



Extension *is* Economic Development - *Getting NC Cooperative Extension to the Table at Local and Regional Economic Development Planning Sessions*

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(This fact sheet is provided by CultivateNC for the purpose of promoting NC Cooperative Extension as a stakeholder in county and regional economic development planning efforts. CEDs and agents are encouraged to contact city and county managers and economic development officers to discuss Extension's important role in economic development planning and implementation.)

Getting Started

County Directors and Extension Agents have shared with the staff of CultivateNC that agriculture is absent from local and regional economic development planning efforts. This Fact Sheet will give agents step-by-step instructions on how to become engaged in economic development activities in their counties.

Step 1: Increase Your Knowledge Base of Economic Development by reading the definitions below and referring to the Key Economic Development Terms found on the CultivateNC Agent Resources Page.

Defining Economic Development (ED)

Economic development is traditionally defined as:

“Wealth creation through the mobilization of human, financial, capital, physical and natural resources.”

Note the emphasis on wealth creation, which is generally connected with business attraction, industrial growth, home building, and commercial and infrastructure construction. In order to determine whether economic development has occurred, analysts examine a community's Economic Base. They are looking for a net gain of money flow *into* the community. This means that economic developers are mostly interested in businesses that produce *and sell* more product, service, or activity *outside of the community* than inside of the community. These businesses are known as

“Primary Businesses.” Secondary businesses are those who just serve the local population. An example of a Primary Business is an auto manufacturer that creates 500 new jobs locally but that sells cars globally. The auto manufacturer takes the money from its sales of cars around the world to pay the workers’ wages, put some money back into the business, and hopefully pay some dividends to its investors. The revenue from global sales has a “multiplier effect” of creating more local wealth because the workers spend their wages locally at the burger joint, the lawn mower repair shop, and the drug store. These local businesses are all examples of “Secondary Businesses,” the majority of whose produce, service, or activity remains within the community.

Tourism businesses are also now recognized as contributing to the Economic Base of a community because they attract people from outside the community who spend dollars inside the community.

Defining Community Development (CD)

Contrast the traditional definition of Economic Development with the definition of Community Development:

“Engagement of community members to pro-actively understand and enhance economic, social, political, environmental, cultural, physical, and educational aspects of a community through visioning, goals, objectives, and implementation.”

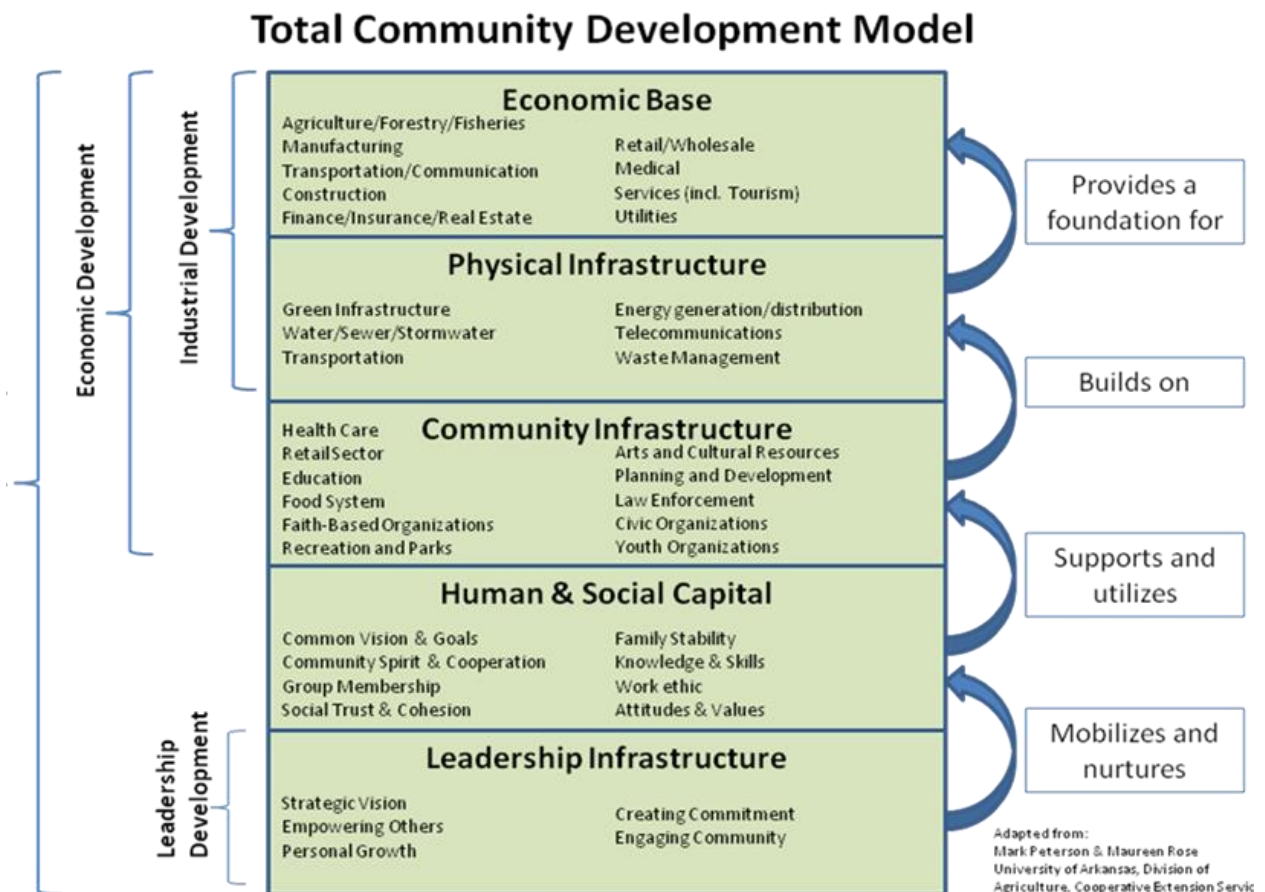
Note the emphasis here on community engagement. Community Development is also defined as a “process for making a community a better place to live and work.”

Merging the Two = Community Economic Development (CED)

While some economic developers stick to the traditional notion of industrial recruitment as their brand of economic development, current thinking merges community development principles into economic development strategies. CED is defined as a “field of study that actively elicits community involvement when working with government and private sector to build strong communities, industries, and markets. CED is a multifaceted comprehensive approach to community change that is not limited to just poverty programs, nor is it synonymous with industrial recruitment. Community Economic Development:

- Encourages using local resources;
- Improves social conditions in a sustainable way; and
- Often builds social enterprises that address problems facing communities in a holistic and participatory way.

Using the model below, communities can understand the value that different societal and political segments have in building a dynamic whole community. While industrial recruitment, the go-to strategy for traditional economic development plays a major role in a community's prosperity, it should not be the only tool in the economic development toolkit. The skills built through leadership trainings and community visionings (such as the ones offered through Extension) provide a strong foundation for the implementation of other effective strategies of community economic development.



CARE Strategies

Community Economic Developers use a number of strategies to achieve economic growth in their communities. The acronym for these strategies is CARE. C = Creation; A = Attraction; R = Retention; E = Expansion. Creation strategies include entrepreneurship trainings, business incubators, youth entrepreneurship, and business coaching. Support for these strategies includes access to capital, education, networking, intellectual stimulation, and community support.

Typical attraction strategies include community business matching models, which match the needs of a business to the assets and goals of the community. For example, a business is surveyed about the amenities and infrastructure they seek when making location decisions. These could include a skilled labor force, broadband, access to transportation, high quality education, recreational opportunities, etc. There are many instances where industry has been blindly targeted and recruited through the use of incentives (grants, low interest loans, tax deferments, tax abatements, build to suit, infrastructure development). If the business is lured to the community with taxpayer money and then fails or leaves the community without meeting the incentive requirements, the community and its taxpayers feel cheated or defrauded. By matching the business needs with what the community already has (which could include a supply source through existing businesses), there is greater likelihood that the new business will locate there as well as stay there after the incentives run out.

The final two CARE strategies are Retention and Expansion. Arguably, these are the most important strategies in the economic development toolkit because they build on the businesses that already exist in the community. Effective BRE (Business Retention and Expansion) strategies include award and certification programs but should also incorporate regular visitation by city and county officials to determine their local business needs and plans for the future. It is extremely important for economic developers to keep and possibly expand existing businesses, especially within a strong industry cluster in a region. These steps help stop trade leakage in the region. For example, an auto factory currently outsources its battery needs to a company in Ohio. Suppose there is a local battery factory that could serve those needs. Connecting those businesses into a value chain would stop the leakage.

Step 2: Understand that agriculture is one of the 17 industry clusters and that Extension is the knowledge leader in this field.

Industry Clusters

There are 17 industry clusters recognized by the North American Industrial Classification System (NAICS) published by the Department of Labor. Agribusiness, Food Processing, and Technology is one of the industry clusters and is Extension's strength and expertise. Extension should *always* be involved in an economic development planning process around this industry.

Forest and Wood Products; Manufacturing; Arts, Entertainment, Recreation and Visitor Industries; and Life Sciences (Biomedical/Biotechnical) are also industries in which Extension specializes. Any industrial recruitment effort in these industries should involve Extension.

Step 3: Be familiar with the *economic* development services Extension provides.

Talking Points

When talking with an economic development official about what Extension does, it is important to mention that the vast majority of Extension activities either directly or indirectly support economic development efforts in their county. Specific talking points include:

Creation (Entrepreneurship) Strategies:

- Leadership Development
- Entrepreneurial Development
- Youth Entrepreneurship
- Social Entrepreneurship
- New markets
 - Foods
 - Educational Products
- Beginning Farmer/Farm School Trainings
- Farm Incubators
- Site Selection Services
- Small Business Planning and Coaching Services
- Co-op Formations and assistance
- Alternative Enterprise Development
- Funding Resource Services
- Co-development of Public School Curricula

Attraction (Recruitment) Strategies:

- Workforce Development
 - Job Readiness Programs
 - Improve Access to STEM in High School
 - Partner with Local Colleges
 - Leadership Trainings
- Emergency Management Programs
- Site Selection Services
- Agricultural Supply Chain Assistance
- Environmental Stewardships
- Industrial Extension Services
- Quality of Place and Life Programs
 - Childcare
 - Healthcare

- Greenway Development

Retention and Expansion (Working with Existing Businesses) Strategies

- Disaster Preparedness Training
- Multi-level support for Agriculture and Agribusiness
 - Farmers Markets
 - Food Processing Expertise
 - Serve Safe, HACCP, GAP trainings
- Leadership Trainings
- Farm-city Week (Business recognitions)
- Manufacturing Forums
- Industrial Extension Services
- Board Governance Trainings
- Buy Local Campaigns
- Site Development
- Public Policy

Step 4: Contact your County Economic Development Official/County Manager to share what you know about Extension Services and to request a seat at the table at all economic development planning or implementation meetings. Offer Extension as a resource for county and regional economic development efforts.

Step 5: Don't forget to mention that Extension agents are skilled facilitators and can assist county officials in gaining buy-in of economic development planning initiatives if involved at the start.