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Capstone Project

Analysis of the Comprehensive Economic Development Strategic
Planning Process as a Strategic Planning Document

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Introduction

A well produced strategic plan can lead an area or organization to great success if designed and implemented correctly. The purpose of this document is to determine if the Comprehensive Economic Development Strategy (CEDS) process is the most effective method of strategic planning for a region and if it produces an effective product. An effective strategic plan would provide citizens, local leaders, and economic development organizations a guideline to direct them in the necessary steps to achieve the region's goals. If the following analysis suggests that the CEDS process is not the most efficient manner in which regions should be planning, recommendations will be made for the administering organization's consideration.

Background

Description of the CEDS Process and Administering Organization, EDA

The Economic Development Administration was founded in 1965 as the only federal government agency solely dedicated to economic development. According to eda.gov,

The U.S. Department of Commerce's Economic Development Administration plays a critical role in fostering regional economic development efforts in communities across the nation. Through strategic investments that foster job creation and attract private investment, EDA supports development in economically distressed areas of the United States.

One example of EDA's strategic investments is Development Districts and equivalent organizations across the nation and their development of planning documents such as the CEDS. The CEDS document is designed to bring together public and private sectors in the creation of an economic roadmap to diversify and strengthen regional economies.

Goals of Analysis

The goal of this report is to evaluate the similarities and differences between the CEDS document and a strategic plan. Information from Dr. Kolzow's Strategic Planning for Economic Development course through the TN Certified Economic Developer program, as well as other strategic planning resources, will be used to evaluate the CEDS process. The best features of both processes will be determined and any potential suggestions to improve the CEDS process, if it is not already the most effective method, will be identified.

Description of Primary TCED Courses Applied in Analysis

Dr. Kolzow has presented at several of the University of Tennessee Center for Industrial Services' TCED (TN Certified Economic Developer) courses including TN BASIC, Marketing & Attraction, and Strategic Planning for Economic Development. The Strategic Planning course was held in June 2015, conveniently in the middle of the preparation of the Upper Cumberland region's Comprehensive Economic Development Strategy. The strategic planning course walked through each piece of the process and provided valuable information about the development of a strategic plan. The nature of the CEDS document was brought into question during the session. Can a comprehensive strategy be a strategic plan? The resulting discussion prompted the selection of this capstone analysis. The strategic planning course addressed visioning, mission statements, goals, objectives, and action items. The course evaluated who should be involved and provided suggestions for managing the strategic planning process. Many of the TCED courses provided information relevant to this report, but the Strategic Planning for Economic Development course will serve as the primary reference in this CEDS analysis.

Project Description

Analysis of the Comprehensive Economic Development Strategy Process as a Regional Strategic Planning Document

Identification of Stakeholders and Partners in Development of the CEDS

As part of the CEDS process the Comprehensive Economic Development Strategy Committee was formed for the development of the Upper Cumberland region's 2015 CEDS document. The committee was made up of private and public sector representatives from across the region. The broad spectrum of committee members provided a diverse and comprehensive representation of those who live, work and do business in the Upper Cumberland. Committee members included a small business owner, a banker, a telecommunications representative, a representative of the local workforce development agency, a representative of the region's only university, a minority representative, and several local elected officials.

In addition to the CEDS Committee, the Upper Cumberland Development District hosted economic development strategy sessions in each of the 14 counties. Many local individuals were invited including city and county mayors, chamber directors, IDB representatives, and local communities were encouraged to include all others they felt would add value to the meetings. Additional individuals were recommended such as public works directors, school superintendents, utility providers, and all others who are involved in economic and community development efforts. Regional partners including ECD, TVA, TDOT, TDEC, USDA Rural Development, UCHRA Workforce Investment Act, MTIDA, area legislators, and the Upper

Cumberland Tourism Association were represented at each meeting. The meetings were designed to bring together all organizations that work in economic and community development on a daily basis. The communities were led through a series of subject matters discussing as a group their current programs and issues as well as their plans for the future. The broad representation of organizations present ensured that all issues brought to light had the necessary resources, or access to, available at that meeting.

The meetings were very successful and had strong participation from local leadership and regional partners. The issues raised and the goals established at these meetings will serve as marching orders for the regional partners in how to assist each county and will provide a guideline for local leadership to strive for throughout the upcoming year. Follow-up meetings are being scheduled for specific items of interest and will be monitored throughout the year. The information gathered at these meetings played a large role in the development of the Upper Cumberland region's 2015 CEDS.

The CEDS committee conducted an analysis of the current economic environment. A S.W.O.T. analysis and cluster analysis provided valuable information about the region and led in the committee's selection of four primary goals for the five year plan. The four goals were analyzed and objectives and action items were developed for each.

Identification of Stakeholders and Partners in Development of a Strategic Plan

Similar to the CEDS process, a strategic plan requires the input of local leadership. There is a variety of methods to collect this information including individual visits with local leaders or

hosting a leadership workshop. There is much debate as to the involvement of citizens and volunteers, but local leaders have been elected to serve the citizens and who will oftentimes have the best background to provide guidance for the future. In some instances it is beneficial to include other community leaders, such as a respected businessperson, if they can offer an unbiased critical eye and provide necessary perspective to the planning process. Limiting the size of the group and ensuring that the facilitator keeps the meeting on topic is imperative.

Timeline Identification

Every community or region will move at a different pace, but the CEDS process and strategic planning process will typically flow at about the same rate. The process of both documents involves several meetings to analyze the region and identify priorities in order to establish goals and action items. Dependent upon the level of local involvement you seek and the extensiveness of the document you wish to create, the length of time spent in development may vary.

Implementation

The purpose of a working document is to be flexible and adaptable to current situations. The CEDS and a strategic plan have a very important similarity associated with the implementation. At any point during the life of a strategic plan it may be changed. According to Dr. Kolzow a “strategic plan should never be [considered] written in stone”. Similarly, the CEDS process requires annual updates. This forces communities to evaluate their designated performance measures and analyze their progress. If the economic environment has shifted, new goals and objectives may be selected.

Desired Outcome and Purposes of the CEDS and Strategic Planning Processes

The desired outcome of the CEDS - Speaking with individuals who have been involved in the development of the CEDS documents for many years it appears that the CEDS process was previously formatted quite differently. Most regions in the past included a list of every potential project any of their communities may request funding assistance from EDA. The TACIR (Tennessee Advisory Commission on Intergovernmental Relations) was a popular source in Tennessee as it inventories projects in all phases of development including conceptual, construction, and completion. This approach was very comprehensive, but did not provide a very useful plan and would not be considered a working document that could lead a region to their desired goals. Most CEDS reports contained lengthy sections of background and a number of appendices causing the document to occasionally reach more than 200 pages. Though thorough and informative, this type of document will not likely ever be read by local individuals much less put into action.

The Economic Development Administration has taken note of this trend and begun implementing required changes. EDA has requested that reports be reduced to approximately 25 pages (excluding appendices). There is also a new requirement to conduct a S.W.O.T. analysis on the region and to address the issue of resiliency. Possibly the most significant change to the CEDS document is the request for communities to move away from the laundry list of wish-list projects and select 3-5 priorities for the region as a whole.

The desired outcome of a strategic plan - BusinessDictionary.com defines strategic planning as “A systematic process of envisioning a desired future, and translating this vision into broadly

defined goals or objectives and a sequence of steps to achieve them”. An article found on Forbes.com lays out the Five Steps to a Strategic Plan. Though the article is addressing small businesses; however, the principle is the same among communities planning for economic development. The article states “A strategic plan looks at all the things your small business could do and narrows it down to the things it is actually good at doing. A strategic plan also helps business leaders determine where to spend time, human capital, and money”. The key phrase in this statement is to narrow down the focus. As with most small businesses, communities also have limited time, money, and human capital. A strategic plan is designed to help communities narrow their focus to the top 3-5 priorities and lay out an achievable plan of action. If implemented correctly the community is able to return a few years after developing the plan, having completed each item, and then select the next 3-5 most important goals.

Similarities and Differences between the Two Processes

The CEDS and a strategic plan are similar in several ways. As noted above, both the CEDS and a strategic plan require involvement from key leaders, must be adaptable, and typically follow a similar sequence of events. The primary difference in the two processes lies in the difference between a comprehensive and strategic plan. By definition, something that is comprehensive includes many, most, or all things. Likewise, one definition of strategic is “of great importance within an integrated whole” and a strategic plan requires you to look holistically at the options and select those of the greatest importance. A strategic plan requires the selection of the top priorities.

The essence of a strategic plan, as Dr. Kolzow describes in his Strategic Planning for Economic Development course, answers three questions: 1) Who are we? 2) Who do we want to become? and 3) How do we get there? In the past, the average CEDS document was designed to answer where have we been and what projects we would like financial assistance with to move us further down the line. These examples directly reveal the core difference between a comprehensive and strategic plan and illuminate the irony of the CEDS name containing the word comprehensive as EDA tries to revamp the process to result in strategic plans. According to Dr. Kolzow "strategic planning is focused and targeted, not comprehensive".

Results and Lessons Learned

Opinion of Value of the CEDS Document

It is my opinion that the new requirements of the CEDS document are leading it in the right direction. EDA is attempting to narrow the focus of the document, reduce its length, cater to the audience, and have the regions create a usable strategy. This shift directly conflicts with the name, comprehensive, as it asks communities to evaluate holistically but then select only the top priorities that will impact the entire region. Although a different approach than that of previous decades and a distinct separation from the document's name, it appears that the CEDS process is now more closely aligned to an approved strategic planning process. The success of these changes remains to be seen, but individuals should feel much more confident in their region's ability to deliver an effective plan when implementing lessons learned from the TCED courses and the new guidelines put in place by EDA.

Recommendations for EDA and Communities Creating a Strategic Planning Document

It is recommended that regions developing a CEDS document implement the new requirements. Each suggestion is a motion to align the resulting CEDS document with a strategic plan which has a greater history of success. If the leading organizations will take the process of developing the document as seriously as the end result and then focus their efforts on implementation they are sure to see regional improvements.

EDA has taken the appropriate steps to transition the CEDS document into a more effective and useable strategic plan. Through this analysis, expectations have shifted significantly. At the start of this evaluation it was anticipated that recommendations for EDA would be identified to improve the CEDS process. It is now evident that the CEDS process, as currently designed, is set up to create an effective planning document and it is now up to EDA to use this clearer focus to instead analyze EDA programs.

The Upper Cumberland region's four goals were workforce development & education, resiliency, broadband expansion, and an increase in tourism expenditures. Many of these projects and programs will not be eligible under existing EDA funding programs. While the regions understand that EDA is not the only source of financial assistance and were also encouraged by EDA to plan for a variety of funding sources throughout the implementation plan, EDA will now have a very precise snapshot of the needs across the nation. These communities cannot control their needs to fit the programs EDA has available, but EDA has the opportunity to adjust the programs it provides to meet the needs of the regions. It is recommended that EDA carefully evaluate each CEDS report that is submitted and identify trends across the nation. In

what areas do the majority of these regions struggle and in what areas do these regions want to advance? EDA must evaluate how programs can be adjusted, expanded, or created to serve a majority of stakeholders.

An additional method EDA may want to consider is to host listening sessions across the nation which would allow stakeholders an avenue to provide input on the most valuable programs. One concern that is often heard is that EDA now requires all grant funds be tied directly to job creation. While this is an excellent goal and an admirable mission, it greatly limits the successfulness of very beneficial projects. Many projects are designed to promote job creation in the future. The Upper Cumberland region's goal of workforce development is a prime example of programs and projects that will improve the existing workforce, but it would be impossible to prove the number of jobs that will be created or retained as a direct result of the initiatives. Enlisting a job requirement with a grant application does not allow room for discretion among application scorers and eliminates the feasibility of many projects that would promote economic development especially in rural regions such as the Upper Cumberland.

The final lesson presented by Dr. Kolzow at the Strategic Planning for Economic Development course made a significant impact. It is accurate to conclude, as Dr. Kolzow said best, "It is the successful transformation of the community that is ultimately important; not the successful implementation of the plan." Lessons learned through the Certified Economic Development Courses and this analysis will better prepare individuals to lead their communities through effective comprehensive economic development strategies and strategic planning efforts in the future.

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