



Regionally Speaking

While community economic development organizations beat each other up in the pursuit of landing companies, those with strong regional groups to pull them together, such as the Nashville Chamber of Commerce's Partnership 2010, have a definite advantage over their competition.

By Clay Walker

For nearly a decade and a half beginning in the early 1960's, millions of Americans sat in front of their television sets each Sunday night, tuned in to NBC, watching the map of the Ponderosa ranch give way to a smolder that became a flame to reveal Ben, Adam, Hoss, and Little Joe riding their horses over the rolling Nevada hills. Just as that fire wiped out the lines and boundaries of the Cartwright property and neighboring towns and regions that served as Bonanza's landscape, economic development professionals have learned over the past several years how meaningless such dividing lines really are during site searches. And the regions that have been the most successful at eliminating political and geographical divides have, not by coincidence, been most successful at attracting the most and most desirable jobs into their redefined communities.

Meaningless Lines

"Having a regional economic development program that really works is critical in economic development, largely because when a relocation prospect is

evaluating a community, the lines of political jurisdictions have no meaning to them," says Janet Miller, who, as part of her duties as Senior Vice President of Economic Development, heads up the Nashville Chamber of Commerce's Partnership 2010, a regional effort that serves the middle Tennessee counties that make up the Nashville MSA. "They have a hundred other things on their minds – finding the right location, minimizing risks, profitability. Often companies are drawn to this region because of the 'Nashville name' i.e. the 1.5 million population base of the 10-county region, the regional amenities, etc.

"If the various counties of that region don't get along, it can quickly destroy the mental comfort that a relocating company must have in order to make huge investment decisions. That fact, coupled with the urgent need for regional land use and transportation planning, really supports the critical importance of getting along in a region."

Miller's regional approach is much more than a theory at this point. The Nashville region has claimed national accolades for its cohesive, seamless

marketing efforts, but, more importantly, has landed more than its fair share of major economic development announcements.

The effort and its subsequent success has also caught the attention of many site location consultants, who rely more and more on regional efforts as projects' needs become more complex and timelines become shorter.

"As site selectors, we consider a host of factors when assisting clients with a location decision," said Mark Sweeney, principal partner of McCallum Sweeney Consulting in South Carolina. Sweeney was heavily involved in Nissan's relocation of its corporate headquarters from southern California to middle Tennessee, announced last December. "The majority of what we need information on is best understood on a regional basis – infrastructure, especially transportation, and labor markets. Our interests don't usually follow political jurisdictions, except for local taxes."

In fact, Sweeney says that through internet research capabilities and other changes in how companies and site locators conduct business, often



times the first economic development professional who learns of a project's interest is no longer at the community, or even the state levels.

"In addition, as our decision models move further into the decision before we make outside contact, we are further along in our selection and typically down to candidate regions," he said. "So, we find ourselves needing regional info as opposed to statewide info. Thus, we find ourselves seeking out strong regional ED organizations as primary points of contact."

State officials are wise to recognize this new reality; in fact, Miller is fortunate to work in a state that even embraces it.

"Tennessee has made significant progress in our efforts at regionalism," Matt Kisber, Commissioner for the state's Department of Economic and Community Development, said. It was Kisber who advocated commissioning a study to identify the economic regions of Tennessee to help provide insight into each region's economic structure, the resources they offer, and the differences that exist across them. "We've found great advantages in cooperative strategies,

which has increased our resources and built a larger labor pool from which to draw. Regionalism offers a more effective approach for growing and retaining jobs due to cost saving benefits, and sharing resources in projects such as regional industrial parks, jails and landfills, as examples."

The Proof Is In The Pudding

While middle Tennessee has gained a great deal of exposure for the recent recruitment of Nissan's corporate headquarters, Nashville's cachet can be felt in smaller announcements as well, such as Samick Music Corporation's relocation of its California headquarters and Korean manufacturing to neighboring Gallatin in February. One of the more vivid examples of how marketing an entire region can pay off in spades was the relocation of Louisiana Pacific Corporation to the area in 2004. LPC leased 90,000 square feet of Class A office space in Nashville, then after determining it needed a new research and development facility, located it in a vacant 60,000 square foot building in nearby Franklin. Company officials then

determined they needed to construct a corporate jet hangar since so many executives would be flying into and out of the area, and located that facility in a regional airport in nearby Smyrna.

"A great example of how one company can benefit a number of counties in the region," Miller said. "The 'rising tide' phenomenon really is true. Another success is Bridgestone/Firestone: headquarters in Nashville; tire manufacturing in Rutherford County; subsidiary manufacturing in Montgomery and Dickson counties; and distribution in Wilson County."

While these successes are fairly recent, the Partnership program has been paying long-term dividends since its inception more than 15 years ago. Over that time, the Nashville area population has grown from 53rd highest in the United States to 38th. Income growth rose from 138th in the country to 49th, moving the region from five percent below the U.S. median household income average to seven percent above it. Other notable corporate relocations include Dell Computers, Saturn Corporation, the HCA headquarters, Caterpillar Financial,

Ford Motor Credit and over 350 other successful relocations.

Still, the Nashville Chamber and its community partners are not resting on its impressive laurels. They recently laid out several goals for the next four years, including: personal income growth of \$1,300 per capita per year; population growth of 20,000 per year; employment growth of 12,500 net new jobs per year; and a \$10 billion economic impact.

“We’re currently in the midst of our fifth capital campaign and are raising \$15 million to fund the next five years of the program,” Miller said, pointing out that 90 percent of the partnership is privately funded. “And while the region has had some unprecedented successes, there are some very real challenges that we must tackle if we want to continue with that level of success. Keeping the quality job growth up, education and workforce challenges, the need to keep the entrepreneurial environment strong, and all the issues around regional land-use planning and community improvement – these are the areas we will be focused on in the five years ahead.”

Team Players

At the core of successful regional economic development endeavors are successful, cooperative local economic developers. The regional concept not only helps put a community on site location consultants’ and companies’ radars, but it enables local developers to play an active role in participating in a process that their budget restrictions and lack of a large network of contacts would otherwise prevent. But it takes a very organized effort and tremendously open lines of communication.

Kristin Williams has been in economic development since 1987 and worked on the community level prior to starting her own firm in Kentucky. KRW Consulting provides assistance with organizational development, strategic planning, and business development. Williams says that the Nashville program is “the best I’ve ever seen.” She advises communities that an effective, regional team approach is critical to attracting industry.

“No longer are the days when a plant manager can afford to leave the plant for two weeks at a time to look at 30 buildings in four states,” Williams said. “Unless a bigger snare is set to capture attention, blind luck is what communities are relying upon if they don’t have war chest budgets for marketing. Additionally, without the neighboring ‘stuff’ – regional employment numbers, educational facilities within 50 miles,

air transportation, suppliers – they don’t appear to have the support services in place to take care of a new business venture.”

The regionalism concept has become so prevalent in recent years that most community-level economic developers either enjoy or pull their hair out trying to juggle several regional partnerships. In middle Tennessee, the Tennessee Valley Authority (TVA), its regional arm, the Middle Tennessee Industrial Development Association, and a group run through the Tennessee Industrial Development Council and the state’s ECD department, the Tennessee Economic Partnership all provide its communities with regional marketing activities.

Kate McEnroe, of Kate McEnroe Consulting out of Atlanta, states that she finds regional collaborative efforts to be of great use in heightening her level of understanding of what a particular area has to offer, but cautions that such efforts must have all players working in concert with one another. “They can get in the way if the relationships between the regional and local efforts are not clear and customer-focused,” she warns. But, she adds, when performed properly, they are invaluable.

“Regional efforts are helpful because they tend to conform more closely to the definition of an area that my clients and I would have; for example, we tend to think and research in terms of metro and micro-politan areas rather than cities and counties.”

Sweeney agrees, adding that even though a regional marketing effort may wow a consultant and grab his attention, credibility can be destroyed if the same level of teamwork is not displayed during the recruitment process.

“It is important for all members of an ED team to know their roles on a specific project and work well together. If it is state driven, then jockeying for project control or opening up separate lines of communication is not helpful,” he said. “Similarly, when the focus is on very local issues, it is important to let locals stand on their own.”

For the recruitment professionals, it is both professional courtesy and a method of assuring the prospect of a smooth process. “We never enter another county with a prospect without alerting and involving the appropriate local-level economic development person,” Miller said. “As a deal progresses, we will adapt ourselves to the role that the company and the regional partner want us to take... from lead project manager to support in the background. It’s also

important that the regional program add real value to the ECD equation.”

The aforementioned TVA, which partners with many regional endeavors throughout the seven southern states to which it supplies power, adjusts its role based on need on case-by-case basis. Providing a wide range of expertise and research for its partners helps deliver a consistent message and keep the all-important continuity and consistency of message in place.

“Successful economic development requires the contributions of many different participants,” said John Bradley, TVA Senior Vice President of Economic Development. “That’s why TVA and power company customers are pleased to be a player on the team that works together to highlight each community and showcase the region as an attractive place to live, work, and do business.”

Persistence Pays Off

One former head of a regional economic development agency in the southeast became known for advising staff members who were seeking community economic development jobs, “The problem with those community jobs is that they really expect results.” Successful regional economic developers are those who never fall into the trap of thinking that their impact and successes are not just as measurable and noticeable as those at state and local levels. The impact of the Nashville Chamber of Commerce’s regional program has clearly been noted and well documented.

In fact, in addition to the concrete numbers of job creation, investment, per capita income increases, and even population growth, this regional cooperative effort has no doubt gone a long way in the area’s receiving notoriety in this publication and others like it. For the second consecutive year, Expansion Management magazine recently named the Nashville area as “America’s hottest city” for relocation and expansion, citing its regional approach in revealing the area’s attributes to site location consulting firms. Locally, marketing peers have recognized the Chamber’s efforts and honored Miller by presenting her with the Sales and Marketing Executives International of Nashville’s National Sales Person of the Year.

Sweeney points out that other regions that have strong regional approaches, such as Charlotte, NC, Dallas, TX, and St. Louis, MO, also have enjoyed more than their fair share of economic development



wins. He credits organization, a clear vision, and internal communication as common denominators for success.

“Effective regional ED organizations first need to be properly designed. They should unite a proper geography, have support across the region, have a clear mission and role with consensus among members, good private sector support, and have solid, reliable funding,” he says. “Then, once in place, the strong regional ED organization needs capable staff with extensive knowledge of the region and adequate resources for research and communication.”

At the end of the day, the reason regional economic development is so important is because it works. It works not only because it provides prospects and consultants representing prospects an easier process, but because it generates more activity by pooling resources to provide marketing opportunities communities would never be able to do as stand-alone entities.

“With Partnership 2010, we plan and fund a number of marketing initiatives from inbound site consultant tours to outbound team trips, and pick up the tab for those events,” she said. “Often, the Partnership can afford to fund these types of high quality, high impact initiatives, whereas it may be difficult for one community in the 10-county area to swing that sort of expense. And all of our regional partners are invited to participate in every one of these initiatives.”

The Common Good

A popular slogan in regional cooperative efforts states “Coming together is a beginning, keeping together

is progress, working together is success.” While many regional efforts fall short because political boundaries and territorial differences run too deep to overcome, those who put differences behind them find much greater success, taking Friday night’s high school football scores out of the equation when playing the much more important game of business recruitment.

Fledging regional efforts should take one word of caution, however: establishing a regional identity takes a great deal of resources and time. Economic developers who are just catching on to the value of regional economic development should not expect overnight success.

“Partnership 2010 has been in existence for 16 years, so it has had a good, long incubation period to get established,” Miller points out.

And without the critical element of genuine buy-in from leaders across the region, a regional approach will be doomed from the beginning. Just understanding the importance of regionalism isn’t enough; it takes a commitment.

“From my experience, not having deep enough buy-in was the killer for one group that never really got over the ground,” Williams recalled. “When it started, there was a great deal of trust between the ED professionals involved, but we did not do a good job selling the concept to the volunteers who staffed our boards. It may have been that the turf lines ran too deep. Regardless, when professionals changed, as they do frequently in this profession, it fell apart. Had we done a better job selling up front

by taking field trips to successful regions working together, bringing in renowned site selection consultants to pound in the importance of the regional approach, or gathered statistics from like communities about their experiences before and after a successful regional approach was implemented, it might have succeeded.”

Miller is frequently asked to speak to neighboring states’ economic development groups for just such support, as other communities look for the regional advantage that organizations such as hers offer.

Economic development professionals have certainly seen regional cooperation pay big dividends in middle Tennessee. Site location consultants and companies looking to expand or relocate have seen these efforts pay off as well by having a much smoother, more enjoyable site location search process. And, in the end, the communities that ED agencies are charged with serving benefit the most as these efforts lead to more career opportunities for their citizens. And while a new economic development project may eventually find its way to the Ponderosa, the Cartwright clan should rest assured that the source of this investment will likely begin its search from a much more regional point of view.

Clay Walker is the Executive Director for the Gallatin (TN) Economic Development Agency. He has written articles in national publications, including Expansion Solutions, on such topics as labor law and workforce issues. His 10 years in economic development have been equally divided between jobs at the local and regional levels. 🏡