

IN the Spotlight:

Economic Development Lessons Learned

While the economy again struggles to regain its footing, it seems reasonable to pause and ask ourselves what's changed since the 1980s. What have we learned about developing our community economies? What can we control? What can we or should we be doing to help assure our future economic viability?

Economic development is complex, and there are no quick, easy solutions to the issues facing us at the moment. However, we have learned a great deal from the work of Indiana communities and our colleagues in the economic development profession. Perhaps past lessons can bring some perspective to the present economic situation.

Tapping the Best Leaders

Every successful community can point to the individual or individuals who are primarily responsible for its success. Conversely, struggling communities invariably point to lack of leadership as the main reason they cannot move ahead. True community leaders view a community as a whole, clearly see the interconnectedness of every component, and understand that economic development is not an activity isolated from the development of the entire community.

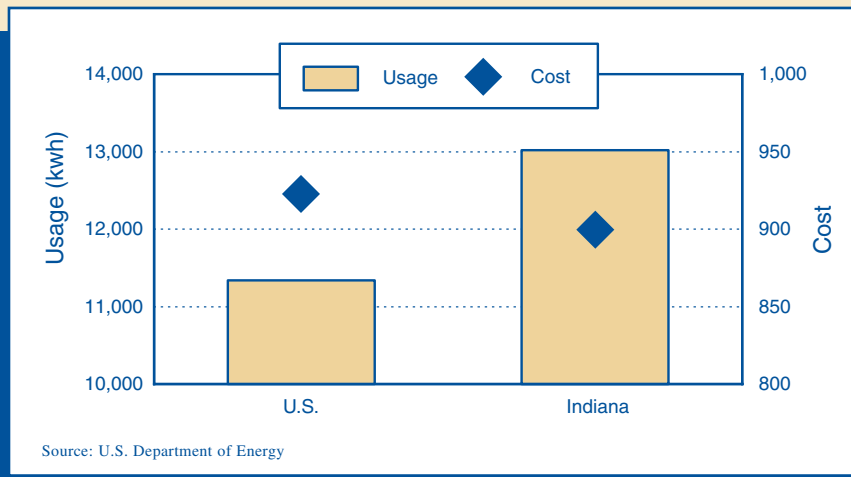
Creating Comprehensive Plans

Every community should develop — with citizen input — a comprehensive
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Indiana Employment Snapshot

Indiana households use more electricity, at lower costs, than the national average. See page 8 for details.



**Indiana
Unemployment
Rate for
August 2001:
4.0%**

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plan addressing land use (not just zoning), infrastructure, capital improvements, and community economic development. Such plans provide the framework for making development decisions. Planning helps avoid the wasted time and resources associated with ad hoc development decisions and can help mitigate the adverse impact of sprawl on Indiana's downtowns.

Retaining Existing Businesses

The majority of new jobs are created by existing businesses. Unfortunately, few communities have an organized program for retaining and expanding existing businesses. Many existing businesses with growth potential are unaware of the many local and state resources available to assist them. These businesses have changing needs, and the community must be in a position to meet them. Those needs may include more skilled workers, more advanced telecommunications, access to an airport, or better lifestyle opportunities. These attributes are developed over time, and only constant contact with local companies can keep a community fully informed of their growing needs.

Accepting Change

It's natural for some existing businesses to close or leave; these changes occur for a variety of reasons, often outside a community's control. Businesses compete in a global environment, are influenced by external economic pressures, and are subject to normal business cycles.

The Center for Economic and Community Development was created by the state legislature as the Indiana Economic Development Academy in 1984. The 1980s were difficult economic times, and our charge was to provide economic development education and assist communities in the organization of a proactive development effort. In the ensuing years, more than 1,200 practitioners completed our Indiana Economic Development Course, and the center worked with more than 35 communities to develop community economic development strategic plans.

There is little a community or economic developer can do to combat, for example, business consolidations, the movement of companies offshore, or business failures due to changing consumer preferences. The commitment of additional financial or other incentives only prolongs the inevitable.

Welcoming Start-Ups

Business creation is a high-risk arena, but new small businesses are a significant source of new jobs. Every business must start somewhere, and the more conducive the environment to business start-ups, the more likely they are to occur. Access to capital, expertise, facilities and mentorship are among the most essential things a community can offer.

Seeing the Big Picture

Economic development happens at the local level, but there are no local economies. Economies are regional, and the most valuable information a community can have is a true and accurate picture of its regional economy. Along with pertinent demographic information, a regional analysis should identify existing industry groups and indicate whether those groups are stable, growing or declining. By further identifying

buyers, suppliers and other related businesses, a community can invest its time and money supporting and attracting the types of businesses that clearly fit into the regional economy and, as such, are far more likely to stay or move there.

Forming Partnerships

Given that economies are regional, it makes sense to coordinate economic development within regions. This often means local organizations partnering with each other and with regional entities, such as the state's Workforce Investment Boards. For example, in some regions in Indiana, local economic development organizations have formed regional groups to conduct economic development marketing.

Unlike the environment of the 1980s, each region of the state is now served by numerous organizations whose mission includes some aspect of community and economic development. Yet, in many areas there is still a traditional unwillingness to partner, and there are many very small and under-funded local organizations who individually can have little effect. It is probably unrealistic to assume that local organizations will disappear, but coordinating their efforts is

essential if real progress is to be made. To maximize scarce resources is to maximize their impact. It is especially important for the poorer areas of the state to put aside differences and form partnerships to address issues from a regional or multi-county perspective: planning, economic development marketing, economic development strategy, telecommunications infrastructure development and transportation development, to name a few.

Enhancing Quality of Life

Economic development is not just about creating jobs! It's about building communities — physically, economically, socially and culturally. Aside from their specific business-related needs, companies want in their

communities what citizens want in their communities. Companies have many choices about where to locate a new operation. Overall quality of life and lifestyle are far more important to them now than at any time in the past and are often far more important than any economic incentive a community may offer. Research tells us that the high-tech and the highly educated workforce have a strong preference for communities that are broadly diverse and offer a wide variety of recreational and cultural opportunities. Lifestyle is important to today's workforce, and, consequently, it is important to their employers.

A good economic development program is based on good research, a clear understanding of the regional

economy, and solid strategic planning. It focuses on the development of local business; utilizes realistic, targeted marketing; and promotes the wise and strategic use of economic development incentives.

That said, the best economic development efforts cannot overcome significant community shortcomings. The development of the total community should be the single most important focus of community leaders who want to affect their long-term economic viability.

— Elaine M. Fisher
 Director, Center for Economic & Community Development
 School of Continuing Education & Public Service, Ball State University

Energy Savings from Waste Reduction and Recycling

Waste reduction and recycling reduce energy consumption. Here are some examples:

- ♻️ All new steel contains recycled steel. The basic oxygen furnace uses a minimum of 25% steel scrap to make new steel, while Electric Arc Furnace mills use essentially 100% scrap. Every ton of steel recycled saves 2,500 pounds of iron ore, 1,400 pounds of coal and 120 pounds of limestone. Through this recycling effort, the steel industry saves the equivalent energy used to power about 18 million households for a year (Source: Steel Recycling Institute, 2001).
- ♻️ Aluminum beverage cans have an average of 55% recycled content. Aluminum recycling is a closed-loop process, saving 95% of the energy

- needed to produce aluminum from ore. From recycling through reclamation and production, it can take as few as 60 days for an aluminum beverage can to be back in a store for consumer purchase (Source: The Aluminum Association, Inc., 2001).
- ♻️ One ton of paper made with 100% recycled paper saves the equivalent of 4,100 kilowatt hours of energy, 7,000 gallons of water, 60 pounds of air emissions and 3 cubic yards of landfill space (Source: American Forest and Paper Association, 2001). Recycling newsprint results in an almost 40% reduction in total energy demand compared with virgin fiber use (Source: National Resource Defense Council, 2000).

- ♻️ Nearly 25% of the glass used to make bottles and jars has been used before, recycled and remanufactured. Every ton of recycled glass used to make new jars saves the equivalent of 10 gallons of fuel oil (Source: Glass Packaging Institute, 2000).
- ♻️ Recycling three different grades of plastic shows a net energy reduction in the range of 70 to 80% compared with manufacturing similar products from virgin oil. Recycling a ton of plastics saves the equivalent of 10.2 to 11 barrels of oil, depending on the grade of plastic being recycled (Source: National Resource Defense Council, 2000).
- ♻️ See the next issue of *IN Context* for more information on the economic impact of recycling and reuse in Indiana.