



National
Community
Development
Services

SPECIAL REPORT

THE STRATEGIC INITIATIVE

***UNCOVERING MAJOR FUNDS FOR CHAMBERS OF COMMERCE AND
ECONOMIC DEVELOPMENT ORGANIZATIONS***

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The Strategic Initiative: A Successful Model

In the past two decades, development organizations in some of America's most successful communities have adopted a growth stimulation strategy that has transformed their local economies. Some of the dynamic and well-known cities utilizing this concept include Salt Lake City, Spokane, Atlanta, Phoenix, Austin, Raleigh/Durham, Tucson, Oklahoma City, Indianapolis, and dozens of other "first tier" cities. Among the energetic second or even third and fourth tier communities are such well-organized places as Fargo, ND; Tacoma, WA; Augusta, GA; Binghamton, NY; Tupelo, MS., and about 300 other small and mid-size markets. Recent statistics compiled by the Economic Strategy Center of Atlanta, Georgia, indicate that communities that have utilized this strategy to stimulate growth and tackle obstacles are growing at a rate of 11.6% vs. the national average of 4.4%. It is also encouraging to note that many of these communities consistently show up in the national media ratings as "best places", "most livable", or "tops for business".

Where it all begins: Addressing the Critical Issues of the Organization's Service Area

In order for any chamber or development organization's service area to change, develop or prosper it is historically true that stepped up action on a variety of opportunities and obstacles is needed.

Among the "generic" *opportunities* typically present in a community are those listed below:

- Position the community and the surrounding region positively as a location for new development
- Aggressively recruit "best fit" businesses that can pay better than average wages
- Become a magnet for "the best and brightest" employee talent
- Expand services to retain and expand existing businesses
- Increase positive national awareness of the region
- Create stronger public/private cooperation

Obstacles typically needing action might include:

- Low per capita income levels
- No consistent, professional marketing of the region
- Transportation deficiencies
- Lack of affordable single family housing
- Inadequate supply of "shovel ready" sites
- Education system requires major improvement
- Employers dissatisfied with labor force skills and availability
- Lack of public/private cooperation
- Overlapping or duplicating development organizations

Despite well-intentioned efforts over the years, many communities find that significant progress on these kinds of critical issues has been minimal. Meanwhile, business closures, buy-outs and

corporate consolidations have eroded the employment base while competition for good jobs and facilities has increased. As a result, a growing number of community leaders are recognizing that their region must be more strategic in its approach to sustaining and growing the local economy. A new approach has clearly been needed.

The “Strategic Initiative” Concept

The communities that have been most successful in building sustainable local economies have undertaken the community development process pioneered by NCDS called the “**strategic initiative.**” During the past 25 years, these initiatives have been pragmatically implemented in approximately 300 communities to capitalize on opportunities and aggressively remove obstacles to future economic prosperity. These strategic initiatives have most often been implemented over a four-year timeframe under the direction of new public/private partnerships led by chambers of commerce or economic development groups. These programs always set measurable goals, assure accountability for results and quantify the return on dollars invested to achieve the goals. Another hallmark of these efforts is that they *engage both the private sector and the public sector* in mutual commitment to accomplishing results. Such initiatives have been proven to sharpen the communities’ competitive edge in seeking quality jobs, new capital investment and an expanded tax base. They also mobilized critical resources and action on persistent roadblocks to development. Action items included in the strategies are wide ranging and are clearly of importance to those who are asked to underwrite them. No matter how broad, though, they stop short of becoming a “grab bag” of non-urgent community issues.

Differentiating the Strategic Initiative From “Business As Usual”

In most cases, the initiatives are given a strong identity of their own in order to emphasize the difference in the special program and ongoing “maintenance” programs of the sponsoring organization. Such names as “*Forward Together*”, “*Priority One*”, “*The Momentum Initiative*”, or “*The New Millennium Program.*” are typical. It is critical to differentiate the special program and to assure investors that this is not merely another income stream to enable the organization to conduct business as usual.

Implementing a Four-Year Strategy

Such strategic initiatives are viewed by community leaders as top priority civic agendas because *they* are the initiators and *they* participate in oversight and governance. The programs are able to avoid becoming politicized and are funded with both public and private investments. Various existing organizations sometimes partner with the organizing entity and commit to stepping up their efforts to achieve a *specific set of objectives in a specified timeframe.* Any additional funding these partners may require in order to generate greater results derives from the strategic initiative fund. This usually promotes cooperation, assures accountability, avoids overlap, and prevents duplication of effort.

Steps for Moving Forward

A strategic initiative calls for all partnering organizations to agree on major objectives and the resources required to reach them. A funding need is identified, along with other resources necessary for achieving the goals. An objective, professionally conducted feasibility analysis pinpoints the amount of funding available from all sources to implement the special program. The feasibility analysis cultivates prospective investors and also encourages eventual “ownership” of the plan among area leaders. An accompanying page in this Report outlines a normal timeline for accomplishing certain tasks to move the process forward.

Oversight and Governance of a Strategic Initiative

Those who are the major financial investors in the program (public and private) become the nucleus of the policy and oversight group. They usually emerge from the organization’s inner circle and from the highest levels of leadership in the community. This group is formed when the funding campaign concludes and it has become clear who should “be at the table” based on their investment and demonstrated commitment. The roles of this group – the *Steering Committee* – are typically to:

- Hold the “contracting” entities within the Initiative accountable for implementing their part of the plan
- Oversee distribution of funds to the “contracting” organization(s)
- Keep the strategy fresh and responsive to market changes and opportunities during its four-year span
- Provide regular progress updates and briefings to other investors

Major Funding Flows to Strategic Initiatives, But Money Is Only Part of the Story

For financially challenged non-profit development organizations, the fresh infusion of revenue is often the beginning a new era of effectiveness. But, increased funding is literally only the tip of the iceberg regarding the positive impact of a strategic initiative.



Typical Timeline

Week One

- NCDS meets with volunteer leaders and staff to:
 - Discuss concept, identify relevant community problems, issues and obstacles; review the ideas from any previous visioning or strategic planning
 - Determine if additional “partner” entities, agencies and organizations might participate
 - Set a date for a discussion with key players regarding the concept of community needs, and to gain agreement to participate as an “organizing task force”

Weeks Two & Three

- Meeting and Organizing Task Force comprised of leaders and staff from key organizations and agencies
- Task force determines to host a facilitated “action plan review” session involving other area groups and leaders

Week Four

- “Action Plan Review” session held
- Program draft devised containing goals, strategies and four-year costs

Weeks Five – Twelve

- Commence Feasibility Analysis to:
 - Interview and cultivate 65-70 prospective investors to gain their input
 - Identify an attainable funding goal to underwrite “*Forward Together*”

Week Thirteen

- If funding is deemed feasible, start fundraising process

Summary and Notes to this Concept Paper

1. The strategic initiative concept centers on meeting critical community needs, *not on* raising money for maintaining existing organizations.
 - Community needs drive the programs to address them
 - Scope of the program drives the resources (dollars, etc.) required
 - Funding need and campaign goal are based on defensible costs
 - Return on dollars invested is computed on expected gains/or losses prevented
2. The idea of strategic approach to solve specific problems has greater appeal to investors than “maintenance” of a struggling organization that is continually “nickel and diming” the same supporters.
3. Addressing specific problems lends itself to a clear return on *investment* proposal to prospective investors.
4. A bold initiative led by top community leaders who have a stake in the process will accomplish any reasonable set of challenges. A deeper and wider member base can then be attracted to an aggressive and focused core group with a vibrant program.
5. A strong (need-based) program is the bedrock of a successful funding effort. Consensus and buy-in to that program by top leaders (private sector and public sector) is critical for success.
6. A realistic assessment of the level of financial support available is imperative. The credibility of the organization hinges on its ability to accomplish a successful funding effort. Failure is not an option.