

The Economic Development Department

Its Setting and Parameters



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Patrick was born in a rural east coast town in England and emigrated to Canada in the late 1950's where he obtained all of his education including Honours Bachelor of Arts from Brock University, a Master of Urban and Regional Planning from the University of Waterloo and a Master of Business Administration from York University. Since 1970, Pat has been employed with many developers such as Cadillac Fairview, Genestar, Nu-West and Revenue Properties. For the past two years, Mr. Olive worked for the Regional Municipality of Durham as the Commissioner of Economic Development. Patrick is a member of the Town Planning Institute of Canada, Industrial Development Association of Canada, Ontario Industrial Development Council and International Association of Corporate Real Estate Executives (NACORE).

In a day of constant change the environment becomes the single most important element an Economic Development Department has to relate to and recognize. The Department's understanding and reaction to the environment will be of prime importance to its success and recognition. This in turn will provide support from various segments of society and the business community. Understanding the main functions of the department and providing the paramount feedback by way of performance measures should be the initial goal and objective to any economic development department. We have to get back to the basics but understand the environment and adapt the appropriate activities to reflect the unique community environment in which the department operates.

This essay will briefly examine the obstructionist setting in which an Economic Development Department operates and analyze the basic broad functions of research, marketing and advertising liaison and image creation. The hostile environment necessitates that the department communicate constantly with the private and public sectors. Performance indicators should be identified and used in lobbying and reporting functions. Where possible these indicators will be tied to the basic activities in order

to provide a meaningful measure. If this is attained then these measures can be used in the setting of long term goals that are significantly precise, objective and fully related to the department's operations. Areas which are affected by the economic and business climate need careful attention and manipulation in order to eradicate the "Good Times/Bad Times" effect.

Setting

As mentioned previously, the environment in which an economic development department operates provides a difficult setting and should be fully understood so feedback and activities can be adapted to reflect this.

In the first instance, the Economic Development Department operates in a time frame significantly different from that of its political masters and policy makers. A politician operates in a time frame of his elected responsibilities, which in most municipalities is three years. The Economic Development Department on the other hand, can work with several Councils. Often new industry takes several years to court and finally attract to the municipality or for existing industry, several

years of operations to gain sufficient strength to grow and diversify. Economic development is normally for the long term. The variance of this time frame often creates conflict between the two bodies of economic development and political masters.

Secondly, the Economic Development Department is highly visible and highly vulnerable, as it is this department which is the savior and is often looked to increase the tax base and employment. This is particularly the case in difficult times and it is the department which is expected to obtain results and bring the sagging economy back to a growth mode. This in turn implies that the department operates as a profit function as opposed to a service function which most other departments in the government operate as at the present time.

Thirdly, it is not uncommon to be called upon to continually justify its role and activity. Maybe this is because of the newness of the department in the government organization. As a consequence, MBR or Management By Results is seen as the most common management style. Possibly because of the newness of the department, no real guidelines of integration into local government structure have been established at the present time. This area creates difficulty in dealing with peers in the local government structure. More commonly, the staff of an Economic Development Department are looked upon as outsiders as their function often entails interceding the organization in order to get results. The ombudsman role usually traverses across several areas of responsibility and this can cause friction internally within any organization. Politics, hard servicing and planning constraints are common to most scenarios and have to be melded to bring about successful results.

The organizational structure and setting in the community varies widely within the profession. In one situation the economic development activity can be performed by a separate commission which is responsible to the government or alternately responsible to the business community. On the other hand, it can operate as an autonomous department within the total governmental structure or conversely it can operate as part of an established department such as planning. Organizational variances provide widely diversified budget, staffing, reporting and responsibilities.

The department at the request of its client, is often required to treat information in the strictest of confidence. The conflicts with the openness of government structure, policy and the requirement of keeping the politician informed. The basic rule is "Customer Announces the Deal". There should be one person and one voice staying in control at all times. If this rule is broken, deals can be lost.

Most communities can recite examples where unfortunate circumstances, political egotism or slips in information have lost them a client who was prepared to relocate or expand within their community before the break in confidence.

The department cannot operate alone but initially must have the full support of confident local and regional staff which would include the Engineer, Planner, Treasurer and C.A.O. This co-operation and confidence must extend to the community as a whole to encompass support from private, civic, service, academic and political areas.

Finally, the environment the department functions in is becoming more and more global as the world shrinks with technological advancement.

Keeping the setting in mind the staff of the Economic Development Department are expected to fill the "Jack-Of-All-Trades" role which complements the community in which the department operates. At this point it is important to note each community is entirely different. Its strengths, weaknesses, constraints and opportunities are unique and at the outset have to be clearly identified in order to develop identifiable goals and objectives tailored to the needs. Where several communities operate in the same structure compromises, best matched scenarios and broader range bases have to be used.

Parameters

The Economic Development Department parameters are wide ranging but can be grouped in the following areas that are seen as the most significant.

1. Research which encompasses analysis and examination.
2. Marketing and advertising.
3. Liaison.
4. Image creation.

All of the foregoing are inter-related and comprise normally of more than one subset. Each of the areas, in order to obtain success or failure have to be assigned performance indicators. However, the dilemma sets in as all the elements can't be quantified and often result in subjective appraisal which can lead to personal preference and bias. I would like to briefly review these general areas and where possible outline performance indicators where appropriate. However, in using performance indicators one has to be cognizant of the fact that

often these indicators are tied to economic and business cycles and, therefore, if these types of criteria are used, indices have to be incorporated, which reflect the economy and external influences.

Research and Analysis

Research is a basic requirement as it underlies the credibility of the department. Collection of facts and figures provide input for the marketing elements as well as basic knowledge of the community. Analysis and examination is basic to determining the fabric of the community and thereby providing essential input into the formulation of goals and objectives for that community. Sources of data include SAS tapes, Stats Canada, Ontario Statistics, CMHC Statistics, Employment and Immigration and Regional and Municipal statistics individually developed by the departments responsible for activities such as Police, Social Services, Works and Planning.

The goals and objectives of the department have to coincide with that of the community. The department has to have a business sector vision and this can only be attained once the community is fully understood. What are the strengths and weaknesses, opportunities and constraints. Analysis of these will result in the creation of a community profile. This acts as "The Bible" and must be constantly updated. No businessman makes a decision on how he feels - they make it based on facts provided by information collected. This information could include utilities, labour force, wage rates, socio-economic information, demographic information, growth rates, community amenities, services etc. All information cannot be quantified and the task of filling in the gaps rests with the department in order to present a complete package.

Specific site and floor space availability has to be analyzed as to the location, accessibility, size, serviceability, suitability and finally possibly flexibility. This information is important not only for the immediate users but also for the future supply and long term growth of the community. This will allow the department to advise in a pro-active sense rather than waiting for a crisis to occur.

Information packages permit the department to eliminate random solicitation or the broad brush approach in favour of the targeted opportunities or market niches.

Constant change requires constant update and this process becomes a never ending cycle. The true measure of the activity or success of the department is reflected in the currentness of the information. A second measure would be its presen-

tability and conciseness in which the information is presented. It is too often the case where the department presents raw data rather than analyzing the material and presenting it tailored to meet the needs of the client.

Once the information package is complete, marketing packages can be prepared and advertising campaigns planned.

Marketing And Advertising

The purpose of marketing and advertising overlaps with the other areas outlined in this paper. These include creation of image, providing information and most importantly providing motivation to the target market so as to create a reaction. Marketing consists of providing information to the client whether they be a new industry, local industry, politician or other agencies or individuals seeking specific information.

The department has to be the supermarket of information, a non-stop shopping facility. Sometimes general information is given with a commitment to provide more detailed information as soon as possible either through the economic development officer or other specialized staff. Response time and accuracy of information are the measures applicable to this area. Minimal response rate maintains the interest level of the client and emphasizes the desire to provide information as mentioned previously as well as the personal interest taken in that particular enquiry. The department is required to analyze data and select relevant information rather than just producing raw data.

Information Packages may include:

- Community profiles and data base;
- Vacant space lists;
- Available industrial land lists;
- Manufacturers or business directories;
- General information brochures;

Tourist information package which could include guides to accommodation, eating and tourist attractions.

Once sectoral options are evaluated, tailored marketing packages can be prepared for those targeted. The promotion campaign could include direct mail, trade show participation, consular and trade office visits and seminars. Advertising is often

used in support of marketing programs but will be dealt with later in this section. However, three basic steps always prevail and should always be followed. These include:

- Sales call or contact;
- Maintaining contact;
- Post sale follow-up(s).

Quantitative performance indicators may be developed from some of this information such as space and land absorption rates. Others could include number of contacts or number of times the department acted as a facilitator, building permit values, number of development applications, housing starts, square feet added, number of jobs added and number of new firms locating in the municipality. Comparisons to other municipalities or the percentage share of the greater metropolitan market can be used to compare your performance to your competition. However, measuring has the inherent problem of gathering the appropriate information; often only time consuming surveys can establish this information. A more meaningful measure is the completeness of the information package available. Quality can be measured by independent judging competitions which are held yearly by such organizations such as OIDC and IDAC.

The second component of this activity is advertising. This can be defined as media advertising whether it be trade magazine ads or radio or T.V. time slots. If this course of action is chosen it is important to develop an advertising campaign over several years as each ad builds on the next and reinforces recognition to the selected audience. With the price of media advertising escalating it becomes extremely important to target your campaign to selected markets.

The process would include three elements. Firstly; one should identify the media types available i.e. print, radio, T.V. and billboards. Secondly, if creativity is required the selection of an agency would be necessary. Finally the budget preparation allows one to place all of the above elements on a single plan which can be presented for approval. This approval will supply the important element of support which any campaign will require.

Normal performance measures include cost per response, cost per response per thousand and more commonly cost per qualified lead. A qualified lead means following up a response by telephone or mail to establish credibility and the interest of the enquiry. Again, the quality can be measured by independent judging competitions.

Liaison

Chris Bryant of the University of Waterloo properly refers to this function as "Brokerage". The staff are the key link to a series of networks which in turn link all sectors of society together. Liaison is expected to be with the full spectrum of the community as well as the broader environment in which it co-exists. These will include senior government staff and politicians, local staff and politicians, government agencies, Chambers of Commerce and Boards of Trade, manufacturers associations, press, public utilities, banks and other financial institutions and other local interest groups. It is important to seek the co-operation and support of all these people so as to ensure success of the business development program plan for the municipality.

One major sector which can often be overlooked is the existing small business segment. Attention and direction of activity is often towards landing the new corporation. This is the glamour part of the business and quite often is referred to as "Smoke Stack Chasing". However, research has shown that 75-80% of the growth in the community can often be attributed to the expansion of the small business sector. This element of growth varies greatly in the location in the country and province. Location also dictates the activity level of the economic development service. For example the Toronto area has experienced incredible growth from 1985 to 1987 which has spread beyond the immediate boundaries of the Metropolitan Toronto area. In these areas the 75-80% small business growth factor can be questioned and would more likely be in the 50-60% range. Regardless, the small business growth sector does contribute a significant component to community growth and is a force to be recognized and assisted.

It is imperative to focus part of the Economic Development Department's activity on liaising with the small business sector. This could include scheduling meetings and personal visits to local businesses in order to get a better understanding of the community business composition. Preparation of newsletters can disseminate information and encourage networking between corporate citizens. Finally, participation in local organizations can increase the department's exposure while providing a major learning forum for staff.

Another possibility may involve the creation of single purpose advisory boards consisting of local expertise and knowledgeable professionals. Guidance and advice can bolster success to existing corporations and small businesses.

At issue here is corporate and local business

retention. Finding out the needs of existing companies permits the department to assist local industry. It makes the companies "Feel Loved". Other assistance can be provided by making use of certain provincial and federal legislation. For example, Bill 79 permits the establishment of a small business incubator. Here an environment is created to foster growth in the small business sector but a major element of success of such an activity rests in the department's liaison with senior government agencies and staff so as to provide the necessary funding and assistance.

Another area of liaison is lobbying. This is of particular importance when anti business legislation is passed by the politician. Such legislation can have a damaging effect on the community and its economic performance. Lobbying to convince Council they are salesmen for the community and have to portray a positive business attitude is of prime importance. Positive attitude can play a major part in establishing a positive image of the municipality in the eyes of the business community.

Liaison is difficult to measure but if narrowed down to activities, performance measures could include the number of industrial visits per staff person, involvement of staff in local committees or boards, number of enquiries to the advisory boards and the related success and failure rates.

Image

The final area of importance and the area I would like to stress the most is IMAGE. This is the area I feel initially requires conscientious effort and commitment. Image is recognition and attraction to the client. It is the image creation factor which first attracts these people, holds them and draws them to your particular community. It is this factor upon which success or failure is built. Often one innocent slip of the tongue can destroy years of work building up an image. A negative image that has been used to describe Scarborough, Ontario is "Scarberia". This press created description has taken years for the community to overcome and suppress. On the other hand positive images such as "I Love New York" can bolster pride and respect internally while establishing a positive image externally.

The first area of image creation is making outsiders and perspective clients aware of the municipality. This is done by advertising and marketing packages and the information package. Professional staff and politicians have to look upon themselves as ambassadors of the municipality. Positive outlook, professionalism and enthusiasm are underlying traits for these ambassadors. Once

this appropriate image has been created it has to be reinforced and enhanced.

Cutting red tape and streamlining the development application processes can have major positive effects on new businesses locating in the community. The Economic Development Department staff can act as a facilitator to guide the client in locating a suitable site, re-zoning or re-designating land, site plan and building permit applications. If the client is of significant importance a "Red Tag" system could be used in the municipality whereby those tagged applications are given priority and speeded through the process. Such a process was instrumental in locating the Japanese lighter manufacturer, Tokai, in Uxbridge Township in the Regional Municipality of Durham.

Take a close critical look at your municipality. Where can improvement enhance and upgrade industrial areas? Can PRIDE programs be used to upgrade services and aesthetics? These questions have to be answered and acted upon. The initial visual impact to your perspective client has to be the most lasting effect and can either attract or repel that business.

The establishment of a business advisory group and single purpose business development committees can create the positive internal business climate that allows businessmen to spread by word of mouth the positive elements of the community in which you both operate. It does not take long for the business community to know where they are wanted.

As one can see, the major parameters of an Economic Development Department overlap significantly and interact with one another. Not one of them stands alone but together they create the total package.

If there is one underlying factor of an Economic Development Department and the success in which it operates it is the amount of communication undertaken by its staff. The Economic Development Department has to have highly skilled communicators and communicators which are skilled in all levels of communication and its various channels. If you will note, every element of the areas that I have reviewed emphasize communication and feedback. It is particularly important to our area of development and professional expertise. The department is the information nerve centre of its body.

AND

It requires political and community support and commitment to function properly and effectively.