

Community Economic Development Action Strategies

This article looks at sustainable economic development action strategies based on a framework of six broad and inter-related approaches to local business, local economy and community capacity building.

Sustainable community economic development does not result from any "quick fix" measures. As outlined in Strategic Planning for Economic Development, there is a need to firstly explore the full range of development options and strategies before choosing an appropriate set of initiatives that are feasible. These should link the community's competitive advantages with possible economic and employment opportunities.

Too often, economic development has been viewed in terms of attracting new industries or establishing a conference centre, a tourism or technology park. Job creation through public works programs, is also often seen as an element of this "quick fix" thinking. Whilst these approaches may produce useful outcomes to some communities, they really only examine one part of their potential.

Both international and Australian experience regarding development options and strategies, consider that there are six broad and inter-related approaches for increasing economic and employment activity. These approaches provide a useful framework for considering development options and strategies. The six categories are:

- Retaining and expanding local business
- Fostering new enterprises
- Attracting industry, businesses and resources from outside the community
- Plugging the leaks in the local economy
- Enhancing the joblinking capacity of the community
- Marketing the community

Each of these approaches are dealt with in some detail in the following material.

Retaining and Expanding Local Business

The existing business base represents a key asset to any community, a resource that needs continuous affirmation and support. There is clear evidence that the majority of new jobs and the major proportion of economic investment in local communities come from the existing business base. The current business community represents the foundation on which new economic development can be built.

All too often, communities and Local Government Authorities in Australia and overseas, have directed their sole attention to attracting and fostering new enterprises, thereby ignoring many relatively simple actions which could support businesses and industry they already possess. Fortunately this attitude is changing.

Local communities are now supporting a wide range of initiatives that specifically focus on the retention and expansion of local businesses and industry, by engaging in actions that assist these businesses to improve their productivity and market share. Obviously, the greater the efficiency and profitability of local business, the more benefits, in terms of employment, they can return to their host communities.

Such support initiatives cover a wide range of possibilities including:

A) Organisation of **build your business** training programs aimed at developing enhanced awareness and skills in such key areas as:

- Organisational goal setting and business planning;
- Customer service;
- Merchandising;
- Marketing;
- Management practices;
- Performance setting and measurement;
- Business growth and diversification;
- Networking; and
- New technology.

B) Co-ordination of a **business and industry visitation program**, through which local businesses are regularly visited by a team of local experts, to discuss opportunities and identify problems. Such programs have the capacity to:

- Identify the specific needs and concerns of local business;
- Identify possible networking opportunities between local businesses, which could range from general support, to component supply;
- Ascertain the wishes and concerns of local business;
- Identify current and future labour market needs and determine training programs around these;
- Identify the symptoms of both the business problems and the potential for growth;
- Establish a receivership intervention program; and
- Provide information resources and a "business mentor" program, of specific relevance to local business.

Often the perceived limitations and problems of local business can be reduced or eliminated through referral to some form of local action group (eg Local Business Taskforce), or an appropriate technical support service.

C) Creation or strengthening of **local business networks/industry clusters** aimed at enhancing collaboration and sharing. Examples include:

- Formalised business networks;
- Regular informal business breakfasts and events;
- Business co-operation, where members barter goods and services;
- Joint-purchasing arrangements;
- Joint-tendering arrangements;
- Productivity enhancement, quality improvement and customer service initiatives, targeting specific industry sectors;
- Group marketing initiatives, including tourist trails which promote a range of inter-related business activities combining to make up a tour, eg antique shops, art galleries, gift shops, cafes, bakeries; and
- Large firm - small firm linkages, enabling small businesses to benefit from the knowledge and technology of larger enterprises and to identify potential component supply from small firms to large firms.

D) Development of **opportunities that enhance market share for local business**. Initiatives can include a range of actions and projects, from the creation of local opportunity awareness, through to the establishment of international business brokerage arrangements. Such activities may be

undertaken by a formal business network, eg Chamber of Commerce, a local trader group, or any specific-purpose business organisation. Examples include:

- Systematic and regular media promotion of local businesses;
- Creation of a local marketing fund for initiatives, including group-marketing brochures, maps and mailouts;
- Campaigns to raise awareness of export culture practices;
- Support for the diversification of product;
- Operation of a local products and services database;
- Promotion of "Buy Local" programs;
- Publication of a business investment opportunities directory;
- Establishment of a local contact or office in regions or countries in which there is potential for trade; and
- Development of the US concept of Subscription business, which involves pre-purchasing of goods and services to assist with cash flow and development costs.

E) Support and sponsorship of **best practice business activities** that acknowledge and reward business excellence. Examples include:

- Local business best practice awards programs;
- Identification of and support for local businesses suitable for state or national best practice programs;
- Maximising media coverage of local best practice; and
- The running of "enterprise weeks" incorporating competitions, awards, open days and seminars.

F) Development of **facilitative rather than regulatory attitudes and practices by local government** through initiatives such as:

- Highlighting the key role which Local Government can play in reducing business costs (rates, cost of services) and increasing business efficiency (provision of infrastructure and support services);
- Establishment of "one stop shop" arrangements for accessing business information and development approvals;
- Development of appropriate policies to facilitate trends in new business development, (eg home-based business, community markets);
- Exposure of Local Government officers and councillors to business and local economic development principles and practices, through the use of training courses, work experience and exchange programs; and
- Regular dialogue between business and civic leadership, especially regarding the needs and concerns of the local business community.

Fostering New Enterprises

There is a constant need for communities to be encouraging and supporting the creation of new business, to add value to existing products, to meet changing consumer demands or to capture sales which might otherwise go to other communities, regions or countries. New business, responding to previously unmet demand, means new employment and income, as well as expanded trading opportunities for other local business.

Local communities are increasingly implementing strategies and actions which seek to fulfil the common need of new and emerging enterprise, namely:

A) Promotion of new business ideas. Examples include:

- Monitoring and promotion of interesting business ideas from elsewhere;
- Organisation of "idea generation" workshops for local residents interested in exploring alternative employment/new business options;
- Organisation of new business competitions, particularly targeting youth, women, disadvantaged communities and also particular industry sectors; and
- Analysis of local consumer and business surveys to identify unfilled market gaps.

B) Development of enterprise skills. Examples include:

- Inclusion of specific education courses for enterprise development and business initiatives in schools and other education institutions;
- Regular media promotion of creative self employment options;
- Provision of regular training courses on themes associated with choosing and entering the self employment options; and
- Utilisation of business closure/redundancy situations to expose people to self-employment options.

C) Provision of business advice and counselling. Examples include:

- Establishment of a "one stop shop" service where prospective or existing entrepreneurs can access a comprehensive range of business counselling, training and brokerage services, to help with business planning, establishment and growth;
- Organisation of a local "mentor scheme" involving the linking of existing or retired business people with new entrepreneurs; and
- Promotion of regional, state and national business support programs and services.

D) Establishment of alternative finance mechanisms. Examples include:

- Creation of a local investment fund using the resources of individuals and businesses in the community;
- Seeking potential "angels" willing to invest in local projects;
- Establishment of group guarantee arrangements for small business finance;
- Creation of opportunities where government funds can be used to lever private investment; and
- Promotion of established State and Federal Government loan/grant schemes.

E) Provision of workspace. Examples include:

- Maintenance of a register of available business space (factories, shops and lettable space in large units);
- Provision of industrial land/parks/units; and
- Provision of a shared workspace/incubation complex, that provides a supportive business environment and a full range of services to assist new business establishment.

Attracting Industry, Business and Resources from Outside the Community

Bringing new investment and employers to a community adds to local employment and income, both directly and also through the "multiplier" effect. There are a variety of strategic measures which communities are utilising to achieve this. In addition, there is growing realisation of the importance of monitoring and attracting resources, (eg funding, new services, new government

programs and potential tourism opportunities). Being alert and organised to identify and "headhunt" such opportunities and sources of income, is a feature of economically vibrant communities.

The key areas of focus and action are:

A) Initiatives for opportunity identification. Examples include:

- Active involvement in industry and business associations and networks ensuring regular "intelligence" data on business movements and models;
- Conduct of a targeted search for businesses well suited to the community's aspirations, or interested in developing a local operation;
- Systematic monitoring of government project developments and funding schemes; and
- Identification and support for the attraction of unique collections, businesses and events.

B) Undertaking promotional initiatives. Examples include:

- Organisation of "A Great Place For Business" promotional campaign;
- Promotion of a community as a "centre of excellence" in certain industry sections; and
- Encouragement of residents to "invest at home".

C) Undertaking lobbying/brokerage activities. Examples include:

- Formation of economic organisations that can provide a local and/or regional focus for community action by Local Government, business sector and community organisations;
- Provision of relevant up-to-date information and analysis, regarding local business;
- Maintenance of a lobbying capacity for specific programs, projects, offices, facilities and other services which could be located in or near a community.
- Creation of a "one stop shop" in Local Government for fast-track processing of planning and development of activities; and
- Creation of a package of local/regional incentives and concessions to attract and support business activities in targeted sectors.

Plugging the Leaks in the Local Economy

Every dollar spent in the community, whether for retail or wholesale goods and services, or for staff and raw materials used in business production, contributes to the community's employment and income. A proportion of these dollars will be respent in the community, thus creating internal "multiplier" effects. Conversely, whenever a local resident or business shops or trades outside the community, dollars and their "multiplier" potential flows out.

The Rocky Mountain Institute in the USA has introduced the useful analogy of each community resembling a bucket of water. Water (representing dollars, salaries, investment dividends, pensions and grants) flows into the top of the bucket (into the local community from outside) circulates around the bucket (the buying and investing patterns of the community) and leaks out of the bucket through holes (buying goods and services outside the local area, profits to external owners of businesses, taxation). Obviously, the aim of any community is to maximise the inflow of resources, encourage its internal circulation and minimise (or plug) the leaks.

Communities are taking a variety of steps to limit such leakage and capture locally as many dollars as possible. Part of this development action is to emphasise local consumer loyalty. However, it also must involve helping local businesses to compete successfully, find local niches and local commitment through price, quality, range and service.

Examples of this strategy include:

- Co-ordination of "buy local" campaigns and promotions, promoting local businesses and their range of goods and services;
- Creation of new spending opportunities for local and regional residents, through the operation of community markets, auction days and community events;
- Regular identification and publication of local consumer needs, opinions and buying habits;
- Co-ordination of "matchmaker" initiatives to identify and link the input needs and production capabilities among local businesses;
- Regular identification of gaps within the business community and organisation of "head hunting" initiatives to fill such gaps;
- Examination of opportunities for and the development of support mechanisms for import substitution, value added products and product diversification;
- Provision of programs aimed at improving the merchandising and customer relations skills of local business;
- A policy of considering local tenders for the supply of goods and services to both local businesses and Local Government;
- Creation of local agency arrangements for different government departments and corporations;
- Formation or strengthening of business networks, (eg Chambers of Commerce, business clubs, women's enterprise networks, young entrepreneur clubs), to serve as catalysts to strengthen inter-firm trading and encourage industrial and government leaders to buy locally; and
- Organisation of regular community energy audits to identify ways to conserve energy expenditure and eliminate wastage.

Enhancing the Joblinking Capacity of the Community

Joblinking is concerned about the flow of local people into jobs. It focuses on the use of social networks and forms of community action that can:

- Support the job search process by unemployed people;
- Help fill job vacancies more quickly;
- Improve information flow regarding job creation assistance; and
- Help counter attitudinal reasons why some employers may not be increasing their workforce.

A successful strategy in this area which is often used, is where local agencies establish individual relationships between business and local job seekers, with the prospect of eventual job creation. A much celebrated use of this technique was the recent work of Lindsay Fox and Bill Kelty who, in the process of undertaking individual discussion with business and industry around Australia, are estimated to have created 55,000 new jobs.

A wide range of possibilities along these lines exist, including:

- Co-ordination of awareness and door knock campaigns, encouraging business to employ locally unemployed people in new jobs, or by using wage subsidy schemes. Such initiatives are often able to present a less bureaucratic image of government and community services, which can result in local employers getting involved;
- Organisation schemes that seek to maximise community involvement in local job seeking schemes;

- Creation of a local casual labour exchange that links unemployed and under employed people to casual work and hidden job opportunities existing within the community;
- Regular monitoring of national and regional employment and funding programs and the co-ordination of local efforts in attracting such resources to the local community to create local jobs; and
- Co-ordination of a local or regional group apprenticeship scheme, where a number of local businesses share apprentices or trainees.

Marketing the Community

Communities need to regularly undertake initiatives aimed at enhancing their appeal and image to potential visitors and new settlers. Communities are being ranked and evaluated today from every conceivable dimension - where to holiday, raise a family, look for a partner, start or locate a business, plan to retire, hold a conference or simply have a meal.

The challenge here is how to become an attractive choice through improving the image and appearance of the community and communicating the special qualities offered.

The key factors in any marketing strategy must be:

- Infrastructure (the range and appearance of local services such as transport, health and education facilities);
- People (the perceived friendliness and customer orientation of residents);
- Attractions (features and services which enhance the appeal of the community); and
- Image and quality of life (including environment, safety and livability indicators).

The importance of marketing in creating an immediate positive image is well expressed in the adage; "you don't get a second chance at a first impression!"

A whole range of strategy initiatives are possible in terms of influencing the visitation and settlement appeal of a community. The following are a range of possible strategy options, that with maximum community involvement, could be designed and implemented:

- A tourism strategy that focuses on:
 - how to increase the number of visitors;
 - how to increase the length of their stay;
 - how to increase the amount each spends; and
 - how to increase the amount each spends on local products and services.
- A strategy aimed at influencing the travel-break patterns of passing motorists, with attention to such variables as:
 - attractiveness and uniqueness of town entrances;
 - encouragement to key business to influence travel and stoppage patterns;
 - quality of townscape, services and infrastructure;
 - provision of attractive playgrounds;
 - accessible parking;
 - clear, co-ordinated and attractive signage;
 - attractive town entrances; and
 - tourist attraction through promotional material.

- "A New Settler Attraction Strategy" that highlights and enhances the appeal of the community, including features and options related to quality of life, eg housing, employment, infrastructure, services, enterprise opportunities and recreation;
- A strategy aimed at encouraging the elderly to remain or settle in the community through promotion of attractive lifestyle, infrastructure development and recreation option. Communities are becoming increasingly aware of the value of the "silver-lined economic base" being created by the increasing number of senior citizens who are healthy, financially secure and looking for satisfying recreations and lifestyle experiences in their retirement;
- A "Main Street" Strategy that seeks to enhance the business district's appeal by focusing simultaneously on:
 - networking/organisation of stakeholders;
 - design issues;
 - heritage conservation;
 - business development; and
 - promotions and publicity
- Formation of a town image committee to co-ordinate initiatives and promotion that reinforces the id and special features of the community to both its inhabitants and outsiders;
- Co-ordination of a calendar of special events;
- Formation of community beautification group/community landscape and gardening group, to design, implement and oversee beautification initiatives within the community; and
- A publicity strategy to continuously monitor publicity/media opportunities and highlight the community and its uniqueness to the outside world.

Conclusion

The quest for sustainable economic vitality must become a passion for local communities like yours, its leaders and residents.

Experience shows that many communities who have waited for opportunities to discover them, are still waiting. Those communities who have demonstrated a planned and purposeful approach to economic development have more often than not been successful.

The experience of these communities demonstrates:

- The need for a positive mindset, a belief in their future and their ability to create positive economic change;
- The identification of local leadership which is committed in terms of time and priority to the notion of community economic development;
- The development of a strategic outlook, in terms of both planning and action; and
- The commitment to a continuous search for best practice process, development options and resources and the ability to adapt them to their own community's requirements.

Economic development must become the business of every community. That is why the concepts and processes of community economic development are gaining such prominence locally, nationally and internationally. Given the ever changing threats and opportunities which are occurring at every level from local to global, communities must be alert to possibilities, strategies and resources, which will give them greater control over their own economic growth and employment generation.

Source: *Ready, Set, Go. Action Manual for Community Economic Development*, Municipal Association of Victoria. 1994.