



Economic Development Investment Is Everyone's Business, Say Many

A business in need of a cash infusion usually turns to the bank or to venture capitalist. For an economic development organization that, say, needs to add staff or pump up its marketing efforts, a common approach is to increase its existing government funding. But a growing number are working with the private sector to raise funds from an economic developer's natural market - the business community and area governments.

Jay Garner, executive vice president of the Greater Chattanooga Chamber of Commerce, has become an old hand at it. Garner, an immediate past co-chair of IEDC, says that in virtually every job he's held since entering the profession in 1980, he's helped lead fundraising efforts for new initiatives. In each case, he was tasked with gearing up a program to compete more aggressively for new businesses and improve the business climate. "That always takes lots of money, and I'm proud to say that in every case, the local community has stepped up to the plate when challenged," Garner said. The result: He has wound up with increased program dollars that enabled him to do his job.

Others have had the same experience. Greg Wingfield, president of the Greater Richmond Partnership in Richmond, Va., was recruited to head that organization in 1994 and was immediately handed a brand new, five-year program and \$12 million that had just been raised to implement it.

The partnership, a nonprofit that represent Chesterfield, Hanover and Henrico counties and the city of Richmond, was a new entity at the time,

replacing a department that had been government-run with one that was funded equally by the public and private sectors. Wingfield said the new organization was more program-based and was "very much a joint venture, with strong private-sector influence." It also had ambitious goals and a defined time frame in which to accomplish them. And according to Wingfield, the goals weren't just met, they were exceeded.

Garner and Wingfield both said their fundraising campaigns were well-received by just about everyone, including the media. Wingfield is expected to wrap up another major campaign in 2004. Garner currently is in the midst of a four-year effort to gather \$9 million, targeted at four specific objectives: 1) \$5.7 million for "global business development," essentially international relations and marketing; 2) \$1.65 million for "employer solutions," e.g., business retention and expansion; 3) \$650,000 for workforce development initiatives; and 4) \$1 million for the Flexibility Fund, which is used for business incentives.

Bold programs with clearly funded goals

Howard Benson, CEO of National Community Development Services Inc. (NCDS), the Atlanta-based fundraising firm that helped both Wingfield's and Garner's organizations raise their program money, isn't surprised they've seen good results. "Unquestionably, getting the private sector engaged is critical not only to raising big money, but to economic success as well," he said.

Benson, who has worked with more than 300 economic development organizations since 1978, explained that there are several keys to raising large amounts of funds. The programs need to be bold and aggressive, with defined timeframes. The organization also must be held accountable for results. "Money is always available to get specific goals accomplished that have a clear return on dollars invested," Benson explained. This principle applies in large and small communities alike.

"It makes sense, doesn't it? Few businesses want to write a check to a department of city or county government," Benson said. But directly involve business in setting and achieving economic development goals, and business will regard your program as an important investment.

John Kramer used this approach in Great Falls, Mont., and previously in Fargo, ND. Fargo has consistently been cited as good place for business and has the track record to support its reputation. In Fargo, the economic development organization always used four-year strategic programs and the funds that came with them to "do more than just keep the doors open," he explained. "We had very focused retention/expansion programs and we were always marketing for new corporate relocations."

In 2001, Kramer was hired by the Great Falls Development Authority to apply the same formula there. The first item on his agenda was involving local business leaders and government officials in helping to develop a multi-year plan call "Founding the Future."

"We discovered that we'd need at least \$500,000 per year for four years to get the program accomplished," Kramer said. Rather than beg governments for modest funding increases, he presented them with an aggressive business plan and invited local businesses and government entities to invest in it. "I guess that's a basic entrepreneurial approach," he said. It's also one that he feels has worked well.

Dealing with the changing climate.

Not that the current economic climate and changes in the corporate landscape haven't impacted such campaigns. Wingfield and Garner both report that mergers and acquisitions have changed their constituencies; the office once occupied by the CEO of a locally owned firm is increasingly likely to be occupied by a branch

manager for a much larger corporation from someplace else. And of course, the current economic downturn has left less money in practically everyone's coffers, be they in the public or the private sector.

Wingfield noted for example that the main local power company is no longer involved in economic development, preferring instead to concentrate on dealing with the competitors the company didn't always have. So far, Wingfield has seen only a 1 percent drop during this campaign, but he said he worries more about the next one.

Mike McCarthy, president and CEO of fundraising consultants McCarthy & Associates in Winter Park, Colo., agreed. He's been in the business 15 years, and he sees bigger challenges now than before. "In 1998, you called three to four times to get an appointment" he said of attempts to reach potential funders. "Now you have to call 10 to 12 times." This makes it even more important to craft a reasonable strategy with clearly defined objectives and to make sure you attain the goals you drew up.

Garner noted that the communities seem to want much shorter time frames for campaign, and the program's progress. "Keep the message in front of them, so there will be no surprises, good or bad," Wingfield advised.

Benson agrees that times have gotten a bit tougher for economic development fundraising, but emphasizes that as approached by smart, aggressive practitioners, who aren't afraid to shake up the proverbial status quo, these public/private collaborations are wise investments.

"Come to think of it, if Warren Buffet hears about these go-go economic development operations, he just might want to invest a few million," Benson said.

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