

**LOCAL
ECONOMIC DEVELOPMENT
PLANNING:
A MUNICIPAL GUIDEBOOK**

PROVIDED BY:



- email:info@sjedd.com

ACKNOWLEDGEMENTS

1. This project has been funded in part by the Rural Development Administration of the United States Department of Agriculture.



The South Jersey Economic Development District would like to thank the USDA for its continued support.

2. This Municipal Guidebook was developed by the Center for Regional & Business Research at Atlantic Cape Community College for the South Jersey Economic Development District.



Comments can be sent to: Richard C. Perniciaro, Ph.D. – Director at crbr@atlantic.edu.

LOCAL ECONOMIC DEVELOPMENT PLANNING: A MUNICIPAL GUIDEBOOK

CHAPTER ONE:

CREATING YOUR LOCAL ECONOMIC DEVELOPMENT PLAN

#1

Why prepare a local economic development plan (LEDP)?

There are many reasons for your community to develop its own economic development plan. By its very nature, a LEDP seeks to distinguish one community from those surrounding it. Perhaps this is because your community has not participated in the success of the region. On the other hand, it could be that your residents may not wish to see their community develop in the same way as those surrounding it. Whatever the reason, all plans share the following goals:

- Foster a stable and diversified economy
- Improve the incomes and quality of life of the residents of the community

#2

Why should you use the Municipal Guidebook?

Fortunately, during the last ten years, a new paradigm for economic development began to emerge in America's communities and states which suggests some answers to local challenges. A decade ago economic development was synonymous with "smokestack chasing" – luring footloose

branch plants to your state or locality. But during the past few years a virtual revolution has occurred in state and local economic development strategies in response to the challenges of today's economy.

More and more private and public policy makers argue that there are three keys to successful development efforts (especially in smaller communities):

- *A focus on indigenous development.* Communities can no longer solely rely on the single strategy of industrial attraction and must take advantage of the opportunities on a number of fronts – ensuring that their existing businesses stay competitive and can grow, recruiting new firms whenever possible, and supporting the formation of new businesses by local entrepreneurs. In sum, it means communities must focus their efforts much more on the needs of "homegrown" firms.
- *A strategic approach to development.* Communities must focus on actions that are strategic in that they are realistic and achievable, as well as having potential for the maximum impact over the long term. There is no shortage of ideas for specific development projects that communities can undertake: the key concern is selecting those projects and efforts that make the most sense, given a community's particular opportunities and resources.
- *Development of local leadership.* Experience has shown that community leaders need to have the capability and vision to size up a problem, design solutions, marshal resources and motivate people to take collective action toward shared goals. Today's local development efforts, then, must include a process through which local leaders develop the knowledge base and skills required to take on this new, more innovative role. They also must seek to broaden the community's leadership base to include all segments of the community, and to build their problem-solving and leadership skills.

The *Municipal Guidebook* helps communities become more strategic, while simultaneously developing their leadership capacity further. Faced with new competitive challenges, it helps community leaders choose the right path -- and stay on it.

#3

What steps are required to develop a successful Local Economic Development Plan (LEDP)?

The *Municipal Guide* is structured to walk the reader step-by-step through the process of devising a local economic development plan (LEDP). This process involves seven steps:

- *Determining Community Readiness.* This phase involves assessing how ready the community is for planning by asking the following questions: What do community leaders know about their community? What processes have been used to learn about it? How effective have these

processes been? What kinds of plans are in place and how current are they? How much do you use them?

- *Creating A Community Vision.* This step builds consensus about what the community wants to be in five or ten years. The vision places the local economy in the larger regional context. It is a way to detach the community from its present development path and to set a new one.
- *Performing a Community Assessment.* This step involves an honest assessment of the community's Strengths, Weaknesses, Opportunities and Threats. This is a classic SWOT process that most strategic planning involves. The assessment includes inventorying current assets, analyzing past and current economic and demographic trends, and understanding larger economic trends that will impact the local economy.
- *Planning Action Strategies.* To achieve the community's vision, a plan is needed to use the assets of the community and overcome its weaknesses and threats. This is done by creating a strategic plan. After identifying promising strategies, local leaders are asked to further investigate the issues and tailor a strategy to fit local problems, opportunities and resources.
- *Identifying Local Economic Development Goals and Objectives.* After leaders reach a consensus on what strategies to undertake, they must identify the tools for realizing these strategies. Goals and objectives are the tools for accomplishing your strategies. These need to be real, achievable and measurable. The goals and objectives will be the real measuring sticks for the LEDP's success or failure.
- *Moving to Action.* This phase has four major goals: 1) to synthesize all earlier work into an overall plan; 2) to set implementation priorities, assignments and a timeline; 3) to establish performance measures; and 4) to craft a communications/marketing plan. The communications plan needs to be both internal (for the team itself) as well as external to keep the community and region informed of progress.
- *Monitoring the Agenda.* Staying on track requires assigning an institution or a group the responsibilities of monitoring progress and taking any corrective steps. This may be performed by the planning team or by an outside group that is impartial.

#4

How long will this process take?

While the planning process should be on-going, **the initial LEDP will take from three to six months to complete.** The actual execution of the plan will depend on the goals and objectives to be accomplished. In addition, how fast the community leadership moves will depend in part on whether the groundwork for the community has laid – previous planning, research, implementation and institution-building – which may allow some of the steps to be skipped.

#5

How do we use the Municipal Guidebook in the planning process?

This *Guidebook* is divided into one chapter for each step in the planning process. It is suggested that the planning team follows the *Guidebook* and records its progress on each step.

At the end of each chapter there are exercises and/or available resources to assist in the process. **Most of the resources are available on the internet, URL addresses are provided. It is strongly suggested that these are reviewed to find the most useful for your own community's needs.** There are many more resources available from economic development agencies that can be found on the internet.

CHAPTER 1:

RESOURCES

Seven Points for Effective Economic Development Plans

<http://www.smartpolicy.org/pdf/edplans.pdf>

Innovative Local Economic Development Programs: Case Studies

http://12.39.209.165/ImageCache/EDAPublic/documents/pdfdocs/1g3_5f1_5finnovldep_2epdf/v1/1g3_5f1_5finnovldep.pdf

Community and Economic Development Toolbox

http://www.cardi.cornell.edu/ed_toolbox_2/cdindex.cfm

LOCAL ECONOMIC DEVELOPMENT PLANNING: A MUNICIPAL GUIDEBOOK

CHAPTER TWO:

DETERMINING COMMUNITY READINESS

Introduction: Getting Ready

In the local economic development arena, creating a Local Economic Development Plan (LEDP) is the first step toward concrete action. Strategic planning involves both preparation for planning and the planning itself. Both are critical for success. The first phase, unfortunately, is typically underrated and underemphasized.

If you start off wrong, you will be dogged by problems along the way. Most of these can be prevented by some initial thought and organization.

There are eight key dimensions of "planning readiness" that need to be

considered to determine whether a community's planning project is getting off the mark quickly, and whether it has the critical capacities for success:

- *Attitudes toward and understanding of LEDP.* Do local leaders and the broader community understand why strategic planning is needed and what is involved. How enthusiastic are they about it?
- *Endorsements.* Who in the community is backing the effort? Have key "city fathers and mothers" blessed the effort?

- **Organizational capacities.** What organizational structures exist for development planning in city hall, municipal government, the Chamber of Commerce, and other groups?
- **Analytical capacities.** What kinds of analyses have been conducted to date (for example, growth studies, attitudinal surveys, infrastructure planning, and inventories of business and industry)? What expertise exists or is needed to provide information that is not yet available?
- **Leadership.** It's not enough to have the blessings of the "powers that be"; you need some project champions who will invest the time to develop the strategies and implement them? And do you have the right folks in place to launch the project?
- **Development activities and history.** Does the community have experience in development initiatives and public/private partnerships? If so, have they been successful?
- **Local financial commitment.** Is there adequate financial backing for planning and implementation? There will be some small costs to the process, including printing and mailing.
- **Private-sector capacities.** What strengths do local banks, realtors, developers and other businesses

bring to the effort? These businesses all engage in some form of strategic planning for their own use. Can these skills be used for formulating the LEDP?

Exhaustively assessing a community by each of these criteria would be a complicated exercise. Fortunately, such depth is unnecessary. What is needed, instead, is to explore a few key factors.

How do you get ready to plan? By conducting some research and applying common sense to the following three tasks:

- Creating A Planning Structure
- Determining The Readiness-To-Plan
- Establishing Goals And A Timetable For Your Effort

This chapter discusses the basics of creating a planning structure and explores in detail how to determine a community's readiness-to-plan.



Forming A LEDP Planning Committee

Creating a LEDP always involves a group of local leaders. This can be an informal, ad hoc group or an established committee of a major organization.

The Planning Committee Functions

The Planning Committee must give credibility to the effort. It must provide

administrative and managerial support. And it makes the major policy decisions. Specifically, its functions are:

- Selling the idea to key leaders and organizations.
- Identifying and involving participants.
- Establishing the overall process, structure, goals and timetable for the local planning initiative.
- Notifying members of meetings and making arrangements.
- Setting the agendas for meetings.
- Identifying and involving outside resource people.
- Securing local financial and in-kind sponsors.
- Coordinating with all committees and task forces.
- Reaching final decisions about strategies and program priorities, communication and implementation plans, and document drafting and packaging.

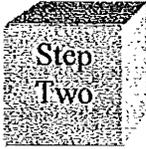
Composition of the Planning Committee

Mustering the Planning Committee presents a golden opportunity to broaden a community's development planning group beyond the constituencies and institutions typically involved in economic development. For instance, the following could be involved in the Planning Committee or other planning task groups:

- Agribusiness and farmers
- Banks
- Chambers of Commerce
- Churches
- Civic Organizations
- Educators
- Health Care Organizations
- Local Industry
- Media
- Organized Labor
- Social Service Agencies
- Utilities

Whatever the composition of the Planning Committee, two groups must be at the table: local elected political leadership and key players from the community's main development organization(s).

After this Planning group has been formed, it needs to assess the area's readiness-to-plan by conducting three evaluations. First, how committed could the community's leadership and residents be to such an effort? Second, can key endorsements for the LEDP's initiatives be obtained? Third, what is the community's experience with planning? The next three sections show how to answer these questions.



Gaining Community Commitment

Successful strategic planning requires assembling a group of community leaders and concerned citizens and getting them to honestly discuss their area's economic strengths and weaknesses. This may prove difficult. Some communities lack the willingness to allow the planning process to take the area in new directions. Some communities are unwilling to face hard facts. Others are so locked into old ways of accomplishing community business that they find new approaches very threatening.

Before launching a planning project, then, local leaders must answer candidly the questions: How do people feel about their community -- is it willing to change and how should any change occur?

The results of this inquiry should be written up in a short narrative which defines how locals feel about their community, its ability to plan and its potential for change.

Fortunately, the answers to the questions about community commitment give the group most of the ammunition it needs. If the results were positive, the community is viewed as ready, willing and able to take the plunge. Now the initiating group must be able to clearly articulate the benefits of this approach to major leaders and constituencies.

In selling the planning effort, note the key outcomes of a LEDP:

- ***A Community Vision.*** An LEDP is a "map." And as a map, it can be a source of a vision for a positive development future and a catalyst for positive expectations, greater enthusiasm, and new ideas.
- ***A Business Plan.*** A LEDP provides specific directions for the community's development activities, and it demonstrates to existing and prospective businesses that the community's leaders take a practical perspective on what must be done.
- ***An Accountability Tool.*** A LEDP sets benchmarks for measuring development progress. In other words, it allows the Planning Committee to determine whether it is achieving its goals.
- ***An Understanding of Economic Development.*** The planning process educates people about what is required for success in today's economic environment. It provides a solid framework for reaching decisions and negotiating, taking into account the community's real comparative advantages. A strong strategic plan allows community leadership to tackle these challenges much more thoughtfully and with more initiative.
- ***A Marketing Tool.*** A LEDP makes an effective statement to government agencies, businesses, and the community that this municipality "means business" -- it is well organized, possesses a

good working consensus and thoughtfully takes action.

Finally, the Planning Committee should list the key individuals and groups without whose blessing a community-wide planning effort will not succeed. Once the group decides whose support it needs, it will need to get letters of endorsement from each party. Such letters will prove helpful when the Planning Committee attempts to leverage outside financial or professional resources.



Inventory available resources.

How ready-to-plan is the community? Consider the following checklist:

- What does the community know about itself?
- What processes do its major institutions use for learning about themselves?
- How effective are they?
- What kinds of plans are in place and how current are they?
- How often are they used?

In summary, to what extent does the community understand itself?

At this stage in the planning process, conducting a Program Inventory may be

fruitful. It is very important for the community's leaders to have a clear idea about what development efforts are already underway. Likewise, many communities have done less comprehensive versions of what is proposed. For instance, some communities have put together an economic profile for their community marketing efforts.

Finally, one of the most important assets to inventory is the available pool of human resources and expertise. The planning group should recruit as much local talent as possible to participate in the LEDP process to both avoid professional costs as well as include those with the most knowledge of the community. While outsiders can be useful as non-partisan participants, most communities possess a vast wealth of knowledge and information with their own residents. These resources should be used if the individuals are committed to the planning process.

CHAPTER 2:

RESOURCES

Understanding the Tax Base Consequences of LEDPs
<http://www.rkg1.com/pdfs/taxbasemgmt.pdf>

LOCAL ECONOMIC DEVELOPMENT PLANNING: A MUNICIPAL GUIDEBOOK

CHAPTER THREE:

CREATING A COMMUNITY VISION



Holding A Visioning Exercise

The Planning Committee's first formal LEDP planning meeting should have this as the major item on its agenda (along with getting acquainted). Organizing a meeting around this focus is a great way to start on an upbeat note.

After calling the meeting to order, the Chairperson of the Planning Committee should ask everyone to introduce themselves and make a brief statement about what excites their interest in this project.

A good suggestion is to have an outsider run the visioning exercise. This will help

to keep the group focused on long-term, broad issues. In addition, other community representatives might be invited to get a broad view of the future.

The chairperson should begin by emphasizing the importance of beginning strategic planning with a clear sense of what the community is and what it wants to become. The goal of this meeting is to clarify these issues -- first, by brainstorming, and then by drafting a Vision Statement. The Vision Statement is a much broader statement of how the community views itself as it moves into the 21st Century.

The facilitator asks the questions listed in the worksheet in Appendix III-1.

The facilitator summarizes everyone's vision statements, notes their similarities

and differences, and organizes them into a few broader themes.

The session closes by the facilitator seeking to achieve a consensus on the Vision Statement. A volunteer or volunteers redrafts them for the next meeting.

CHAPTER 3:

RESOURCES

Vision Driven Strategic Planning
<http://www.lukevision.com/>

Village of Brown Deer, WI: Community Visioning and Strategic Planning
<http://www.vil.brown-deer.wi.us/General%20Government/Village%20Board/strategicplanning.htm>

APPENDIX III-1

Visionary Exercise

Facilitator

Explains the purpose of the Visioning Exercise and how it will be used as the basis for the strategic plan as well as goals and objectives. However, it should be stressed that this is an exercise to identify the “what” the group wants to achieve, not the tools or actions to achieve the ends.

Individually

Think for a moment about your community, 5 to 10 years from now. Visualize its people, the business community and the social chemistry. How are its young people faring? Its seniors? Its minorities? What does the economy look like? Think about the strengths of the community. What will it be recognized for?

What does it look like physically -- the housing stock, its amenities ...

What would the community look like if you knew you couldn't fail?

Write down your thoughts in a succinct sentence or paragraph.

Facilitator

Summarize the common themes, work through those that are in conflict. Make sure disagreements are real and not about agendas or policies. Finish with positive statements that are suitable for strategic planning.

LOCAL ECONOMIC DEVELOPMENT PLANNING: A MUNICIPAL GUIDEBOOK

CHAPTER FOUR:

PERFORMING A COMMUNITY ASSESSMENT

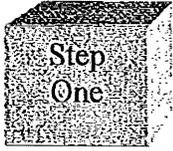
Conducting a Community Assessment

In order to achieve the community vision, a starting point needs to be established. What is the economic and demographic make-up the community? What are its strengths and weaknesses? What regional and national trends are having an impact on our quality of life and our economy? All of these questions need to be explored before a plan can be formulated.

The facts to be collected will also serve as benchmarks for the community. They need to be updated frequently to see what changes are occurring and whether or not these are advantageous for accomplishing the goals of the LEDP.

This assessment process takes place in three steps:

- create a profile of the community as it is today, including current programs
- evaluate the current strengths, weaknesses, opportunities and threats of the community (SWOT)
- identify which of the characteristics of the community will serve as strong jumping-off points to start the process of planning a strategy for achieving the vision.



Developing a Community Profile

The next step in creating a successful LEDP is to conduct an audit of the community. This should be arranged at the conclusion of the Visioning Exercise meeting. The results are needed for the second planning meeting.

This audit will provide a snapshot of the community's current economic and demographic condition as well as its potential for economic development. The assessment uses data to compare the community's current economic health to that of the region.

The starting point in putting together an assessment of the community's economy is knowing what kinds of information to gather. A wide array of facts and figures can be collected. The key issue, however, is: **What are the things the group absolutely needs to understand to make smart decisions about the community's future?**

Three basic questions need to be answered in assessing the health of the community's economy:

- *How is the economy performing?* This is the bottom line for your economic development efforts. How good a job is the community doing of creating jobs and opportunities for people? How well do those jobs pay? Do all residents have opportunities for a decent standard of living?
- *How strong or vital are the community's businesses?* It is the businesses in your community that create jobs and pay wages. Thus, it is

critical to know how those businesses are faring. Look at the key industries and sectors (groups of industries) to understand how a community's business base is doing. Which sectors are growing and which are declining? Which industries are key to the community's health? Are businesses growing or shrinking?

- *How strong is the community's development capacity?* Over the long term, the key to the success of the community's businesses is their ability to secure and use the kinds of resources that will make them competitive in the regional economy. These include human resources, capital resources, infrastructure, and so forth. How strong is your community's ability to provide these resources, compared to other areas?

Two Options for Conducting a Health Assessment

There are two ways to conduct a health assessment:

Option 1: Use local volunteers to do the assessment.

The first option for conducting a health assessment is for the committee to do the work itself -- using local volunteers, assisted perhaps by the local librarian, Chamber of Commerce staff or utility staff. If the committee does the work locally, it should be prepared to develop a much simpler product than if technical resource persons do the work.

The data sheets in Appendix IV-1 guide the group through the process of developing an economic health assessment

Appendix IV-2 provides a worksheet for the presentation of the of the 12 indicators.

Option 2: Retain resource persons to put together a detailed health assessment.

These professionals might include utility staff persons, university or college professors or economic development consultants. In some states, state government staff (from a Department of Economic Development or Commerce), planning and development district staff or council of government staff might be available to conduct an assessment.

Economic researchers have developed an approach (or methodology) for an economic health assessment. The assessment looks at a wide range of data in each of the three crucial areas: economic performance, business vitality, and development capacity.

If possible, the community should obtain the detailed assessment that resource persons can deliver. A detailed analysis of how the community is doing in the three areas will provide important information on the community's strengths and weaknesses for your strategy planning.

Defining Your Community

The next step to take in conducting the health assessment is defining the "community." Most of the data of interest is available at the municipal level. If the data that is recommended is not available for a city, the group will have to obtain data for the surrounding county.

Picking your Comparison Areas

Once the group has defined the community, it needs to select areas for comparison purposes. At a minimum, a community should compare itself to the county to see how it is affected by regional trends. It is also useful to compare the community to similar communities.

The committee can pick up to ten similar communities for this analysis. The kinds of communities that it might want to compare itself with include:

- Communities that are near their own, or in one's own state, of similar size.
- Communities that have economies similar to their own -- for example, other communities with a great deal of manufacturing, with a strong tourism/retirement industry, or which serve as the retail center for a larger region of the state.
- Communities that they consider their challengers.
- Communities that they would like to emulate.

Remember that each additional community comparison adds more work. For each community you select, that community (or its resource person) will need to collect the necessary data.

Obtaining the Data

Resources for finding local and county data in New Jersey are available in Appendix IV-3. In addition, the municipality itself has a large amount of data in the form of tax records, mercantile licenses, etc.

Reviewing the Program Inventory

The final piece of information to conclude the community profile is an inventory of existing programs run by or participated in by the community. These can be the source of valuable information.

Also, the community's experience in program participation can help identify past problems and successes in their administration. There is no sense in repeating past mistakes.

Summarizing the Findings

Your second meeting with the Planning Committee should begin with a review of the findings of the health assessment. As a refresher, begin with a brief review of the findings from the Visioning Exercise. This step will prove particularly important if the timing of the second meeting has been delayed because of the time required to prepare the health assessment.

It is easiest to present the findings of the health assessment to the Planning committee (or retreat group) in the form of pictures (that is, charts and graphs). The worksheet in Appendix IV-2 includes recommendations for cataloging and presenting this information.

Appendices IV-1 to IV-3 provide the basis for a meeting (up to two-and-a-half hours), during which the group discusses the findings from the initial assessment of the community's health. (Note that if you have a resource person prepare the health assessment, part of their job should include making a presentation to the strategy group.)



S.W.O.T.: Assessing the Community

It is very important to know where the area stands relative to regional and statewide trends. To be successful, communities need to establish a niche and build from their unique strengths and weaknesses. They also need to know and recognize their opportunities for improvement and threats to achieving their long-term vision.

The facilitator for this session needs to be organized and able to keep the planning group on track. For each part of the S.W.O.T. evaluation, responses need to be grouped and put in the context of future economic development.

The SWOT Exercise

1. The purpose of the exercise should be explained to participants. Having heard the report on the community's profile, attention should be drawn to the ability of the community to move toward its vision.
2. In a structured manner, the facilitator asks each individual to write down the competitive **internal** weaknesses of the community and **outside** threats to its development potential.
3. In a structured manner, the facilitator asks each individual to write down the competitive strengths of the community and opportunities these present in economic development efforts.
4. When the group has completed this exercise, the answers should be solicited by the facilitator and grouped

into four or five of each S.W.O. and T.

5. Finally, the group should recap the most important findings of the exercise.



Completing the Community Assessment

The Community Assessment provides the basis for the LEDP's strategy. With the information gathered, the planning committee is ready to move on to developing a road map for traveling toward the vision.

The facts in the profile and the SWOT analysis need to be summarized and inventoried. There progress needs to be followed and will be the basis for monitoring the entire LEDP process.

At this point a schedule should be agreed upon for the updating of this information. In addition, a communications plan should also be created so information is accessible to everyone in the planning process.

CHAPTER 4:

RESOURCES

Socioeconomic data: A User's Guide

http://12.39.209.165/ImageCache/EDAPublic/documents/pdfdocs/1g3_5f12_5fsocio_2epdf/v1/1g3_5f12_5fsocio.pdf

Community and Economic Development Toolbox

http://www.cardi.cornell.edu/cd_toolbox_2/cdindex.cfm

New Jersey Economic Development Resources

<http://www.state.nj.us/commerce/>

South Jersey Economic Development District: Regional Data

<http://www.sjedd.com/economic.html>

<http://www.wnjp.in.state.nj.us/OneStopCareerCenter/LaborMarketInformation/lmilist.htm>

Municipal Demographic Profile: Census 2000

<http://www.wnjp.in.net/OneStopCareerCenter/LaborMarketInformation/lmi25/gdp/index.html#Municipal>

APPENDIX IV-1

Indicators for the Community Profile

If the group chooses to hire someone to conduct the health assessment, use the following list of measures and data sources as the outline for the assessment. The consultant's job will be to gather and analyze the data, and to develop a presentation that can be delivered to the Planning Committee.

The presentation should be in graphic form; with captions and summaries of the data. The resource person or consultant should allow two to three hours for the presentation to permit time for discussion and interpretation. Remember, the consultant will be skilled at gathering and understanding the data, but the local residents also have a strong understanding of their local economy. Thus, they will also play a vital role in reacting to and interpreting the data. For example, the consultant may see trends that he or she cannot understand that you will be able to understand because the locals know about the recent trends in the local economy.

Economic Performance: How well is the economy doing its job of providing good jobs and a rising quality of life for all community residents?

1. Local and county employment, 1990 to present (or most recent year) by industry (NAICS). Calculate growth rates, compare. Is the community gaining or losing ground?
2. Local and county unemployment rates, 1990- present. Compare trends.
3. Total local and county populations, 1980-present.
6. Population change, county, 1980-most recent. Compare trends.
8. Age distribution, local and county for 1990 and 2000. Compare changes to median age.
9. Local and county per capita income, 1990-2000. Compare growth rates and levels.
10. Housing data – vacancy, value and number – for local and county. Compare trends.
11. Poverty rate, 1990 and 2000 for county and community. Compare trends and levels.

Business Vitality: How vital is the community's business base?

1. Local employment composition vs. county, most recent information.
2. Recent additions or losses from business community.
3. Employment by Size of Firm: local and county.
4. Average sales per firm: local and county.

Development Capacity: How well-equipped is the community to provide the resources required for business success in today's economy?

1. High School Graduation Rate, 2001 Report Card.
2. Educational attainment (for those 25+ years old) for the community and county.
3. Available land for development/redevelopment, including business parks. Compare to surrounding areas.
4. Infrastructure and accessibility. Detail the availability of these development assets.
5. Review local ordinances impacting the development of business. Compare tax, permitting, etc. policies with surrounding localities.

APPENDIX IV-2:

PRESENTING DATA FOR COMMUNITY ASSESSMENT: A TEMPLATE

Indicator #1: Employment Growth and Unemployment Rate

Measurement: The percentage growth in jobs from 1990 to the present, and the current unemployment rate.

Data Source: The best source for this data is the NJ State Data Center, which can give you data for your city or county, your state, and the U.S. Use the data for the "annual average," rather than the data for a specific month, as the average will adjust for any seasonal variation in employment.

These figures are usually one to two years old by the time the BLS collects, checks and publishes them.

Analyzing the Data: Copy the data from the tables you have onto tables that look like the one below. The tables explain how to do the calculations.

	YOUR COMMUNITY	YOUR COUNTY	NJ
2000 EMPLOYMENT			
1990 EMPLOYMENT			
2000 UNEMPLOYMENT RATE			
PERCENT CHANGE IN EMPLOYMENT, 1990-2000 (ROW 2 - ROW 1) ROW 1			

Presenting the Data: If you will be reviewing this information with your planning group, it can be easily understood if it is presented in the form of bar graphs. This is easily done in EXCEL.

Interpreting the Data: Look at the row that shows employment change:

Did your community's employment grow **more rapidly** or **more slowly** than the state's during that time period (circle one)?

Did it grow **more rapidly** or **more slowly** than the nation's employment growth (circle one)?

Now look at the row that shows unemployment rate:

Was your community's unemployment rate **higher** or **lower** than the state's (circle one)?

Was your unemployment rate **higher** or **lower** than the nation's (circle one)?

LOCAL ECONOMIC DEVELOPMENT PLANNING: A MUNICIPAL GUIDEBOOK

CHAPTER FIVE:

PLANNING ACTION STRATEGIES

Introduction

In the previous section, the community's economic health assessment was broken down into three parts: economic performance, business vitality and resource capacity. These are the areas communities can affect directly through local programs and initiatives.

Business vitality describes the dynamics of the local business base, while resource capacity identifies the essential building blocks or resources required to nurture the local business base. As the Planning Committee develops strategies, it will consider the kinds of steps that can be taken in strategy areas related to business vitality and resource capacity. The task is to custom-fit specific action steps within the strategies that are most important to the community.

The Planning Committee's economic health assessment can now be applied. In constructing an economic development strategy, the committee will try to develop the specific "prescription" or "health regimen" for the economy, based upon the symptoms and trends identified in its economic check-up.

If the community needs to provide more support to existing firms, it should begin by considering a *generic* strategy of retaining and assisting existing firms. Then it should custom-fit that strategy to the needs by selecting specific action steps, such as creating a business retention and expansion program.

However, before making decisions about which strategies to follow, the LEDP needs to

consider some basic concepts of the 'hows' and 'whys' of economic development. **Understanding this process will guide the Planning Committee to the most effective strategies.**

This chapter focuses on the process of developing and customizing these strategies. The next chapter helps identify the specific actions or initiatives that will be implemented in pursuing those strategies.

The generic strategies for economic and social development can be categorized in the following way:

Generic Strategies for Business Vitality

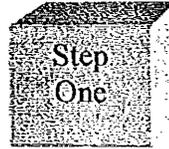
- Attract businesses
- Retain and expand businesses
- Grow new businesses

These three strategies have many variants. The challenge is to tailor or customize one or more of these generic strategies to a particular community. Each of these strategies is briefly described in Appendix V-1.

Generic Strategies for Resource Capacity

- Attract, satisfy and retain residents
- Develop the workforce
- Attract and retain private capital
- Maintain and build infrastructure
- Build civic leadership and institutional capital
- Enhance amenities and quality of life
- Nurture innovation and technology

Each of these strategies is briefly described in Appendix V-2.



Understanding the Economic Development Process: Some Basics

- **Economic Growth and Economic Development are not the same:**

The local commitment to encourage economic development is different and considerably more difficult than promoting economic growth. Where the latter implies the spread of economic activity in the same pattern as that which now exists, the former calls for the evolution of the economy to a higher level.

Economic **development** is achieved when businesses increase their value-added in the production process or when residents increase their incomes. This usually is accompanied by the demands for a workforce with higher skills than are now the norm.

This can be accomplished on a local level. The upgrading of retail stores, attraction of new types of businesses, or the expansion and product improvement of local manufacturers would work toward this end.

Encouraging economic **growth** is also a rational strategy for a community if it is satisfied with its current economic state. More of the same is a good thing when the current profile is healthy and desirable.

- **Regions and Communities grow by offering the outside world something of value.**

In simple terms, an area becomes wealthier by bringing in more dollars from outside. **The real question to ask is, "What does our community have to attract economic activity?"** This can be done by selling goods or services to outsiders (exporting), retaining more of the dollars that our own residents and businesses sell (import substitution), or by attracting outsiders to shop in your community (retail magnet).

New Jersey is full of examples of this process at work. Tourism is a form of the retail magnet method. Selling the seashore or gaming brings in external dollars. Princeton imports outside dollars via the University and upscale shopping; Millville for years exported glass products to the world; and Trenton has an obvious means of importing outside wealth.

One case that illustrates this process – the winning of a greater share of other people’s money – is the town of Red Bank in Monmouth County. This community fell on hard times in the 1970’s and by 1980 had 30% of its downtown vacant. By understanding that the surrounding communities were very wealthy AND had no real downtowns, Red Bank set out on a strategy to become the regional retail hub. However, to do this successfully, the town realized it had to sell goods and services that could not be bought at local malls, and that its unique riverfront area would serve

as an excellent backdrop to its upscale retail niche.

This strategy was planned and purposeful. And it has worked. Their strategy was unique to their situation. This is the most important task for the Planning Committee when moving into the strategic planning phase – know your strengths and competitive advantages in the region. If you do not have any, some must be created.



Agree Upon Your Core Strategies

The core of any LEDP is its strategies. Therefore, as a first step to deciding upon your preferred strategy, begin by determining the best one for achieving your vision given the community’s current profile. Current strategies (including a do-nothing strategy) are only helpful if they fit your current needs.

Determine the obstacles between your community and its vision

Using the SWOT analysis, the Planning Committee has a good understanding of the obstacles to be overcome. In addition, there is now a list of strengths and opportunities to be used as the basis for economic development strategies. To begin, members should read through the brief descriptions of the generic strategies in Appendixes V-1 and V-2.

Explore Future Strategies

The core strategies currently being used may or may not be appropriate for the future. Regardless of the effectiveness of current strategies, brainstorm about strategies that make most sense for the community's future.

The matching of strengths/opportunities as countermeasures to the weaknesses/threats will lead to strategies for the future.

Remember that strategies are broad. For instance, diversifying the economic base is a strategy. Recruiting high technology industries is a goal or objective to achieve that strategy. Using the downtown to attract higher-income shoppers into town is a strategy to improve the health of the economy. Building an "antique row" is the goal for achieving that strategy. The strategies come first.

Evaluate the Most Promising Future Strategies

Weigh the pros and cons of each strategy, using by listing the advantages and disadvantages that apply to each strategy; more can be added.

Next, seek consensus within the committee regarding the suitability of each potential strategy. Three or four core strategies should be developed. Then, these should be prioritized based on need, resource availability, and probability of success in the short-term (less than two years).



From Strategies to Action Plans

The next step is to tailor the core strategies to the local situation through **action plans**. Each strategy needs an action plan for its implementation. It gives the necessary steps for achieving the strategy. These must be specific; for example, one strategy might be to attract new industry. The action plan would focus efforts on a type and range of industries. In addition, where, ideally, would they be located? What kinds of new jobs would most benefit the community? How does our town attract these industries?

If the vision is your destination and the strategies are your road map, the **action plan** is your car.

Make your Strategy Industry-Specific

Next, continue to refine the strategy by narrowing down the types of industry that will be the focus of attention. Two or three industries can be selected for greatest emphasis, but the Planning Committee should still consider which industries are best suited for a particular area.

Consider Where Your Strategy Will Be Located

Location consideration may seem trivial, but the siting of a project will have significant effects on the immediate area's residents and through the subtle message it sends to the whole community. For example, the location of an industrial park sends the signal that more industrial development might occur in that vicinity in the future.

It always pays to deal with the location issue early in the process. It can be divisive, and political conflict can hamstring the effort. When considering the issue of location, be aware that certain strategies are more suited to certain locations. For example, growth in legal, financial and business services growth tends to benefit the downtown.

Define the Goals of Your Strategy and Its Action Plan

What are the outcomes that you would envision for your action plans? Make these specific and measurable. These will be the basis for your evaluation process.

Hints for Goal Setting:

- Write down goals.
- State goals in measurable terms (attach numbers wherever possible).
- Set priorities for goals (rank according to importance).
- Attach a time element to goals (specify milestones/timetables).
- Make goals adaptable (be flexible under changing circumstances).

Define the Steps Needed to Implement Your Action Plan

Carefully list all of the steps needed before you can begin working on the strategy. This includes activities like: identifying industries for attraction, securing resources, forming working committees, setting up a budgeting process, hiring a marketing firm, etc.

This is the last step before implementing the action plan. Effort needs to be given to the details of the plan. The only questions left should be: who will carry-out the plan and what will the timeline be for its implementation.

Finally, Write Up Each Strategy and Its Action Plan

This should be a succinct statement of your strategy. For instance, if your community has depended on the lumber industry now facing supply constraints and you choose a strategy of industrial recruitment, it could be stated as follows:

"We will recruit small to mid-sized secondary wood products manufacturers who are expected to locate northeast corner of the county.

To prepare for implementing this strategy, the following actions need to be taken.....

Finally, the goals of this strategy are....."

"

Write up each strategy in this specific manner.



Obtain Additional Information

While the proceeding process of selecting and formulating strategies and goals has been systematic, it has also been highly intuitive.

Many steps depend on the best judgment of the Planning Committee and technical experts from utilities, government agencies and businesses, where available.

During the course of strategy selection discussions the Planning Committee may have identified areas where additional data or information would help you reduce the risk of a bad judgment.

It may be useful to share your strategies with local knowledge resources, such as librarians, extension agents, city/county planners, utility representatives and others who may be able to help obtain the information.

CHAPTER 5:

RESOURCES

Innovative Local Economic Development Programs: Case Studies

http://12.39.209.165/ImageCache/EDAPublic/documents/pdfdocs/1g3_5f1_5finnovldep_2epdf/v1/1g3_5f1_5finnovldep.pdf

Saving and Creating Good Jobs: A Study of Industrial Retention and Expansion Programs

http://www.huduser.org/Publications/pdf/ecc_savings.pdf

Strengthening Rural Economies: Programs that Target Promising Sectors of a Local Economy

http://www.huduser.org/Publications/pdf/ecc_rural.pdf

Visitor Attractions and Economic Development

http://www.edrgroup.com/pages/library_vis_attr.html

New Jersey Economic Development Authority: Financial Resources

<http://www.njeda.com/>

APPENDIX V-1

GENERIC BUSINESS VITALITY STRATEGIES

Attract Businesses

This involves seeking new, basic employers to locate in the community. This may be a major employer but, most realistically for small communities, it will be small employers. This strategy requires careful targeting, marketing and advance planning in providing for industrial space, speculative buildings and other facilities.

Retain and/or Expand Existing Businesses

This strategy requires that community leaders work closely with existing local businesses to provide the necessary support so that the businesses remain viable. It is generally regarded as a strategy, based on the fact that it is easier and cheaper to keep existing businesses than to attract new businesses. An important example is the case of a business facing potential closing because its owner has retired. In this case, the community could develop a plan where a new entrepreneur can gradually buy into the business.

Grow New Businesses

This strategy involves creating opportunities and support systems for budding entrepreneurs to start new business ventures, including cottage industries and other home-grown businesses. New business strategies can target crafts, retail and tourism businesses, as well as office industries, the manufacturing sector and high tech.

APPENDIX V-2

GENERIC RESOURCE CAPACITY STRATEGIES

Attract, Satisfy and Retain Residents

In economic development conventional wisdom holds that business needs to be in your community, and then people will locate there. But this is really a chicken and egg problem. An alternative view holds that as the "new economy" takes root, the vitality of local economies will increasingly depend on the people who live there -- their attitudes toward work, their knowledge and skills, their determination to stay current and their social fabric that makes for a good place to live, work, play, learn and raise families.

Increasing the number of residents will enhance the tax base, especially if local option income and sales taxes are available. As numbers increase, so will additional support businesses in service and retail.

A variety of opportunities may exist to attract new residents, including commuters, retirees, individual entrepreneurs and cottage businesses, and second-home owners.

Develop the Workforce

The nature of the "new economy" means that it will be very difficult for those without post-secondary education to achieve middle or upper incomes. And because of the rapid pace of change, workers of the future face four or five careers in a lifetime! For an area to be competitive it must provide and enhance a competitive workforce. Schools will become "lifelong learning centers."

Attract and Retain Financial Capital

Access to and the cost of financial capital are critical to businesses in different stages of growth. Capital is necessary for a variety of needs, such as: purchasing facilities and equipment, general operations, cash flow, development of a prototype, and business start-up. Capital may be made available to target specific needs, such as small business development, export assistance or high technology. Types of capital include seed capital, venture capital, asset capital and working capital.

Maintain and Build Infrastructure

Critical infrastructure needs typically include roads, streets, highways and bridges, sewer systems and wastewater treatment, water supply and solid waste disposal. These must be managed as long-term assets, and funds must be available for repair, maintenance, rehabilitation and retrofit as well as for new construction. Also, don't forget the "new age" infrastructure -- telecommunications.

Build Civic Leadership and Institutional Capacity

These serve as the critical "social infrastructure" for local development. Communities vary tremendously in the kind and quality of local institutions that nurture productive development: service clubs, church alliances, business-government partnerships, and philanthropic activities, such as the United Way. Many communities have leadership academies, that over time, build an informed and active group of alumni.

Enhance Amenities and Quality of Life

People prefer to live where there are first-class civic amenities (meeting halls, recreation facilities, parks and so forth), and where there is a high quality of life. Quality of life varies from community to community, but emphasis is usually placed on safety and security, schooling, and health care.

Enjoyment of the arts and culture, history and local architecture all enrich the quality of life and can also be used to economic advantage--thus the application of the strategy of "amenity economies."

Nurture Innovation and Technology

In a highly competitive global economy, firms can only compete if they stay on the cutting edge. Technology and innovation can improve products as well as processes. Examples of programs that foster industry/education linkages include improving research and development, establishing technology, transfer centers, and setting up entrepreneur circles.

LOCAL ECONOMIC DEVELOPMENT PLANNING: A MUNICIPAL GUIDEBOOK

CHAPTER SIX: IMPLEMENTING AND MONITORING YOUR PLAN

Overview

Having evaluated options, chosen strategies, and assembled action plans, the Planning Committee can now prepare the final blueprint for local development. It is now on the threshold of action.

But before it can implement its ideas, it must:

- decide on final priorities,
- assign implementation responsibilities,
- schedule their startup,
- put a monitoring process in place
- write an Action Agenda document, and
- develop its communication strategies.

This chapter shows how to do these things effectively.



Setting Implementation Priorities, Assignments and Timeline

After the completion of its Action Plans, the Planning Committee should call a meeting that includes any municipal department heads that would need to devote resources to the core strategies. The purpose of the meeting is to review Action Plan reports and vote on which initiatives will receive priority.

Any group which will be asked to commit resources to the implementation phase, including the municipal departmental directors, should be asked about resource needs and constraints to the accomplishment of the strategy's implementation. However, they should not

be asked to participate in the priority ranking process.

Each participant in the meeting should receive a copy of all the Action Plans and the session's agenda. The Planning Committee's chairperson is asked to present a five-minute summary of each proposed strategy and its action plan, followed by a short question-and-answer session.

After all the reports have been delivered, the Planning Committee discusses the proposals thoroughly. The group focuses on developing a short list of each project's pros and cons. After this is completed, the chairperson asks whether the group is ready to rank the proposals, using a simple system of assigning a "1" to the most preferred strategy, and ordering the remaining ones. If more debate is requested, the group should set a definite time limit.

After ranking the proposals, the group takes a break while the points are tallied. Strategies with the lowest total points get ranked highest. The chairperson then presents the results.

Now the group has its Action Agenda -- its list of concrete blueprint for action. The next steps are to assign responsibilities and establish a time line.

The Planning Committee might decide that the tasks need to be divided between several organizations. If this approach is taken, it is crucial that the groups clearly understand their particular responsibilities.

A key to success is to find a "champion" of each strategy, a person or persons committed to it and passionate about its community impact and success.

The group now needs to decide the proposed starting and ending dates **for each step** in the action plan. As most projects are sequential, it is important that the timeline reflects where efforts can be done simultaneously and which ones need to follow others when completed.



Establishing Performance Measures

Identifying and refining program performance measures should not be an afterthought. It is critical. To succeed in this task, the Steering Committee needs to get the measures of program success right. This requires answering four questions:

- *What are the goals of the program?* What group of people or businesses is the program intended to serve, and how does the program intend to serve them?
- *How can the progress toward these goals be measured?* What kinds of outcomes will indicate success? How can we these outcomes be measured? What data sources can be tapped to provide regular reports at a reasonable cost?
- *Who will object to the performance measures?* No one likes to be measured, especially if they also feel underpaid and overworked. What is the best way to deal with opposition?

Now create a simple matrix of both *program* and *outcome* indicators. In this matrix,

program indicators (or program activities) are like task milestones. An example is obtaining non-profit legal status for establishing a new development organization. *Outcome indicators*, on the other hand, concern actual effects of a program, such as increasing new business start-ups. These are the concrete results of the initiatives.

After choosing the best indicators, assign specific responsibilities to an organization or individual to actually track and report progress.

Staying On Course

For the Action Agenda to accomplish its goals, periodic mid-course correction sessions are needed (see Appendix VI-1). At these events, the Planning Committee meets and evaluates progress to date. This requires: 1) putting together a simple, but instructive, way to present data on program accomplishments and difficulties; and 2) creating a well-structured agenda for considering this information and deciding how programs can be changed or improved.



Communicating Your Action Agenda

Crafting an Action Agenda Document

For some planning groups, a final Action Agenda document might consist of simply a list of strategies, projects, responsible parties and the time line. Others might wish to distill

the results of their efforts into a more detailed and deeper piece of work. After all, the Health Assessment, the Vision, Strategies, and the Action Plans provide a rich deposit of writings to draw from and can be used in communicating the planning results to a variety of audiences.

An outline that could serve as the basis of a short paper or pamphlet might comprise the following:

- *Forward.* This would be a brief word from local sponsors, the Planning Committee, and other parties about why the LEDP is a vital step for the community to undertake.
- *Values, Vision, and/or Image Statements.* The section would state what the community is and what it wants to be.
- *Challenges Facing the Community.* It would summarize the problems and trends that most urgently affect the area.
- *The Community's Capacity for Development.* This would describe the opportunities to be seized and the assets to be built upon.
- *Goals and Milestones.* It would summarize, in specific terms, what the community is trying to accomplish in its development plan.
- *Strategies.* The principal core strategies would be described.
- *Action Plans.* The specific projects would be presented.

- *Moving Forward: Implementing, Monitoring and Revising.* This would include ways to address possible difficulties in these areas.
- *Conclusion.* A strong, upbeat note would close the document.
- *List of Participants.*

Your Communications Plan

The plan must be communicated. A plan for communication should be in place by the time of the launch event. Planning the communications strategy can begin before the Action Agenda is finished; it can start as early as the first few meetings of the planning process.

The plan might include:

- **The Launch Event**

Any successful LEDP must start with a bang. You should begin by designing and holding an appropriately tailored "launch event." It should be designed to be half celebration and half communication.

Besides communicating the plan to the larger community and heralding your participants and accomplishments, this event can serve other purposes. For example, the Planning Committee could invite staff and policy-makers from key state and regional agencies who might be solicited for additional funding. Likewise, the Action Agenda can benefit by involving political leadership from local and state government to help build support for the agenda.

- A speakers' bureau (that is, a group of active participants in the planning process who agree to speak before area organizations about the plan and its goals);
- Meetings with the local newspapers and media;
- Editorials in the local paper and area newsletters by Steering Committee members or Task Force chairpersons on the plan and some of its specific initiatives (for instance, each chairperson might do a guest editorial summarizing their Task Force's report and the proposed projects);
- A video, a slide show, a brochure, and/or special mailers;
- A public-relations committee (a braintrust of local citizens knowledgeable about or professionally involved with public relations who agree to meet regularly to come up with new communication strategies and monitor their results).

The launch event should be designed as the plan's first media event and as your initial affirmation of the plan. Over time, the plan should communicate successes and focus on ongoing efforts (for example, identifying future milestones, such as creating a small business incubator and design press/communication events around it). Finally, success depends on the image that is created. Indeed, most local citizens will care little about the substance of the plan. Instead, they will want to know a plan is in place, that the community is moving in a clearly defined direction outlined in the plan and that the community is making progress.



Positioning for Long-Term Advantage

Some communities have adapted successfully to economic change by redefining their economic roles and development strategies. Those that meet this challenge in the future will effectively address three key challenges: building a strong, homegrown economy; investing in their human-resource capacity that will be increasingly important to economic growth; and developing a new set of leaders with the skills to interpret and respond to change innovatively and creatively.

This guidebook provides the reader with the basic building blocks for acting successfully and tackling these challenges. **This requires institutionalizing the process of action planning, implementation, review and then, more action planning.** In this fashion, communities can stake their positions for long-term advantage.

CHAPTER 6:

RESOURCES

Economic Impact Analysis: Models, Guides
http://www.edrgroup.com/pages/library_guides.html

Economic Assessment Analysis
<http://www.springfielddevelopment.org/Draft3.PDF>

