
Peer Interview Summary

Prepared for
Waukesha County Economic Development Corporation
Pewaukee, WI

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Project Purpose

The purpose of this project was to gather relevant information that will assist the Waukesha County Economic Development Corporation (WCEDC) with redefining its future vision and direction. The information will feed into a modified strategic planning process that will begin to bring the corporation in line with current and future member needs.

Methodology

For this portion of the project, Sturiale & Company conducted in-depth personal interviews with 12 recognized economic development leaders in the State of Wisconsin, as recommended by the Wisconsin Economic Development Association (WEDA)—the professional ED association in the state. Each individual received an introductory letter on WCEDC letterhead, signed by Bill Mitchell, WCEDC president. The letter outlined the purpose of the project and encouraged individuals to participate. Following receipt of the letter, Sturiale & Company contacted individuals to ask their interest in participating and to set appointments. All 12 “primary” candidates accepted the invitation.

ED leaders interviewed included the following:

- John Bechler, Kenosha Area Business Alliance
- Craig Carlson, Eau Claire Area Industrial Development Corporation
- Brian Doudna, Portage County Business Council
- Paul Ehfurth, Advance, Green Bay
- Nancy Elsing, Columbia County Economic Development Corporation
- Rita Elver, Platteville Area Industrial Development Corporation
- Scott Fergus, Community Housing Initiative (Waukesha), former ED director in Racine County
- Karna Hanna, Sauk County Development Corporation
- Steve Houese, Economic Development Corporation, City of New Berlin
- Gordy Kacala, Racine County Economic Development Corporation
- Roger Nacker, Wisconsin Economic Development Institute (formerly with WEDA and DOC)
- John Ramer, Fond du Lac County Economic Development Corporation

Jo Anne Sturiale, a trained interviewer, conducted 11 interviews by phone and 1 in person (Roger Nacker). Interviews took place November 13 – Dec. 4, 2000. Each interview lasted one to one-and-a-half hours and was guided by a discussion guide prepared by Sturiale & Company and approved by WCEDC. All interviews were audiotaped and transcribed. The final report was prepared using the transcripts.

As a way to thank participants for their time, each person was promised a copy of the summary.

Executive Summary

ED Corporations are connectors of people and ideas.

One of the most important functions of an economic development corporation—despite its size—is to be a connector and initiator—bringing people and ideas together to address a problem, deal with solutions and set up strategies.

- Economic development corporations are ideally suited to be visionaries for the business community.
- ED corporations should be focused on tomorrow, as businesses are focused on the problems of today.

ED corporations are good at finding ways to bind initiatives to a community.

- They get the conversation going, show what's possible, find leaders to carry on the charge and divide up responsibilities.
- Sometimes they lead the cause, other times they support it.
- Because of their connections in the community, they know who should be included in discussions.

ED corporations often serve as a central information reservoir and clearinghouse.

- They know about technical information and sources.
- They've developed a network of trusted individuals.
- EDCs link individuals together.

ED corporations bring the voice of business to the table.

- They often represent the needs of business on task forces, committees, boards.
- They serve as the conduit of information between business and other organized groups.

ED corporations have strong feedback infrastructures.

ED corporations are pros at gathering, processing, integrating and acting upon information.

- Information gathering occurs at a variety of levels---from a very formal strategic planning process to face-to-face meetings at an employer's place of business.
- ED staff constantly looks for new patterns and pieces of information that will keep their programs vital.
- The constant stream of information into an ED corporation helps to keep it flexible to change.

ED corporations “keep their finger on the pulse” in a number of ways. Examples, from the most to least complex, include:

- Strong strategic planning processes that tap the ideas of community leaders.
- Formal surveys of businesses on issues like retention rates, employee needs, equipment and building needs, international marketplace issues).
- Information garnered from managing the revolving loan fund and observing the issues of businesses involved.

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- Face-to-face in-depth interviews with businesses using an open-ended approach.
 - Workplace visit programs with investors or major businesses in an area.
 - Employer interest in breakfast meetings (# of attendees)

Strategic planning processes, in particular, are viewed as a vital and critical mechanism for keeping on top of changing issues and to reach consensus on the organization's focus.

- All but one of the corporations have strong strategic planning processes in place and revisit them every two to three years.

The benefits of strategic planning are many.

- It forces corporations and their board of directors to give serious consideration to the global problems and issues affecting a community.
- It enables a corporation to change priorities, based on the current and anticipated needs of employers.
- It gives ED directors permission to pursue agreed-upon directions.
- It allows an ED director to evaluate whether the corporation will participate in new opportunities that arise.
- It allows for resource deployment.
- It enables a wider group to have buy-in.

Nearly all said that one of their first functions when starting their new positions with an ED corporation was to engage the corporation in a strategic planning process.

One organization—the Portage County Business Council—has an interesting twist on how it conducts its strategic planning process. It consists of several steps.

- First, the staff goes through a process of identifying its “MENU” of services-- Mandatory, Essential, “Nice” to do, and Unessential programs—making recommendations on which services should stay and which should be eliminated.
- Next, the staff surveys its 520 members to find out what they feel are their top business needs and concerns.
- The staff then formulates the “top 10” list—based on its own experience and member survey results.
- The board meets to agree/disagree on the “top 10 list,” then divides into teams to brainstorm possible directives for each of the 10 areas.

Several use retention surveys of area businesses to help set work plans and directions.

- Sauk, Racine and Columbia County ED corporations conduct a “retention” survey, which helps with strategy deployment for the coming two years.

EDCs are strong problem solvers.

A key function of economic development corporations is their problem-solving function.

- They provide value in what they know and whom they know.
- They have technical expertise in regulatory issues, funding sources, available land/real estate, environmental regulations, zoning laws and more.

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- They build and maintain strong working relationships with policy makers and governmental information sources.

Strong ED corporations are market-based.

- Their programs are based on true employer input, not simply on intuition.
- Results from business surveys and meetings drive their planning processes.
- They know who their primary constituents are, what their needs are and they work hard at meeting those needs.

The intervention work of EDCs runs along a continuum.

The level of economic development intervention can be defined by four levels, from least to most complex:

- Level 1: Problem solving for individual businesses for a current problem.
- Level 2: Problem solving for groups of businesses for a current problem.
- Level 3: Problem solving for business as a whole for a global problem that currently impedes business.
- Level 4: Collaborative, regional problem solving for future challenges and problems affecting business.

Levels 1 and 2 are easily handled by the corporation's internal operating structure.

- Levels 1 and 2 represent the bread and butter work of the corporation.
- This level of problem solving involves systems for servicing clients and activities that form the day-to-day workflow of the corporation.

Levels 3 and 4 require the corporation to go outside of itself and form collaborative relationships with other problem-solving groups.

- Levels 3 and 4 represent activities that move the organization forward.
- These efforts are aimed at understanding root causes to problems and finding solutions that cross institutional barriers.
- Strategies that arise from these collaborations often become part of the internal operations of an ED corporation (Levels 1 and 2) as the corporation undertakes its part of the effort in addressing a problem.

ED corporations that have had visible success in levels 1 and 2 have the credibility to become strong players in levels 3 and 4.

- ED corporations have to garner smaller successes before gaining enough credibility to be viewed as a problem solver of larger, more complex issues.

The movement of problems in this structure is fluid.

- The more a problem gets addressed and solved in its more complex form, the more it moves into the “expected” operational structure of the organization.
- What was once a “future” or “global” problem becomes an operational issue.
- The organization expands to accept new responsibilities, and/or looks to see what responsibilities it can release in order to take on new work.

The programs that EDCs offer fall into seven areas.

As per Gordy Kacala, the seven areas include:

- Organizational characteristics (how they're organized, type and number of staff, relationship with federal and state agencies, relationship with Chambers and other ED corporations).
- Business attraction
- Business retention
- Business finance
- Small business development
- Community facilities and services
- Workforce development

EDCs who participated in this process were asked to identify the types of programs they offer. Eight out of 10 completed the survey and identified the following programs.

| <i>Services Provided by ED Corporations</i> <i>N=8 respondents</i> | |
|---|---|
| Database of sites/buildings | 8 |
| Industrial recruitment | 8 |
| Liaison between govt. & business | 8 |
| Liaison between community agencies and businesses | 8 |
| Loans for expansion/retention | 7 |
| Business counseling | 6 |
| Educational workshops/programs | 6 |
| Job training | 6 |
| Land acquisition/development | 5 |
| Liaison between entrepreneurs & venture capitalists | 5 |
| Revolving loan funds | 5 |
| Legislative advocacy | 5 |
| Economic outlook survey | 3 |
| Grants for start-up companies | 3 |
| Business incubators | 2 |
| Tourism information | 1 |

EDCs don't differentiate between the size of businesses they serve.

- The only market they don't serve is retail (it's a Chamber domain).
- Many recognize that large and small businesses will use ED corporations in different ways.
- To deal with the diverse needs of employers, ED corporations need to have comprehensive knowledge of where businesses can go for help in the community.

Where EDCs get their funding.

- Some are nearly 100% publicly funded. (4)
- Some have a balance of public and private funding—ranging from 30% to 60% of private funding. (4)

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- Some have high percentages of private funding—80% to 90% privately funded. (2)

Kenosha and Racine had the highest percentage of private funding-- 80%/20% and 90%/10% private/public funding.

- Funding for Racine and Kenosha comes from a large membership base (Kenosha at 450 members, Racine at 280).
- Membership ranges from \$150 to \$12,500 for Kenosha and \$25 to \$20,000 for Racine, with the top contributors being the largest employers.
- Membership “machine” is self-perpetuating—both Kenosha and Racine have proven their value to area employers.
- Over the years, Kenosha has phased out its public funding, going instead to a performance-based contract system—which the county has a right to terminate with a 60-day notice.
- Both Racine and Kenosha have been able to secure the support of the largest employers in the area because of the proven value of the ED corporations.

Many of the ED corporations are developing alternative funding sources to support general operational costs. The goal is to develop a revenue stream that comes from projects. Examples include:

- Reinvesting fees from managing large revolving loan funds back into the corporation.
- Requiring loan recipients or any company that receives significant assistance to become members of the corporation.
- Charging companies to be included in a resource directory.
- Charging for consultative services given in conjunction with a professional organization (lawyers, accountants, realtors).

There was disagreement regarding the amount of public/private funding a corporation should have.

- One view says if you can't pay your own way, you're not providing the services businesses want, you're not truly market-driven and your ability to be an advocate for business is compromised.
- An opposing view says you need both private and public funds to do the job—private dollars for the here-and-now projects; public dollars for the visioning.
- There is agreement that EDCs are moving away from direct municipal support, unless it's a specific contracted service. Both Kenosha and Racine have eliminated direct funding from their municipalities and operate on a performance-based fee contract.

Several notable funding patterns arose.

- There was a general consensus that businesses will fund what they deem as valuable.
- A key to successful fundraising is to construct a plan and a direction before approaching businesses for financing.
- Another key to fundraising is to build credibility through successful actions that are well publicized
- A common problem is businesses' lack of knowledge regarding the changing nature and capabilities of economic development corporations.

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- EDCs that have increased the level of private support are well connected in the community and extremely responsive to the expressed needs of business.
 - One EDC has the CEO of the largest company in the area make the renewal presentation for the County Board.

Fundraising—who should do it?

There was some disagreement over who should do fundraising—paid staff or volunteer staff.

- Nobody likes to do it.
- Many had strong feelings that board, not staff should do it.
- They felt that staff should concentrate on doing economic development work.
- Some feel it's a conflict of interest for ED directors and staff to solicit funds—asking for money that, in essence, supports their salaries.

Some felt that board members can be much more effective in direct solicitation of peers because of their connections in the community.

- One person disagreed, saying he's never asked a board member to go out and raise money because that's not a good use of his board's time.
- One individual felt very strongly that boards should be involved in fundraising if a corporation is in a “make it or break it” predicament.

One ED director has eliminated both staff and board from fundraising.

- Instead, he uses commercial loan officers from area financial institutions to make new contacts.

Regardless of where the responsibility for fundraising rests, the most effective fundraising efforts involve one of two factors—either (1) a good organizational track record and/or (2) a good plan in hand.

ED corporations typically undertake two different fundraising strategies—one for membership dues and another for special projects.

- Membership dues require more of a “mass merchandising approach” as the goal is to get a large number of small donations.
- Special projects require more of a targeted approach—where a small number of large donations are desired.

Board patterns

EDCs with private funding tended to have a large board that meets quarterly (30+ members), along with a small executive committee that meets monthly (6 to 11 members).

- The board is as broad-based as possible—with broad representation from both the private and public sectors and with an emphasis on the highest-ranking officials as possible within both sectors.
- Top executives are recruited for the larger board.
- Senior level executives are recruited for the working executive committee.
- There's a movement away from elected officials dominating boards.

ED corporations that are 100% publicly funded have representatives from the various municipalities who provide funding, along with several county board representatives.

- Municipalities fund the corporation on a per capita basis, which is matched by the county.
- Number of representatives from a community is based on population.
- Municipalities typically appoint an elected official (rarely a business leader) to the board.
- Publicly-funded EDCs tend to have smaller boards than those with private funding (15 or fewer board members).

One of the first changes many ED directors make when first assuming their positions is to change the consistency of the board.

- They make it more broad based and inclusive of the many different groups and interests in the geographic area.

There was agreement on the following:

- Boards need to consist of broad-based leadership and strong/recognized leaders in the community.
- Board members need to be recruited for the value, knowledge and skills they bring to the organization—as well as the connections they may have.
- Staff needs to use the time of board members wisely—2 to 4 hours a month maximum.
- Boards need to be focused on the visionary aspects of the corporation and not get bogged down in operational issues.
- The role of boards is to serve as a sounding board for ideas and as a way to challenge the thinking.
- The board should be viewed as the eyes and ears of the community.
- President of the board should be in a powerful, visible leadership role in the community.
- Board members should be supporting the organization monetarily. It sets a tone for the organization when board members are supporters.
- ED organizations with a smaller size staff depend more heavily on board involvement.
- It's important to manage turnover in boards in order to keep institutional memory.
- Minutes are an important institutional tool and should be detailed.
- Board members need to be contributing members of the organization (both intellectually and financially).
- Developing a relationship with the board is an important part of the executive's job. But the relationship is a two-way street.

Ways to measure success in EDCs

- Quantifiable work plans and annual reports are the most frequently used mechanisms for measuring success.
- Another good way to measure success is by program utilization—how well employers are using your programs.
- The changing nature of economic development from business attraction to collaboration and networking makes it difficult to quantify success. It may take 3 to 5 years to see results in some areas.

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- Corporations have to be more creative and dig a little deeper in finding statistics that show their results.
 - You know you're successful when public and private entities "*become incredibly dependent on us being in the middle of them.*"

Difference between Chambers and EDCs

Chambers are viewed to be experts in group purchasing, retail sector, downtown issues and events to bring crowds downtown. Economic development corporations are viewed to be expert problem solvers for business.

- Chambers typically have a lobbying function, organized around a political action committee. ED corporations have a hands-off approach to lobbying.
- The best scenario for a community is to have a synergistic, rather than an antagonistic relationship between its Chamber and economic development corporation.
- Seven out of the 10 EDCs have a good working relationship with their Chambers. Two are part of their local Chambers.

Visibility

- EDC marketing focuses on "relationship marketing"—that is, one-on-one contacts as well as public relations—including newsletters, news releases and media coverage.
- Letting business people know of your availability and capabilities is a necessary function.
- One-on-one visits with business leaders and other influencers are extremely important.
- Newsletters are important communication tools.
- Getting credit for what you do is important.
- It's important to build an efficient, mass-broadcasting infrastructure.

Outlook Surveys

Economic development surveys take several forms.

- Some ED corporations gather secondary information from existing businesses sources (US Department of Labor, for example), repackage it and make it available to businesses.
- Others conduct their own primary research.
- The primary research runs the gamut—wage and benefit surveys, program surveys, retention surveys, future needs assessments.
- There doesn't seem to be a standard economic development outlook tool.

Possible sources WCEDC may use for either a retention or an outlook survey include:

- The Southeast Wisconsin Regional Planning organization provides assistance with outlook surveys. The group is good at surveying and grant writing. Contact: John Meland at 262/547-6721.
- The State Department of Commerce has a comprehensive retention survey involving area businesses that evaluates local, county and state resources for businesses. The survey requires face-to-face, in-depth interviews with top area executives, administered by a corps of local volunteers with training provided by DOC.

Involvement in political issues

Unless directly connected to a Chamber, none of the ED corporations interviewed actively support political candidates.

- Agreement that EDCs should be non-political.
- The political stands should be left to the Chambers and WEDA.