

# CREATING ECONOMIC OPPORTUNITIES

SUMMER 2000

## **IDEAS YOU CAN USE: AN IMPROVED SYNTHESIS OF ECONOMIC DEVELOPMENT IDEAS**

In a past newsletter, the *Harvard Change Model* has been presented. This essay will present a revised version and expand on it.

**First:** The *Harvard Change Model* is shown below:

$$C = (D \times V \times P)$$

Where **C** = Change

**D** = The level of discontent with an organization about an issue,

**V** = The power of the vision created to resolve the issue,

**P** = The quality of the plan to resolve the issue and realize the vision.

**Next:** Below is the revised and expanded model for community economic development:

$$ED = (A \times V \times P \times R)$$

Where **ED** = Economic development measured by improvements in economic opportunities;

**A** = Attitudes and values that contribute to a progressive community, such as a sense of optimism about the future, a willingness to explore new opportunities, a bias for action, and a belief that everyone's welfare matters;

**V** = A powerful vision, supported by the community leadership, that energizes, unites, and motivates the community;

**P** = A well-constructed plan to realize the vision that leads to actions;

**R** = A set of resources that can be used to implement the plan.

If any of these four key variables have either a zero or negative value, the community will not develop, and the quality of life will not improve. Communities, like other organizations, are either progressing or regressing.

The pace of the changing environment allows only these two dynamics to exist.

The rest of this essay will discuss the **R** and **P** variables.

One simple system of categorizing all resources for community economic development is captured in these five letters: *HEMFS*.

1. **H** stands for *Human Capital*, which is the collection of all skills and knowledge of a group.
2. **E** stands for the *Environmental and Natural Resources Capital* with which humans are endowed.
3. **M** stands for man-made or *Fixed Capital* that is human engineered and built to enhance our lives.
4. **F** stands for *Financial Capital*, all the different types of financial capital used in the development process.
5. **S** stands for *Social Capital*. It is defined as the amount of trust and the quality of working relationships across organizations that enhance the local decision-making environment.

It is not enough that communities have access to all these important resources. The

other variables have to be in place and work properly.

This brings the discussion back to the **P** for a plan. Who would start to build a house without a set of blueprints? Who would start out on a European vacation without a planned itinerary? Yet, millions of dollars are thrown at economic development based on some set of poorly conceived of strategies.

Here is a classic one: "Let's build an industrial park on Mr. Shurle's farmland on the north edge of town and then recruit a manufacturing firm that will employ 150 of our fine workers."

This plan is often hatched before determining if there is any excess labor in the labor pool or before contacting the state department of commerce to determine the probability of attracting an outside firm to the community. The idea may have been agreed upon by a small group before talking to Mr. Shurle or the city manager.

Communities that take the time to do their homework by developing a realistic, **vision-charged, strategic plan for action** will be the ones that progress. They will stand out among their peers as model communities.

Remember, there is more than one strategy for economic development. The five that have been developed at K-State are the following:

1. *Retain existing firms and help them expand*
2. *Help new firms get started*
3. *Improve the linkage between local buyers and sellers*
4. *Capture outside dollars*
5. *Attract outside firms*

**STATs YOU CAN USE: THE 1998-99 STRENGTH INDEX**

The latest statistical report gives Kansas readers a chance to compare the prosperity of their home counties with the information in the previous essay. What is helping propel your community forward? What is holding it back?

Again, Johnson County ranks first in the state. This is no surprise.

However, some surprises have been found.

But, before getting into the surprises, look at the enclosed map, and you will see where your county ranks. The top ten counties are, in order, Johnson, Saline, Ellis, Miami, Wichita, Douglas, Shawnee, Stanton, Sedgwick, and Jackson.

Compared to last year's report Jackson County moved into the top ten and Haskell County dropped out. Miami County moved up from the ninth position to fourth. Wichita, Shawnee and Stanton counties moved down one rank. Finally, Sedgwick County moved up one rank. (See the accompanying map.)

By re-estimating the living patterns of active duty military, based on new information provided by Ft. Riley, six counties are more accurately ranked. These are Clay (38), Dickinson (46), Geary (56), Morris (68), Pottawatomie (33), Riley (34), and Wabaunsee (24).

The counties that have improved in rank by 10 or more ranks since 1995 are Atchison, Brown, Crawford, Clay, Dickinson, Ellsworth, Franklin, Jackson, Labette, Lincoln, Logan, Lyon, Mitchell, Montgomery, Morris, Nemaha, Norton, Osage, Ottawa, Pottawatomie, Reno, Riley, Rooks, Rush, Sumner, Wabaunsee, and Wichita.

To read the complete report, CD Study # 198, go to the following url:

[www.agecon.ksu.edu/ddarling](http://www.agecon.ksu.edu/ddarling)

## NEWS YOU CAN USE:

The newsletter editor, David L. Darling, starts a five-month-long sabbatical leave as of August 5<sup>th</sup>. He will be back to work in early January. Please contact his secretary, Sabrena Field, for assistance. Call 785/532-1502 or write her by e-mail: [sfield@agecon.ksu.edu](mailto:sfield@agecon.ksu.edu)

### *A PEARL COLLECTION*

*"Destiny is not a matter of chance, it is a matter of choice. It is not something to be waited for, but something to be achieved."* **Williams Jennings Bryan**

## DATE BOOK:

The annual *Four-State Heartland Community Development Conference* will be held in Fayetteville, Arkansas.

**Topic:** *Transportation in the Heartland: Emerging Developments and Community Response*, featuring U.S. Secretary of Transportation, Rodney Slater

**When:** November 2 and 3, 2000

**Where:** The Clarion in Fayetteville

**Convention Fee:** \$65

**Who Should Come:** This conference - sponsored by the Extension Services in Arkansas, Kansas, Missouri and Oklahoma - is for community leaders and those involved in community development in the four corners of each state. See our web-site to learn more:

[www.uark.edu/gmss/hartland2000](http://www.uark.edu/gmss/hartland2000)

Send check, made out to The Heartland Community Development Conference, to the 4-State Heartland Conference, HOEC 118, University of Arkansas, Fayetteville, AR 72701

The next *National Small Stores Institute* will be held in Nashville, Tennessee, for

those who are involved in educating and assisting retail businesses anywhere in the United States.

**When:** October 29 through November 1

**Where:** The Club House Inn

**Institute fee:** To be determined

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