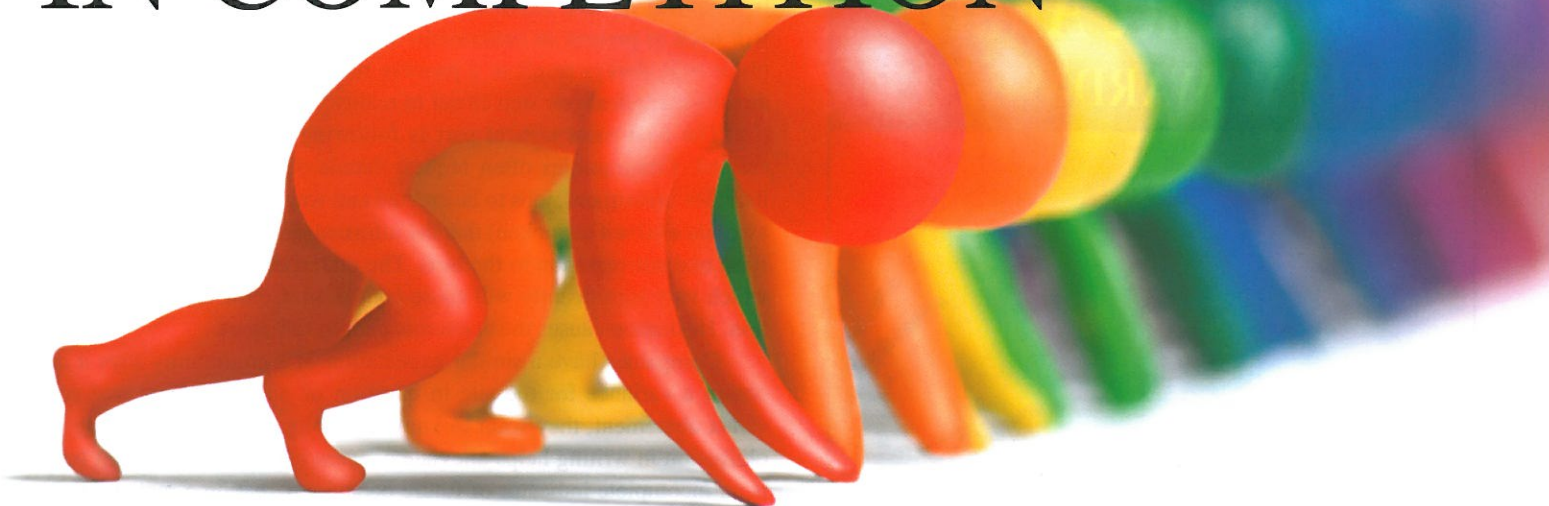


COMMUNITIES IN COMPETITION



Successfully driving economic development in your community requires leadership, follow-through and a 'can-do' attitude.

By Leslie R. Rubin, Founder, Rubin Advisors Inc.

Over the past eighteen months numerous articles have been published discussing the need for job retention strategies, job creation strategies, infrastructure as an economic development driver, and the role of individuals in the economy. Those abundant words of wisdom, coupled with political speculation, have stimulated discussion about the best way to affect a sustained economic turnaround, to increase employment and to ease the burden of insufficient tax revenues in the midst of increased demand for public services.

The distress is amplified as local communities are challenged to compete for fewer jobs in an increasingly competitive environment. "Creative thinking" is typically professed as a solution to the immediate problem, but in reality, success is less about a creative process and more a question of understanding what you have and how best to use it.

It Starts With Leadership

Local leadership has to recognize and agree upon the need for action and then take steps to implement an action plan that may span years. Local government does this repeatedly throughout any given week, so the process is well-known. However, what if leadership is distracted from moving forward with an action plan because community cri-

ses demand response? In the public sector, particularly local government, lower tax revenues does not eliminate the need for (or production of) services, so tough decisions have had to be made.

One community mayor recently indicated to us that he had to choose between supporting a police department and a fire department while admitting that both represented critical infrastructure. It was quite reasonable for this mayor to be focused on the moment-to-moment challenges of his community and not be able to articulate the vision for his community going forward. Yet when questioned about whether he had considered some alternative sources of funding and different approaches to meeting the needs of his citizens, it became apparent that he was seeing the challenge from within and could not step outside to get a different perspective.

Getting another set of constructive/instructive eyes on the issue will often lead to options to the problem. Simply talking to others, which is exactly what the mayor in question achieved, will help. Once a leader's phone call-induced tachycardia begins to subside, leadership can begin working on tomorrow's vision in a focused manner.

Sell to Your Community Strengths

Every community has assets that can be leveraged to create a vision of what can

be. When this knowledge is coupled with the right resources and timed well, the vision that unfolds and materializes appears natural. Technology and research facilities positioned around centers of knowledge, such as colleges and universities, are an easy example to call upon. Logistics parks located at the confluence of highways are also logical.

The challenge is to not get caught up in the latest growth market trend. During the late 1990s and early 2000s, it was interesting to observe how many different communities throughout the country believed they were the next area to be a "technology" or "biotechnology" corridor. Most were caught up in the "me too" syndrome.

Another pitfall to avoid is to be solely aligned to a specific industry. The state of Indiana's heavy dependence upon the automotive industry for jobs and tax revenues is apparent in the continuation of layoffs in spite of an apparent "recovery" being under way.

Given the paradigm shift to a global economy, the progression from older to newer industries is guaranteed to not be linear. This is why a review of assets (tangible and intangible) is important. Assets can and often do serve multiple purposes. A rail line can move freight and people. People with an aptitude for production can produce any sort of widget, so long as there is a willingness to continue to learn.

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"Can Do" and Follow Through

Nothing is more irritating to an economic development consultant than hearing "we don't do that or we can't do that" when the request is reasonable and legal. Sometimes the response is triggered because of a misguided perception of what is being asked and at other times the response is simply a refusal to change. This experience fortunately is rare and not unique to Indiana.

Consultants are tenacious and will find a way to overcome a negative attitude or seek alternatives. If a community wants to compete, it will need to present an enthusiastic first line of contact. A "can do" attitude will always result in a positive response and puts the economic development deal one step closer to reality.

The next most critical part is following through on expectations created. Communities often request details of a proposed project that includes investment, jobs to be created and wages. They also want some assurance (albeit unspoken) that the information will not vary drastically from one conversation to the next. The underlying rule is that numbers which vary significantly will cause confusion. Confusion begets hesitation. Hesitation causes the economic deal to fall apart.

Companies have a similar expectation. If a community says it can obtain a variance for the site in question or obligate a resource such as tax abatement, they want to know the obligation is real. Putting the obligation in writing helps alleviate concern about a commitment but it is an incomplete indicator of future behavior. Creating a realistic timetable for approvals, discussing the process details, returning phone calls promptly when questions do arise, and providing updates will solidify the relationship as one based on action instead of talk.

What is being described here is good customer service. It is obvious but can be easily overlooked in government. Tough economic times make customer service even more important as a tool of government to distinguish the community from its competitors.

Target a Need

Economic incentives are no longer a secret. Thanks to the marketing efforts of states and local communities, and to the contact that economic development consultants have with companies, most senior management has at least heard of economic incentives. So how can a community differentiate itself from competitors?

Remember that tools do vary somewhat from state to state and more from region to region. The political bias toward economic assistance, layered on top of the state's existing tax structure, influences how economic assistance is structured within a given state and then used locally. Economic incentive tools will offset a company's project cost through different channels when compared from state to state. If a community's competitors are within a single region that has similar tools, then the "can do" attitude and customer service factors already identified become more important. It is at this point that truly listening to the potential customer is critical. If project timing is the critical issue for the company, relieve the pressure by offering to control the approval process. Add a guarantee if necessary. If finding the right people is important, then offer to provide resources to minimize the intake and screening responsibilities of the prospective company.

Each community's economic development progress will be unique. The assets that are leveraged to reinvigorate a given community will vary as will the interpretation of how to leverage those assets. Talking, sharing and comparing will broaden the options but it will ultimately require choices being made. Ultimately, the responsibility rests with leadership to create and sell the vision, to form a plan of action and to carry it through to success. ♦