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STRATEGIC PLANNING FOR COMMUNITY  
ECONOMIC DEVELOPMENT

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## 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 concensus; 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.<sup>1</sup>

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