward establishing an identity and, more importantly, strong commitment among companies to use the brand and support the Kansas City Area Development Council.

The organizations profiled in this study derive their support from a number of sources, both public and private, and they include a variety of forms, ranging from fees for service, to voluntary contributions of funds, to project-specific support, volunteer services and mentorships, and in-kind donations. These are detailed in the previous chapter, but a few merit discussion here. Region 2000 uses a funding system similar to that of GRP – roughly a 50-50 contribution from local governments and private companies, however with the former contributing on a per-
capita basis, not on a flat fee per jurisdiction. Several organizations, such as Greater Louisville, Inc. and the Greater Austin Chamber of Commerce rely solely or almost solely, upon funds collected from the local business community, whereas organizations such as the Research Triangle Regional Partnership rely upon a mix of state funding, a small amount of local funding, and fees for services. Ann Arbor SPARK also uses a mix of funding sources, including state funds, local jurisdiction contributions, and non-discretionary funds (contracts) to provide services such as entrepreneurship stimulation through the Business Accelerator, Entrepreneurial Boot Camp and general counseling.

Donated services are very important as well. Stand-outs here include the Orlando Executive Advisory Board Exchange Committee, which provides free advising and mentoring to start-up businesses, and Greater Louisville Inc.’s Business Plan Feedback service, through which established businesses provide would-be entrepreneurs with free feedback on business plans and proposals for financing. In-kind services are also used by many organizations to fund their activities. Several organizations, such as the Greater Austin Chamber of Commerce, elicit strong volunteer contributions of time and expertise.

Last, but certainly important, are the collaborative peer-to-peer networks that economic-development organizations create to provide important services to businesses. Excellent examples include Greater Louisville Inc.’s CEO Roundtable, through which high-impact businesses meet regularly to advise each other on how to respond to the challenges of growth, and the Performance Roundtable, through which new business owners meet regularly to act as a sounding board for each other and to help each other through the start-up process. In both of these cases, staff plays an important role of convening and facilitating the groups and soliciting outside information and expertise as needed, but the primary value-added is the advice that group members receive from each other.

**Business Recruitment**

In addition to targeting industries, some of the organizations, like the Colorado Springs Regional Economic Development Corporation, focus on start-up companies and site consultants in their recruitment program. Others, like New Mexico, use very narrowly targeted incentives (in addition to standard incentives) like the Job Training Incentive Program or the High Wage Job Tax Credit to pursue cluster- and sectoral-development strategies. Finally, the Orlando Medical
City case study proves how a strategy intended to express the idea of innovation and excellence can become an effective tool when attracting businesses to the region.

Business Retention
Some programs investigated, and particularly Louisville’s High-Impact Program, identify and provide special services to companies that are locally owned or headquartered in the region and that have a disproportionately higher impact on job growth and development of the metropolitan economy because they are either gazelles (fast-growth companies), renaissance companies (established companies undergoing change or revitalization), or enablers (organizations with a vital product or service that enables fast growth in other companies). Another aspect of particular interest, which can be found in Cincinnati and Colorado Springs, is the connection between retention and recruitment programs achieved by focusing on the same target industries and developing recruitment leads from retention visits. Finally, some organizations, like the Cincinnati Regional Business Retention Committee (RBRC), pursue their retention goals using permanent, volunteer-based committees formed by community business leaders and local economic-development organization representatives.

Entrepreneurship & Small-Business Development
Different approaches to entrepreneurship and small-business development can be highlighted from the case studies. In order to provide business assistance and services to start-up companies while preserving limited resources, some organizations, like Ann Arbor SPARK, use contractors as opposed to in-house staff. Others, like the Lehigh Valley Economic Development Corporation, recognized how an educational institution can make the difference when supporting business growth. LVEDC promotes a stable partnership with Lehigh University, as well as the regional community colleges. Finally, there is a common recognition (see Louisville’s EnterpriseCorp and Orlando’s EABX) of the importance of establishing strong connections between businesses and promoting networks that can provide, through business-to-business relationships, solutions to management and business problems.

Workforce and Talent Development
Some of the organizations profiled in the report, like the Greater Austin Chamber of Commerce and the Kansas City Area Development Council, are engaged in developing talent attraction strategies which market their regions as hip, modern, and progressive. In some cases, these efforts are performed jointly with regional educational organizations, such as with the Lehigh
Valley Economic Development Corporation, especially when aimed at research commercialization and internship program creation, which seem to be effective tools for both talent development and existing business retention. Another significant aspect is the importance given by some regions, like Louisville, to developing programs that would tie workforce and business development together. Finally, an innovative example comes from the Seattle Jobs Initiative, which uses project managers, employer brokers, and the employer champion group to bridge the traditionally poor connections between workforce development and economic development.

Comprehensive, Cluster- and Sector-Based Development Strategies
Most contemporary economic-development organizations understand the need to focus business attraction efforts on competitive clusters or sectors, and GRP and the VEDP do this better than most, as discussed elsewhere in this document. What appears to be less well-developed in the Richmond region, however, is a comprehensive cluster- or sector-based strategy that includes recruitment, retention, expansion, entrepreneurship, and workforce/talent development. Although, as the Seattle Jobs Initiative case makes plain, sector targeting at the expense of all other considerations is not advisable, the organizations that have achieved a closer alignment of the various components of economic development via a cluster or sector strategy are happy with the results and they have built good reputations, especially among economic-development experts.

Noteworthy examples in this report include the Greater Austin Chamber of Commerce, whose comprehensive Opportunity Austin planning process effectively aligns the entire community with a single set of economic development goals that encompass all major aspects of economic development. The Colorado Springs Economic Development Corporation effectively connects retention and recruitment programs and uses the Economic Vitality Group to connect key partners throughout the region. The Metro Orlando Economic Development Commission’s Medical City Initiative ties all aspects of economic development and a wide range of partners organized through the bioOrlando Council to the goal of creating the Medical City. Tucson Regional Opportunities, Inc., through its Economic Blueprint process, used expert technical consulting, widespread community participation, and a conscious effort to link business attraction, retention and expansion, talent development, and entrepreneurship and small-business development to develop key competitive clusters. The Research Triangle Regional Partnership won awards for effective region-wide organization of a cluster-selection process, the
results of which inform not only recruitment, but also workforce and talent development and entrepreneurship assistance. **Greater Louisville, Inc.** also links recruitment and retention through cluster-based strategies.
Although GRP is widely recognized as an effective economic-development agency, the foregoing best-practice cases indicate that the region’s overall economic-development system could be improved. Fortunately, the region has a good foundation of specific tools with which to build a more holistic regional economic-development system that keeps it at the leading edge of the field.

1. GRP’S ROLE IN THE DEVELOPMENT OF THE RICHMOND METROPOLITAN ECONOMY

To date, GRP has been the chief entity charged with building the region’s economic base— that is, the part located in Richmond, Henrico, Chesterfield and Hanover— through the attraction of inward investment. GRP has also organized or supported other aspects of the region’s economic development— business retention and expansion, new-business development, workforce development, and talent attraction and retention. GRP’s role should be expanded so that the region’s entire economic-base-development system, and not just the business-attraction element, functions in an integrated, mutually reinforcing manner.

1.1 GRP’s Regional Coordinating Role: GRP should be the primary coordinating body responsible for the development of the region’s economic base. The economic base is comprised of those businesses whose products or services are exported out of the region and those businesses whose products or services primarily supply basic industries. Their focus is not local and the political boundaries of the region’s jurisdictions are, at best, meaningless to them. Therefore, attracting, retaining, expanding, providing workers for, and stimulating the creation of new business in the base should be coordinated by an entity that is regional in nature and which has a global perspective on economic development.

This is a natural extension of GRP’s current role that will strengthen the region’s performance on all aspects of economic development. The costs and benefits of building the base should be shared regionally, and measures should be taken to reduce competition for basic industries among jurisdictions within the GRP footprint. For example, localities could develop more business parks and districts for basic industries in which they would share costs and revenues.
1.2 Local-Government Roles: Local government partners of GRP have three important roles to play in economic development. They should:

- Work collaboratively to grow the region’s economic base. The Richmond region’s fiscal structure forces localities to compete for real-property and sales-tax revenues, and this structure is not likely to change in the near future. However, localities can do much to (1) channel this competition into activities that do not harm the regional economy, specifically, into retail and services development, and (2) collaborate to develop the region’s base, since competition here only hurts the region’s economy. Through the planning process described below, GRP and the individual localities must identify the basic industries that will best serve the region, and then work together to identify and maintain the sites in the region where those industries and their ancillary industries are best served. Where possible, they should collaborate to build business parks and districts in which two or more local jurisdictions share costs and revenues. Communities such as Lynchburg (profiled in this report), Danville, the Research Triangle, and many others throughout the United States are doing this with great success; certainly it can work in the Richmond region as well.

- Facilitate the development of the economic base within the region by creating and maintaining appropriate real-estate product, as well as by providing appropriate public services and amenities, encouraging the provision of private goods and services through retail development, and otherwise developing and managing the area in a way that supports the region’s targeted basic industries.

- Develop the region’s non-basic economy, i.e., retail, services, etc. This is broader than the product-development role for basic industries mentioned above, since many parts of a locality may not house basic industries, although their neighborhoods may house workers in basic industries.

Place-making and non-base-building activities should not be undertaken or coordinated by GRP. Through these activities, localities will continue to distinguish themselves and compete for sales- and property-tax revenues. In short, the goal here is not to eliminate inter-jurisdictional competition, but to channel such competition away from the economic base, which supports the entire region.
2. ORGANIZATIONAL STRUCTURE AND FOOTPRINT

GRP enjoys a close relationship with the Greater Richmond Chamber of Commerce and looks to that body to provide small-business-development services through the Small Business Development Center. In the past, the Chamber of Commerce has handled some aspects of workforce development and business retention and expansion as well. These are good efforts, but they are not nearly as extensive or, reportedly, effective as the functional collaborations and integration of services achieved in communities profiled in this report, such as Austin, Louisville, Lynchburg, and Tucson. In the Lynchburg model, regional economic development, regional planning, workforce development (the Workforce Investment Board director), talent development (Young Professionals of Central Virginia), and high-technology development (the Technology Council and the Center for Advanced Engineering and Research), are all housed under one roof. In Hampton Roads there is a strong operational linkage between the different players that contribute to regional economic development, especially between the Planning District Commission and Forward Hampton Roads, the economic-development organization. Following these examples, GRP should develop strong operational links with other region-wide organizations, to improve region-wide communication and effectiveness, and to share resources and provide mutual assistance.

2.1 Regional Planning: We recommend that GRP develop a closer working relationship with the Richmond Regional Planning District Commission. Such a move could increase economies of scale and scope and bring advantages to both organizations. For GRP, it could:

- Enhance GRP’s background-research and information-systems capabilities, since research and geographic-information systems are particular strengths of the PDC. Although GRP should continue to have its own research function that prepares information for business prospects, it may be able to shift some aspects of this work to the PDC. More importantly, such a partnership would allow GRP to produce more reports that are tailored to specific industry needs, thereby assisting existing businesses as well.
- Support GRP’s economic-development mission through regional transportation planning, since regional transportation planning is a key part of the PDC’s mission in its role as staff to the Metropolitan Planning Organization.
• Strengthen the alignment of regional infrastructure development with the needs and objectives of economic-base development.

• Help to put regional economic development at the center of regional discussions and policy-making, which is where it needs to be if it is to be maximally effective.

• GRP and the PDC (as well as other organizations) should also cross-populate their boards and functional committees, as currently practiced in Lynchburg. This would improve communication and thereby facilitate regional problem-solving, lead to more frequent innovations in regional development, and smooth the implementation of new development initiatives.

2.2 Workforce Development: Currently, GRP has a representative on the new Workforce Investment Board. This should be continued to ensure policy congruence, but more integration at the operational level should be considered. Although the WIB’s scope is broader than economic-base development, part of its mission should be to provide well-trained workers to businesses in the base. To this end, the WIB and GRP should take steps to ensure a tight fit between the workers who come through the WIB and the region’s basic industries. For example, the WIB might consider locating its office near GRP, so as to facilitate frequent communication. (See also Point 4.5 below.)

2.3 Talent Development, Attraction & Retention: GRP has taken aggressive steps to organize talent retention in the Richmond area. Also, the HYPE (Helping Young Professionals Engage) organization has been playing a role similar to talent-development organizations in Lynchburg and elsewhere. Although HYPE’s role is broader than the base-building mission of GRP, an organization such as this can make a significant contribution to building a base comprised of high-skill, high-wage jobs. GRP should work closely with HYPE to develop ongoing, joint efforts for talent-attraction and retention.

Through organizations such as HYPE or other means, GRP should engage the area’s universities more extensively on talent-development and retention initiatives. This is addressed in Point 5, below.

2.4 Footprint: GRP’s footprint of four political jurisdictions had already been superseded by development patterns in the region when GRP was established in 1994. By now, the MSA has grown so far beyond the GRP footprint that GRP can no longer be accurately described as a
regional economic-development entity that represents "Greater Richmond." Recently, the GRP Board of Directors endorsed the concept of footprint expansion. This is an important step in the right direction. We recommend that GRP expand its footprint to include all of the jurisdictions in the Richmond Regional PDC as quickly as possible, especially now that the Greater Richmond Chamber of Commerce is also expanding its operational area to coincide with the PDC’s boundaries.

Expanding the GRP footprint does not imply that development should be dispersed evenly throughout the region or that all parts of the region should receive the same services or pay the same fees. The multi-jurisdiction organizations profiled in this report (e.g., Austin, Kansas City, Louisville, Lynchburg, and the Research Triangle) each have urban, suburban and rural areas and use various funding mechanisms that make it easy for all to receive an appropriate level of services. However, the key point is not the specific funding or service structure, but the inclusion of all parts of the region in the development and implementation of the region's base-building strategy.

2.4.1 Although some competition among local governments may be useful for some purposes, in general, a region comprised of numerous competing political jurisdictions with different policies does more to undermine economic development than to promote it. Although the Richmond MSA’s political structure is not likely to change anytime soon, the region will best be served if all of its constituent political jurisdictions are included in its planning and economic-development organizations – the Richmond Regional PDC and GRP, and the Crater PDC and Virginia’s Gateway Region. We recommend that GRP and the Richmond Regional PDC follow the examples of the Research Triangle, Lynchburg, Louisville, Austin, and other areas profiled in this report and take two steps toward cooperation for regional development. First, they should maintain frequent communications with the Crater PDD and Virginia’s Gateway Region. Second, at least twice each year, they should convene region-wide summits to discuss planning and economic-development strategies for the entire region.

3. REGIONAL ECONOMIC-DEVELOPMENT STRATEGY FORMATION

GRP uses a cluster-based strategy to identify business-recruitment target industries. The strategy was developed by a very competent consultant in 1994 and GRP has frequently adjusted it since then to reflect changes in the economy and new opportunities. The examples
from Austin, Tucson, and the Research Triangle show that this approach can be strengthened significantly and thereby benefit the region. Following those models, we recommend that GRP work with the Richmond Regional PDC to coordinate a comprehensive economic-development strategy for the Richmond region (within the Richmond Regional PDC footprint). The timing is good, since we understand that the Richmond Regional PDC recently was authorized by the US Economic Development Administration to conduct such a strategy-planning process.

It is important that this process include both extensive technical analysis and widespread public participation. The resultant strategy should be based upon an integrated approach to business attraction, expansion, retention, entrepreneurship and small-business development, and workforce and talent development, within each of the business clusters identified as important to the development of the region’s economic base. A cluster-identification effort of this kind can also be a community education process since it can help the community understand what economic development is and why it is important to the health of the region.

For it to play this important educational role, it is critical that the comprehensive economic-development strategy-planning process follow the Tucson and Research Triangle models and devote considerable attention to stakeholder and citizen participation in choosing target industrial clusters and development strategies, and that the effort be widely publicized and openly discussed.

3.1 Target Industry-Cluster Identification Process: The state of the art in cluster identification entails careful attention to two components: technical analysis and participatory, community-wide decision-making.

- Technical component: The communities profiled in this report devoted significant time and resources to the technical/analytical component of the cluster-targeting analysis. All retained outside consultants, but in each case, the consultants worked with staff for several months to:
  - Develop a detailed, ground-level understanding of how the regional economy is currently functioning, how existing clusters are working and where they face supplier gaps or other barriers to expansion. This step includes both quantitative analysis and discussions with existing businesses.
Develop an extensive list of potential target clusters that takes into account existing clusters and existing local assets (e.g., knowledge centers, geographic location, social infrastructure, etc.), as well as future projections and trends in the global economy.

Other ways of targeting economic-development efforts should be considered at this stage also. For example, Louisville pursues a cluster-based recruitment strategy, but it also focuses business-development and expansion resources on locally-owned, high-growth firms, without regard to cluster linkages. Other communities focus more on key sectors, rather than broader clusters.

- **Participatory component:** After the technical analysis is complete, the community must discuss and choose the targets to be pursued. This is essential if the resultant economic-development strategy is to have complete community buy-in and engagement in the implementation process. The communities profiled in this report devoted substantial time and resources to this component and the Richmond region should do so as well. The Research Triangle Partnership, for example, held over 100 community meetings to discuss the targeting strategy and the specific clusters to be considered. The “community” in this case refers, at a minimum, to a significant number of representatives from each political jurisdiction that belong to GRP, each major business sector, especially basic sectors, as well as education and training providers, economic-development specialists, knowledge centers, and other interested parties. A process such as the following is recommended:

  1) **Vetting** – presentation of the proposed cluster targets and rationale based on the results of the technical analysis.

  2) **Agreement on criteria for choice of targets** – This step should include discussion of the development implications for each political jurisdiction or part of the GRP footprint. Although collaboration among political jurisdictions on regional economic-base development should be the goal, it is also important to recognize that different industry-cluster targets will likely find somewhat different locations in the region. If these likely locations are clearly understood as the clusters are being chosen, then each locality can be better prepared to play a role in implementing the cluster-development strategy. (During the Research Triangle’s cluster-identification process, for example, the University of North Carolina conducted a GIS analysis of
the likely locations of various parts of the industries being targeted in the strategy alternatives.)

- **Implementation Roles**: The activities that GRP, as well as each locality and each agency, will undertake to implement the cluster strategy should be discussed and agreed upon, at least in general terms.

3) **Choice of target clusters** – The community should rank-order the proposed cluster targets in a way that provides clear direction for implementation.

4) **Specification of metrics** – GRP has used standard, but effective metrics to track its progress. Our research did not uncover metrics that are substantially different from these in use by other communities. However, the process of determining the criteria for the choice of targets (2 above), should identify key community values that should be translated into metrics.

5) **Specification of responsible parties and tools** (including financial incentives) – An extensive discussion of this element is beyond the scope of this report, but two key points can be made here. First, the process of choosing cluster targets, especially step (2) above, should specify the roles of agencies and localities in implementing the strategy. Second, we found only one case of distinctive financial incentives in our research, although one could certainly dig deeper on this question. The example we found is the case of New Mexico, where the State has developed a range of financial incentives designed to help implement its green-industry-development strategy. The lesson here is that once the Richmond region has determined what clusters it wants to target, a range of tools tailored to those specific industries should be considered to implement the strategy.

4. **IMPLEMENTING THE REGIONAL ECONOMIC-DEVELOPMENT STRATEGY**

To be maximally effective, the cluster-development strategy must be implemented through business attraction, expansion, entrepreneurship and business development, as well as workforce- and talent-development tools. Quality-of-place, i.e. “place-making” tools must be utilized as well. Although all of these tools currently are used in the Richmond area, heretofore they have not been focused in an integrated way on the implementation of the region’s cluster-development strategy, despite GRP’s attempts to coordinate local efforts through the frequent LEDO meetings.
The economic-development strategy process sketched out above, a renewed emphasis on regional economic development as an effort to grow the base, the establishment of a stronger coordinating role for GRP, the specification, during the process, of roles to be played by localities and particular agencies to implement the strategy, and the cultivation of a stronger culture of economic development (see Point 5.1 below) should help to tighten considerably the link between economic-development goals, strategy, and implementation. Here we offer some specific suggestions in addition to those mentioned above. First, a word about the cluster-development strategy is in order.

4.1 Developing and Managing Competitive Clusters: Good cluster-development strategies can, and should, entail more than identifying appropriate business-recruitment or retention targets. The point of using competitive clusters as a basis for economic development is to increase regional competitive advantage by cutting transportation and communication costs and, thereby, also increase the likelihood of product and process innovation. To encourage this, it is useful that the firms in the cluster, as well as service providers such as regional economic developers, workforce developers, local governments and others, meet regularly to discuss issues specific to the cluster. GRP should facilitate regular meetings of the CEOs in its key clusters to ensure that they have what they need to continue to develop and grow. As it works to develop the regional economy through the clusters, GRP should consider using the tools described below. We realize that this can be difficult to put into practice, since businesses in the same industry may be reluctant, at least initially, to share information or develop industry-wide strategies. Communities such as Tucson have addressed this challenge by focusing cluster work, at least initially, on (a) public policies that affect the entire industry or cluster, and (b) early-stage product research on which companies can collaborate, even though they might compete later at the production stage.

4.2 Business Recruitment: GRP already uses state-of-the-art practices in this area. Here we re-emphasize that (a) any financial incentives or other forms of assistance used to recruit new businesses should be closely tied to the region’s specified economic-development goals and metrics, and (b) the local jurisdictions have important roles to play in place-making, in providing local services for base-industry businesses, and in collaborating to build new spaces where basic industries can locate, and these roles should be specified during the regional development-planning process.
4.3 Business Expansion & Retention:

Peer-Group Consulting: One key to successful business expansion is the skillful organization of peer-group consulting, with timely follow-up by economic-development professionals. This is important to the development of strong clusters and to strong local businesses generally. Greater Louisville, Inc. uses this model with its award-winning High-Impact Program that assists gazelles and more mature businesses, and other communities use similar approaches in developing competitive clusters. The High-Impact Program has three key components: (1) a clear selection process for inclusion in the program; (2) a monthly CEO roundtable where businesses that do not compete with or sell to each other, meet to discuss and advise each other on how to navigate the challenges of growth; (3) advice and consulting services brokered by Greater Louisville, Inc. and research reports that they commission, to address issues raised by the CEO roundtables. GRP could use this model to focus on high-growth businesses as Louisville does, or it could adapt it to a business-expansion approach that focuses on clusters. GRP staff should operate the initiative, in conjunction with local partners (who may be needed to help solve problems or provide services) and other agencies, as appropriate.

Business Visitation: GRP’s Business-First Program, especially the use of a database to document trends and, at least potentially, develop system-wide responses, constitutes a very positive step toward soliciting feedback from existing businesses, but it can be improved. Unlike the Business-First Program, other communities, such as Austin and Colorado Springs, use staff members rather than volunteers to visit firms. Although this may seem to be an expensive alternative, it sends a powerful and positive message to the business if a knowledgeable staff person conducts the interviews. We recommend the following approach:

- Only basic businesses in the GRP target clusters should be visited through the GRP visitation program. (Localities may choose to visit other businesses for other reasons, but that should be a separate matter that is not related to GRP.)
- If possible, visitation should be conducted by a GRP staff person and/or a staff person from the locality in which the business is located. It is important that both industrial-development issues as well as place-making issues be addressed, the former by GRP and the latter by the locality. If volunteers are used at all, they should be members of a permanent volunteer committee, comprised of retired executives and economic-development practitioners, so as to ensure a very high level of professionalism.
Follow-up processes should be of high quality. Cincinnati’s approach, which includes both a rapid-response mechanism through local governments, as well as the development of an issue database for use in developing the annual legislative program, should be considered as a model.

4.4 Entrepreneurship Development: Entrepreneurship and small-business development is an area with many tasks. Here we focus on two that have been mentioned as of particular interest to practitioners in the Richmond area, and for which the cases profiled in this report have developed effective approaches – convincing entrepreneurs to get the training that helps them succeed, and commercializing university research. Orlando, Louisville, Ann Arbor and other communities have established effective approaches on the first point. The Lehigh Valley and New Haven have made great strides in stimulating entrepreneurship from university research. We suggest that GRP and the Greater Richmond Small-Business Development Center add the following initiatives to their current training and technical-assistance work:

- **Regionalize the “How to Start a Business 101” course**, offering it less often, but inviting attendees from all of GRP’s partner jurisdictions for each session, no matter where it is held. This will increase attendance at the sessions and free up SBDC resources to offer other services to entrepreneurs, such as those listed below. Further savings may be achieved by coordinating such classes with the Virginia Department of Business Assistance.

- **Entrepreneurs’ Roundtable** – carefully selected groups of 10-12 entrepreneurs and start-ups that do not compete and do not market goods or services to each other, to meet monthly at breakfast or another convenient time to advise each other on how to handle the issues of starting and growing a new business. Communities that use this model told us that they have no problems convincing businesses to attend the meetings.

- **Pitch Your Business Plan** – a monthly opportunity to submit and present a business plan to a group of volunteer CEOs (sometimes members of SCORE), who provide constructive critiques and help the entrepreneur improve his or her plan for presentation to a lender.

- **Commercializing University Research** – Working closely with the region’s research universities, GRP, and the GRSBDC should establish a program to commercialize university research and stimulate entrepreneurship, within the cluster areas identified in the regional
planning process. (It is important that the universities play a role in the planning process.) If the Lehigh Valley and New Haven models are followed, the research universities will also organize aggressive internal efforts and incentives to commercialize faculty research. The staff involved with these efforts should interface with the cluster-management staff at GRP and in the GRSBDC.

Although the GRSBDC’s work plan may be broader than just focusing on developing the clusters identified in the regional planning process, it should play a significant role in assisting entrepreneurs within the target clusters. It should also participate in cluster meetings and regular sessions with GRP staff to develop and refine methods of growing new businesses within the clusters.

4.5 Workforce Development: The creation of a single Workforce Investment Board to represent the Richmond region, the development of a workforce plan that reportedly will include linkage with the region’s targeted industrial clusters and growth industries, and the presence of a GRP staff person on the WIB are truly positive steps that can help to improve the linkage between workforce development and regional economic development. However, more concrete operational steps also may be needed to ensure that the linkages work well, especially since the federal Workforce Investment Act requirements may not otherwise produce outcomes that are optimal for basic industries in the region. One such step would be for GRP and the WIB to develop a tighter operational relationship; locating the WIB office close to GRP, as Lynchburg has done, might facilitate such cooperation.

We also recommend that GRP and the Workforce Investment Board consider following the Seattle Jobs Initiative’s lead and use project managers and employer brokers, and perhaps an employer-champion group (or simply employer groups organized within the clusters), to bridge the organizations that assist and train workers with the employers who will hire them. When all is said and done, employers must be able to get appropriately trained, reliable workers with no hassle and workers must be able to get stable jobs that pay a livable wage with some benefits. This should be possible to achieve, at least within the basic industries that are the focus of GRP’s work, and the Seattle Jobs Initiative shows that it can work, with appropriate feedback mechanisms and brokering.
4.6 Talent Attraction and Retention: GRP has taken a significant step forward in this area with the Grid publication that GRP supports, as well as its RichmondJobNet service. Moreover, HYPE (Helping Young Professionals Engage) provides a potentially effective avenue to engage and retain highly skilled talent in the Richmond area. Most of the organizations profiled in this study have similar organizations and some have made very productive use of them. GRP could, for example, enlist its young-professionals organization to create interactive website content that appeals to young professionals.

Communities such as Austin and Louisville have launched national campaigns to attract erstwhile residents and new ones to their communities. GRP should work aggressively with HYPE, the arts and culture communities, and other organizations, including existing businesses, to optimize the region’s approach to attracting and retaining talent to work in its target cluster industries. Of course, GRP’s role should be to help focus the efforts so as to help the target industries, not to carry out the efforts themselves.

5. UTILIZING KEY COMMUNITY ASSETS

5.1 Cultivating a Culture of Regional Economic Development: GRP has done an admirable job of creating an identity – GRPVA – and keeping relevant news in front of interested parties through its newsletters and other media. However, more can be done to raise the profile of regional economic development and develop widespread community understanding of its nature and importance, and expectations that it will be carried out. The regional economic-development planning process outlined in recommendation #3 and the various implementation steps noted in #4 will help to raise the profile of regional economic development within the GRP footprint area. However, further steps need to be taken to cultivate a local “culture” that supports regional economic development and holds leaders accountable for pursuing it.

Useful models here include the Kansas City Area Development Council, which has focused significant resources on “internal branding” and marketing, and which employs a full-time staff person to manage internal investor relations within the region. The Research Triangle Regional Partnership has stimulated the creation of, and facilitates, numerous formal and informal groups of influential persons and decision makers who discuss regional economic-development issues on a regular basis. GRP should devise similar approaches that will work in the Richmond area, such as,
• Using staff to play a significant role in membership development and in the capital campaign;
• Creating committees during the community-participation portion of the economic-development planning process that will continue to meet periodically to review the implementation of the economic-development strategy;
• Continuing to make regular presentations to local political bodies and working with the press to ensure that announcements of new-business openings or other news are always tied to content about the region’s economic-development goals and strategies;
• Engaging organizations such as Leadership Metro Richmond to devise a strategy for keeping regional economic-development issues before the public, and creating groups interested in discussing regional-development strategies and trends.

5.2 Resources: The Richmond region is fortunate to have numerous organizations and institutions that can, and do, support regional economic development. Here we wish to highlight just one such institution – higher education. These institutions, especially the universities, constitute important parts of the region’s economic base and they have significant direct impacts on the regional economy. Also, the students they educate provide talent for the region’s other basic industries. In addition to these positive impacts, the cases profiled in this study, especially those of New Haven, Bethlehem/Lehigh Valley, and Tucson, provide additional examples of ways in which the region’s universities could be enlisted to assist in the development of the region’s economic base. In particular, we recommend that GRP work with VCU, the University of Richmond, and Virginia Union University, to find ways to:

• Stimulate entrepreneurship and business development within the region’s target industry clusters, using students, as in the Bethlehem/Lehigh Valley model;
• Provide technical assistance to start-ups and existing businesses, especially within the target-industry clusters;
• Assist in the preparation of the regional economic-development strategy (for example, by evaluating the spatial impacts of alternative cluster industries, as done by the University of North Carolina for the Research Triangle Partnership);
• Assist in measuring the region’s progress in achieving its economic-development goals by completing an annual report card, as the University of Arizona does for Tucson.
5.3 Human Resources: If GRP adopts the recommendations in this report, it will need to take on some new tasks. Although current funding levels may not allow for an expansion of personnel, regional economic development will not reach its potential in the Richmond area until new functions are added. We recommend that GRP take on the following new tasks, to be staffed either with existing or additional personnel:

- Development director to manage resource enhancement, investor relations, and marketing;
- Cluster-development manager – a person who focuses on developing the competitive strengths of the region’s key clusters by working closely with the clusters through retention and expansion, workforce and talent development, technology development and entrepreneurship, and recruiting new cluster members (see Point 4.1 above);
- Workforce and talent development liaison, to coordinate strategy with the WIB, HYPE and all other relevant organizations and ensure that business needs for appropriately trained workers are met in a timely and efficient manner.

It may be possible to combine some of these new tasks and roles with existing job descriptions at GRP. Still, it is likely that additional staff will be required. At the same time, it may be possible to outsource some of the more “back-office” types of tasks, through:

- Closer collaboration with the Richmond Regional Planning District Commission, especially on the research side (in particular GIS and regional economic analysis), which would allow the existing GRP research unit to focus on producing reports for new business prospects and on providing information that supports the growth and development of the region’s business clusters.
- Greater utilization of graduate-student interns from area colleges and universities to handle internal functions, such as report-writing, website work, and the preparation of marketing materials;
- Judicious use of volunteers to assist staff in handling other matters.

To the greatest extent possible, GRP should utilize its scarce human resources to interface directly with existing and prospective businesses, to coordinate regional economic-development functions, and to continually educate the public about regional economic development. GRP has done this already, to some extent, with very positive results. To carry out the roles we are recommending without a significant expansion of staff resources, GRP may have to move
further in this direction, using partnerships, volunteers and interns to handle tasks that do not interface directly with businesses or the public.

5.4 Funding: GRP tries to cover its costs through contributions of 50% each from its public-sector and private-sector partners. Although this model is also used by some of the cases profiled in this report (e.g. Lynchburg), some of the others rely more heavily on private-sector support (and some rely on fees for service as well). Currently, however, GRP is having difficulty raising even 50% from the private sector. This is a serious problem that must be addressed very soon. As noted in this report, other regions, such as Kansas City, use an investor-relations director and strong internal branding campaign to raise the necessary funds, and GRP should do so as well.

As GRP’s footprint grows, and as it engages in more internal development, we recommend that it consider increasing the private contribution to greater than 50% of the total. We believe that the services that GRP will be offering if other recommendations are adopted, specifically, a strong focus on growing the region’s economic base through cluster development, will be appreciated by both basic and non-basic businesses, who will be inclined to contribute funds. For this to succeed, however, GRP will need to continually communicate the importance of the base in supporting the entire regional economy, and it will need to keep the retention/expansion and business-development initiatives strong, so that existing and new businesses can readily see the value that GRP is adding. If this can be managed, and if GRP appoints someone to direct development, we believe that GRP will be able to raise funds from the private sector more easily.
Conclusion

The Richmond region has a relatively healthy economy, and state and federal-government agencies, the Richmond Federal Reserve Bank, and several large universities virtually guarantee the region a stable economy for some time to come. The Greater Richmond Partnership pursues its primary mission of business recruitment very effectively and other regional organizations, as well as local governments, make efforts to promote economic development. In short, the regional economy and the existing economic-development system are not in a state of crisis. Many things are going well.

But as the other regions profiled in this report make plain, the state-of-the-art in economic development has advanced beyond what the Richmond region is doing, and Richmond faces the prospect of falling behind, not in government employment, but in high-wage private-sector jobs. For the most part, the regions we studied are excelling not because they have found new tools or techniques that are unknown or unused in Richmond, but because they have found ways to organize their regions’ economic-development systems more effectively. They have tapped new resources, bridged gaps in communication, organized strong community-wide support, and created linkages between heretofore separate functions and organizations, achieving economies of scale and scope and making their work very useful, not only to potential business prospects, but to existing businesses and entrepreneurs as well.

The Richmond region can do likewise. The changes that are needed to reset its overall economic-development system should not be inordinately difficult to bring about. But taken together, we believe that they can enhance the system’s performance significantly and help to make the Richmond region the model that others seek to emulate.
Sources

EXPERTS

The following experts helped to identify noteworthy practices for case study research:

- Angelos Angelou (Angelou Economics)
- Chris Chmura (Chmura Economics and Analytics)
- Dennis Donovan (Wadley Donovan Gutshaw)
- Ed Feser (University of Illinois)
- Joan Fitzgerald (New York University - through publications)
- Mike Leonard (Richmond Small Business Development Center)
- Rob McClintock (Virginia Economic Development Partnership)
- Jim McGraw (KMK Consulting)
- Jon Roberts (TIP Strategies)

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PERSONAL INTERVIEWS

Telephone interviews have been conducted with top representatives (President, Vice President, Project Manager or Executive Director) from the following regional organizations:

- Anna Arbor SPARK
- Colorado Springs Regional Economic Development Corporation
- Greater Austin Chamber of Commerce
- Greater Louisville, Inc.
- Kansas City Area Development Council
- Lehigh Valley Economic Development Corporation
- Metro Orlando Economic Development Commission
- Orlando Executive Advisory Board Exchange
- Research Triangle Regional Partnership
- Seattle Jobs Initiative
- Tucson Regional Economic Opportunities
- (Virginia's) Region 2000 Partnership