



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

1984

STRATEGIC PLANNING FOR COMMUNITY
ECONOMIC DEVELOPMENT

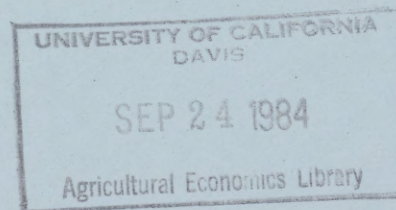
Philip Favero

and

John W. Wysong

Maryland Cooperative Extension Service
University of Maryland, College Park 20742

(Prepared for presentation at the American
Agricultural Economics Association meeting,
Cornell University, August 5 - 8, 1984.)



July, 1984

Economic development

INTRODUCTION

In 1982, the Maryland Cooperative Extension Service established a task force of county agents and University of Maryland faculty members to investigate this question: is there a role for an educational institution, like the Extension Service, to assist in the economic development of Maryland communities? After interviews with local and state officials, business leaders, local government association leaders, and citizens, the task force reached a consensus; Maryland communities needed help in planning for economic changes.

Task force members subsequently developed a program called Local Economic Options (LEO) to meet the Maryland communities' needs. After initial experimentation, LEO was designed using a strategic planning approach to economic change. The strategic approach was also written into economic development materials recently published by the International City Management Association and thus is available to communities outside of Maryland.¹

In this paper strategic planning is described and related to other approaches to community economic planning. LEO experiences in Maryland are reported and the paper concludes with considerations of the opportunities and challenges of applying strategic planning to community economic development.

STRATEGIC PLANNING FOR ECONOMIC DEVELOPMENT

Strategic planning originated as a business management tool and has been described as a method for organizations to take advantage of changing conditions.² Community organizations such as local units of government, neighborhood associations and business groups commonly face changing economic conditions.

Many economic changes are imposed on communities from outside. For example, structural shifts such as rising and declining industries affect community employment opportunities, property values and other components of the local economy. Similarly, regional demographic changes impose new public service demands on some communities and result in excess service capacity in others.

Other changing economic conditions are internally generated by communities. For example, local investments, the property tax structure and local public services all reflect decisions made, in large part, within the community. Strategic planning provides a method for local communities to assess changes in both the external and local economies and to take actions for making the best of those changes.

While individual applications of strategic planning will vary, a set of ten steps taken from the LEO program illustrates a standard approach. Assume that you have decided to assist an effort to promote economic improvements in a community. The following steps from the LEO program provide a way to proceed.

1. Legitimize your efforts. Economic development is in large part political. Therefore it is necessary before, during and after an economic

planning process to cultivate the political support and involvement of formal and informal leaders and a spectrum of community groups having an interest in the economy -- most commonly business associations, labor unions, civic clubs, minority groups and environmentalists. References for how to identify and involve participants can be found in standard works in community development literature. ³

2. Develop the educational program. Strategic planning for economic development is, in part, an educational process. Community participants will learn from each other and from outside resource people about economic development and how to make it happen. A series of meetings is the standard educational approach. Educational concerns for developing these meeting include obtaining the services of teachers and facilitators, recruiting participants, deciding upon methods to use at meetings, obtaining other resources such as facilities and equipment, and organizing the subject matter.

3. Create a mission statement. Organizing the subject matter for meetings involves setting some educational goals for the participants. An initial goal for the first meeting is for participants to reach a preliminary concensus for a group mission. For example, one group might consider its mission to be primarily advisory to local public authorities; yet, another group might decide it wants to implement projects.

4. Establish some economic development objectives. Each community defines for itself what its economic development objectives are. Some communities emphasize growth--more jobs and income. Other communities seek environmental and cultural enhancement. Still others strive for a more equitable distribution of material benefits through assistance.

to the disadvantaged. A balance of economic development objectives emerges out of community politics and policy making. That balance can be difficult to achieve not only because resources are limited and not everything can be done, but also because the objectives can conflict; environmental protection, for example, may impede growth. By asking a strategic planning group to establish some economic development objectives, participants gain insights about alternative views of development and about the balancing of objectives.

5. Select some key issues. Economic development issues involve areas of dissatisfaction, problems which the strategic planning group will want to tackle. Examples of local development issues are well known - common examples include inadequate job opportunities for a community's young people, a deteriorating central business district and an under-utilized potential for attracting tourists. Focusing on specific issues of interest to participants gives the strategic planning effort a practical problem-solving orientation.

6. Assess the external economic environment. The external environment to local economic planning includes forces at work in the state, regional and national economies which impact the local economy. Assessments can draw upon outlook and analyses of cyclical and, more importantly, of structural changes in those outside economies.⁴ Participants will gain insights about local problems by considering how the assessments relate to local issues.

7. Assess local economic conditions. Local economic conditions can be assessed by considering: available land, labor and capital; a community's quality of life; and local market conditions. These factors should be viewed from a private sector perspective by asking how they

enhance the initiation, retention and expansion of business. They should also be viewed from a public sector perspective by asking how they are influenced by local government policies.

Tools of economic analyses are useful for the assessment of local conditions. Export base, shift-share and input-output analysis are common methods of assessment. ⁵

8. Audit available resources. Resources for undertaking strategies to improve the local economy include: the ability of the local government to influence a community's economic conditions; local private donations of time, land, funds or other resources; and state and national development assistance.

9. Formulate, assess and select strategies to solve issues. This step moves participants toward the selection of specific actions (strategies). The step involves identifying optional strategies, estimating the resources necessary to carry out strategies, considering the benefits which strategies will provide and selecting a complementary set of strategies within the capacity of the group. Strategies can then be written into an action plan with details to show who will do what and when. Implementation can begin once an action plan is prepared and agreed upon.

10. Re-evaluate the plan over time. Re-evaluation provides information about how implementation is going. It may be necessary to overcome some initial mistakes by revising strategies and action steps. In addition, because external and internal conditions change as economies evolve, a new strategic planning cycle and action plan becomes appropriate over time.

TABLE 1

COMMUNITY	LEO COMMITTEES FORMED: COMMITTEE GOALS
1. Small Town #1	<p>Tourism: Provide more access to a historic mansion - attract bus tours.</p> <p>Beautification: Involve community groups in beautification projects.</p> <p>Museum: Obtain financial support for a historic museum.</p>
2. Small Town #2	<p>Parking: Provide more downtown parking for residents.</p> <p>Tourism: Promote town policies to cope with problems of trespass, litter, noise.</p> <p>Business Attraction: Attract new industries to employ local youth.</p>
3. Rural County	<p>New Business: Attract new employers.</p> <p>Existing Business: Assist the continuation and prosperity of existing businesses.</p> <p>Tourism: Assist and promote the hospitality industry.</p>
4. Urban Neighborhood	<p>Historic Preservation: Identify and market historic structures and locations.</p> <p>Capital Improvements: Promote a variety of neighborhood improvements.</p> <p>Social: Create social events and locations.</p> <p>Design: Develop an overall neighborhood theme and design; coordinate other committees.</p>

MARYLAND EXPERIENCES

LEO programs have been conducted in four Maryland communities -- two small towns, a rural county and an urban neighborhood. The small town programs were pilot efforts used to try various methods for community economic planning; in the rural county and urban neighborhood cases, strategic planning methods were systematically employed.

As the result of the programs, each community established a set of committees to implement action plans. Table 1 contains the list of committees formed in each community and the goals established for those

Results of the four programs reveal that program benefits have been correlated with the systematic use of strategic planning methods. In Small Town #1, the committees had limited success and are no longer active. In Small Town #2, the committees have had limited success, but continue to exist and have expressed ^{an} interest in meeting again to replan efforts.

In the Rural County,, all three committees are active, both in advising the county council, providing political support on some economic development policy issues and undertaking projects. For example, the New Business Committee has advised the council and supported policies to enlarge the county airport and extend sewer and water utilities. This committee is also organizing a meeting of businesses to promote expansion of defense contracting in the county.

The Existing Business Committee has advised the council and is providing support for more county efforts to train and educate workers.

The Tourism Committee is forming a county tourism council.

In the Urban Neighborhood case, the LEO group obtained about \$300,000 of Community Development Block Grant funds for sidewalk improvements. Signs are being built for neighborhood entrances, historic buildings are being identified to develop a tourist brochure and a historic fire pump house is being renovated as a tourist attraction and neighborhood social center.

CONCLUSION: OPPORTUNITIES AND CHALLENGES

Strategic planning provides several opportunities as a method for promoting community economic development. To its credit, strategic planning is:

- Methodical. That is, such planning provides an orderly method, with numerous private sector and, more recently, some public sector experiences.
- Policy Oriented. Such planning provides the opportunity for community groups to consider what the various goals of economic development are and what they themselves want.
- Flexible. Strategic planning was created to help organizations adapt to change. As such, it can help communities adjust to the rapid change evident in our present economy.

Nevertheless, the use of strategic planning in community economic development efforts involves some challenges. These challenges relate not just to strategic planning for community economic development in particular, but to community planning in general. Prominent among these challenges are:

- The continuing need for useful information. Employing strategic planning techniques requires accurate and insightful information about both the external economic environment and local economic conditions. Such information can be generated by: the planning group -- using primary and secondary data collection strategies; the Cooperative Extension Service or other outside resource people; and local government planners or economic development officials.

• Avoidance of participant behavioral problems.⁶ As with any group planning efforts, strategic planning is susceptible to undesired behaviors among participants. Such behaviors include, for example: resisting innovative ideas, considering the purpose of planning to be the plan itself, and fear of making mistakes.

• Keeping it democratic. Community economic development efforts are, in part, political. The tendency thus is to work with the more powerful members of the community so as to ensure political support. That tendency, however, runs the risk of ignoring the interests of disadvantaged (often less powerful) members of the community. Community economic developers using strategic planning and other planning methods should guard against excluding the interests of disadvantaged community members.

FOOTNOTES

- 1 Favero, P. and C. Farr. Local Economic Development: A Strategic Approach, International City Management Association, Washington, D.C. 1984.
- 2 For some salient publications on strategic planning for government organizations, see: Dodge, W. and D. Eadie, "Strategic Planning", Management Information Service Report, (International City Management Association), Vol 14, No.9, September, 1982; Ferris, N., "Developing a Strategic Advantage for your Community", Public Management, July 1983, pp. 16-18; Olsen, J. and D. Eadie, The Game Plan: Governance with Foresight, The Council of State Planning Agencies, Washington, D.C., 1982.
- 3 See for example: Beal, G., R. Blount, R. Powers and W. Johnson, Social Action and Interaction in Program Planning, Iowa State University Press, Ames, 1966; and Wallace, L., D. Hobbs and R. Veason, eds., Selected Perspectives for Community Resource Development, Agricultural Policy Institute, Raleigh, N.C., 1968.
- 4 Useful sources of information about the external economic environment include several government publications. Two annual publications are: Economic Report of the President, President's Council of Economic Advisors; and U.S. Industrial Outlook. Department of Commerce. Two monthly publications are: Monthly Labor Review, Department of Labor; and Survey of Current Business, Department of Commerce.
- 5 An introductory discussion of such tools is contained in Tweeten, L., and G. Brinkman, Micropolitan Development. Iowa State University Press, Ames, 1976, pp. 313-343.
- 6 Cf. Lyles, M. and R. Lenz, "Managing the Planning Process", Strategic Management Journal, Vol. 3, 105-118 (1982).

1
1