

**INSTITUTE FOR PUBLIC POLICY AND BUSINESS RESEARCH
THE UNIVERSITY OF KANSAS**

**ASSESSMENT OF TEN STATES'
ECONOMIC DEVELOPMENT STRATEGIC PLANS
AND PLANNING PROCESSES**

prepared for

Kansas, Inc.
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by

M. Elizabeth Stella, Associate Scientist

Charles E. Krider, Director of Business Research
Anthony L. Redwood, Executive Director

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EXECUTIVE SUMMARY

The presumption underlying economic development strategic planning is that better planning leads to better economic performance. The results of this research begin to address the first half of that equation: what makes a better plan or strategy? The intention of this study was not to be critical of states' planning efforts, but to provide information about what has been tried, what has survived, and what is being planned. This study provides a comprehensive summary and assessment of the economic development planning processes of selected states in the Midwest. It does not determine the extent to which the strategies were followed or the effectiveness of those strategies. The research focused upon the following objectives:

1. Describe states' economic development strategic plans and determine the process of strategic planning - provide an overview of the plan and the planning process.
2. Assess the plan and process - describe similarities and differences in states' efforts.
3. What lessons can be learned - describe innovative approaches, trends, problems, and characteristics of the strategies.

Ten states agreed to participate in this study: Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Nebraska, Ohio, Oklahoma, and Tennessee. To determine each state's overall economic development strategy, states were asked to send documents that described or explained their economic development strategic plan or strategy. This was followed by a structured interview process designed to ascertain the current status of each state's plan as well as the nature and characteristics of the planning processes relating to economic development. Findings were based upon information gathered over approximately three months, from a well informed but limited number of persons in each state, and from documents collected. While every effort was made to cover a range of key players (e.g., executive, legislative, private sector, etc.), not all perspectives may be represented. What is presented is a overview of each state's situation as presented in key documents and as understood by key players.

II. FINDINGS

The economic development strategic plans or strategies of the ten states participating in this study date from the mid 1980's to the present time. The findings reflect the status of each state's plan and planning process as it existed during the summer of 1992.

A. Summary of Plans' Substance

State economic development strategies ranged from comprehensive lists of actions to strategies focused upon a narrow range of activities. A profile or review of each state's strategic plan or strategy was done by summarizing the substance of states' plans and strategies and responses to interview questions. The substance or focus of states' economic development goals and strategies, as conveyed through the strategic plans and through interviews, revealed that:

- The primary focus of Colorado, Iowa, Nebraska, Oklahoma, and Tennessee was business attraction. Illinois, Kansas, and Ohio focused upon business retention and expansion, and Indiana and Minnesota focused equally on attraction and retention/expansion.
- Illinois, Indiana, Iowa, Kansas, Nebraska, and Oklahoma had a fairly balanced approach and set goals that focused upon at least six of the seven economic foundations used to categorize states' initiatives.¹ Colorado, Minnesota, and Ohio addressed five foundations. Tennessee focused upon two.
- New trends and initiatives include industry and regional clusters, strategic budgeting, benchmarking, developing comprehensive human resource service delivery systems, individual training accounts, cost and availability of health care, and cost of workers' compensation.

B. Assessment of the States' Plans/Strategies: Operational and Strategic Elements

1. **Operational and strategic aspects of the plan.** Each state's plan or strategy was examined to determine if it specified how the plan became or would become operational. Elements identified as important or commonly occurring when implementing a plan included a clear statement of the vision and goals, specification of a course of action (strategies), identification of implementation steps or actions, identification of measurable outcomes and who monitors outcomes, and specification of how and when updating/revision will occur. In addition, plans were assessed to determine how carefully the state's economy was analyzed to determine how it was performing and which critical or strategic elements were affecting the economy. States' plans were assessed to determine how they examined, incorporated, and reacted to the following elements: environment scan/trends analysis (analysis or overview of the state's economic performance, demographic changes, industrial and occupational change); competition discussion of competitive and comparative advantage regionally, nationally, and/or internationally); strengths and weaknesses (does the plan based upon strategic choices made to take advantage of strengths and to address weaknesses); targets variables that must be controlled (does the plan identify threats or challenges to economic development and are strategies designed to overcome or control those variables). Key findings regarding operational and strategic elements were:

¹The seven foundations underpinning business development include business environment (create business and business opportunities or improve competitiveness), commitment/capacity (agencies and organizations that provide support and assistance for businesses and for economic development), financial capital (making capital available to businesses in various growth/development stages), human capital (assisting in the long-term investment and development of labor resources), infrastructure development/assistance (developing and maintaining public infrastructure such as roads, utilities, industrial sites, telecommunications, etc.), technology/innovation (stimulating technology development, coordination, application and transfer to improve competitiveness and efficiency of business and to diversify the economy), quality of life (activities concerned with cultural, recreational, environmental, and historical activities).

- Implementation plans were often not included in states' strategic plans or were left to a later planning process. Colorado, Indiana, Iowa, Kansas, and Oklahoma defined in greater detail how their plan would be implemented or become operational.
- Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, and Oklahoma incorporated at least four of the five strategic elements analyzed, indicating that the economic climate, strengths, weaknesses, opportunities, threats, and priorities were considered and do underpin the strategic plan.
- Colorado, Indiana, Iowa, Kansas, and Oklahoma prioritized goals or prioritized the strategies addressing each goal.

C. Assessment of States' Planning Process

The process states used to develop their economic development strategy was analyzed. Three major areas were examined: who participates in the process; how the plan evolves; and how continuity and durability are built into the process. Key findings regarding the planning process include:

- Strategic planning was originally led by a coalition of the executive branch, legislative branch, and private sector in Kansas and Oklahoma.
- The executive branch currently leads the planning process in all states but Kansas.
- The private sector is involved in the process in nine states, but the degree of involvement varies considerably.
- Seven states held town-hall or regional meetings to facilitate grass-roots involvement in the process.
- Consultants participated in some way in seven states.
- Indiana, Kansas, Minnesota, and Oklahoma regularly monitor outcomes. Only Minnesota and Oklahoma have benchmarks in place to measure progress toward goals.
- Indiana, Iowa, Kansas, and Oklahoma have updated their plans on a regular basis. Research reports play an important role by continuously feeding information that guides the evolution of the plans.
- Private and public sectors regularly support and guide the process and/or implementation of the plan in Indiana, Kansas, Ohio, and Oklahoma. Support and level of involvement has recently diminished in Oklahoma.

- Indiana, Kansas, and Oklahoma have mechanisms which formally link and empower the private and public sector to the process. In Oklahoma, one mechanism, Oklahoma Futures, has been challenged which has weakened its ability to function effectively.
- Kansas, Ohio, and Tennessee show evidence of good cooperation between the executive and legislative branches of state government.
- Kansas and Oklahoma have institutionalized economic development to the point of having standing economic development legislative committees, a private/public strategic planning entity, and statutes authorizing the economic development process. Indiana has two of these elements; it has no standing economic development legislative committees.
- The political cycle impacts states' economic development plans and creates instability that works against maintaining the long term focus or commitment needed for implementation.

D. Implications

The findings presented thus far have implications for states seeking to update their strategy and refine their planning process. Many states' approaches to economic development are quite similar and a few are unusual in the scope of their strategies or plans (general vs. focused). While Tennessee targeted two foundations, all other states had a more general approach to economic development. In all states but Tennessee, economic development strategic goals addressed at least five of the seven foundations of economic development. Participation in economic development strategic planning was another dimension where categories emerged. States such as Indiana, Kansas, Oklahoma, and Ohio are based upon coalitions or partnerships between private and public sectors and, in some cases, between branches of government.

Difficulties or challenges that states have faced or are currently facing are described. The problems mentioned most frequently were the need for a long term focus, difficulties in building a consensus or sense of ownership, and the need to maintain funding levels or having inadequate funding. While the effect of partisan politics was directly cited as a challenge by three states, all state plans and planning processes feel the impact of the election cycle and partisan politics. Elections and politics impact long term planning, ownership, priorities, and funding.

When information collected from all the states was examined to identify innovative or unique aspects of plans or planning processes, many of the innovative ideas seemed to address some of the challenges described above. The following is a listing of innovative ideas or approaches occurring in various states:

- Iowa is considering setting up a mechanism through which ideas and experiences can be shared with Oregon, whose approach (benchmarks, etc.) is influencing or shaping Iowa's approach.
- Minnesota has established milestones or benchmarks to measure progress toward goals.

- Minnesota Planning is the agency within the executive branch responsible for strategic and long-range planning. It is orienting its activities to be a nonpolitical, bipartisan agency that provides the legislature with cutting edge issues and develops methods and partnerships needed to move an agenda forward. This role is provided by private/public strategic planning boards or entities in other states. Minnesota is attempting to build or institutionalize this function in an already existing agency within the executive branch to strengthen the stability of the planning process.
- Nebraska is attempting to create a consistent, long-term approach to rural economic development through the Network. The Network is designed to institutionalize strategic planning at the community and regional level to create a sense of ownership at that level that will endure and make economic development customer driven.
- Both Minnesota and Nebraska are utilizing what they call strategic budgeting. Minnesota agencies were asked to identify how programs included in their budgets address the milestones. Nebraska agencies were asked to set priorities to help target funds.
- Nebraska Online was developed to improve communication among various constituencies (e.g., legislature, communities, Network members). Its purpose is to connect Network members and communities by electronic communication and information services that will provide information regarding services, calendar of events, etc. and to allow users to send and receive messages from another individual or organization (E-Mail). This system is an attempt to overcome the burdens that distance places on rural communities needing information about and access to services.
- Third wave approaches are evident as states focus upon industry or sector clusters (e.g., Illinois, Kansas, Ohio, Tennessee) and regional clusters (e.g., Illinois, Nebraska, Ohio).
- Ohio has designed an interagency, private/public implementation plan for the state's work force strategic plan.
- Building the capacity for continuous adjustment to economic variables (strategic management) of strategic plans is something all states desire. Access to and utilization of research on key issues enables Kansas to build consensus and ensures that the state's strategies are addressing critical issues and changing as the economic climate changes.
- Indiana has designed the strategic planning process cycle to coincide with the election cycle. Program evaluation and all planning work will be done before and during the election year. The policy options will be developed after the election so newly elected Governors are available for policy decisions.

Trying to describe which state plans are viable or practicable is very difficult. Visits to each state provided impressions, but no clear method has been developed to measure viability and practicability. In the absence of such measures, a summary of the process assessment was

used. Assuming that a state's plan can only exist if the process is strong enough to produce a plan and maintain some level of commitment or attention to the plan, then a summary of the strength of the process may be the best measure of viability or survival of the strategic plan. The summary revealed that Oklahoma, Kansas, and probably Indiana would be characterized strong. Iowa and Minnesota would be characterized as building strength, Colorado would be vulnerable, and Illinois, Nebraska, Ohio, and Tennessee would be described as either having no formal plan or having a plan that faced substantial challenges in becoming or remaining viable. For most states, this characterization matched impressions gained during the interview process. However, the exception to this was Oklahoma. While Oklahoma scored high on this summary, the situation could not be described as stable at the present time. The legislature has been largely dormant in the area of economic development initiatives for the last couple of years and Oklahoma Futures (strategic planning entity) has had difficulty functioning. These developments have contributed to a weaker picture of economic development planning than the summary reflects.

Rather than pronounce certain states to be viable, this analysis should be viewed as a summary of the past and present, not a prediction for the future. Economic development issues are complicated issues, often requiring several years to study and to act. If the process is structured to at least increase the probability of continued involvement by the legislature, the executive branch, and the private sector, then a state has a chance to develop and maintain a long term focus and strategy that builds upon previous experience and action. Based upon comments made during interviews, those dealing with economic development strategic planning mentioned the following as keys to success:

- Strong private/public partnerships addressing economic development issues with the Governor and legislative leaders serving on boards of important organizations.
- Strong, bipartisan legislative leadership, support, involvement.
- Strategic management or the use of data and skillful analysis of information to adjust or alter strategies to respond to changes in the economic climate.
- Synchronizing the strategic planning cycle with the political cycle.
- A strong, interconnected institutional base for economic development activity (standing economic development legislative committees, private/public strategic planning entity, statutes authorizing the economic development planning process).
- A customer driven approach where the customer defines needs, defines how programs affect them, and then use that information to modify programs.

Major challenges to success included:

- Maintaining a long term focus.

- Building consensus and a sense of ownership.
- Maintaining funding.
- Setting priorities; developing a strategic approach.
- Partisan politics.
- Involving and engaging the private sector.

Economic development is a very important and a very political issue in the early 1990's. Developing, implementing, and updating an economic development strategy is not necessarily a rational, systematic process. It is often dependent upon or driven by a key individual. This introduces an element of vulnerability to any long term focus or strategy by reducing the base of support. Adoption of and implementation of plans and strategies are often driven by political agendas in many states.

Many states are revising plans, charting new directions, and, in some cases, making radical changes. These revisions will produce more sophisticated approaches to state economic development strategic planning because the states have the benefit of drawing upon their own experiences and the experience of other states in economic development. State plans may become more focused or targeted upon fewer goals. They will often include benchmarks to help chart progress. They will not ignore business attraction, but will focus upon retention and expansion of existing business and new start ups. They will also give attention to industry or sector clusters and regional clusters when developing and delivering services. Private sector involvement in planning and delivery of services will also increase. The major challenge that all face is maintaining a dynamic process responsive to changes in the economy while building and maintaining support for strategic choices being made.

IV. OVERVIEW

The assessment of ten state economic development strategic plans and planning processes revealed:

- A great variety in approaches,
- Varying degrees of reflection during the planning process,
- Diverse organizational arrangements, and
- Varying degrees of participation, cooperation and support.

States have developed new models for economic development that differ from traditional public administration models. For example, the formation of private/public partnerships to guide economic development planning and close executive/legislative collaboration are examples of what has evolved. While these new models are working in some cases, they are young and their durability has not yet been demonstrated.

State economic development strategic planning is relatively young and is exhibiting growing pains. Some states are doing better than others, but most are striving to improve the process. Significant challenges have occurred (e.g., changing Governors), but creative responses have been developed (e.g., coordinate the planning/revision cycle with the political cycle) to respond to those challenges.

Strategic planning is here to stay. As a result of states' persistence, more sophisticated processes and plans are emerging. Realization of the importance of research and communication to the process is emerging. In depth studies of important economic issues and policy options are needed to build and maintain the consensus needed to pursue long term goals and maintain a strategic approach. Such studies, combined with continuous measurement of outcomes or benchmarks to chart progress toward goals, begin to give states the tools needed to continuously adjust their strategies. States have begun to recognize the need to be more responsive to changes in economic conditions and are evolving toward more flexible, responsive institutional arrangements. State governments are recognizing the necessity to be accountable and demonstrate, through measurement of outputs rather than inputs, that their economic development strategies and programs are performing in ways that benefit the state's economy.

ASSESSMENT OF TEN STATES' ECONOMIC DEVELOPMENT STRATEGIC PLANS AND PLANNING PROCESSES

I. OBJECTIVES

Since the early 1980's, most states have attempted to influence their economies by expanding the size and scope of economic development efforts. Many states adopted economic development strategies or strategic plans. States used many different approaches and some are continually adjusting their strategies and programs. Because of the wide array of state programs, strategies, and economic circumstances, little comprehensive information exists which explores the full scope of existing state economic development strategies.

The presumption underlying economic development strategic planning is that better planning leads to better economic performance. The results of this research begin to address the first half of that equation: what makes a better plan or strategy? The intention of this study was not to be critical of states' planning efforts, but to provide information about what has been tried, what has survived, and what is being planned. The purpose of this study was to provide a comprehensive summary and assessment of the economic development planning processes of selected states in the Midwest. It was not to determine the extent to which the strategies were followed or the effectiveness of those strategies. The research focused upon the following objectives:

1. Describe states' economic development strategic plans and determine the process of strategic planning - provide an overview of the plan and the planning process.
2. Assess the plan and process - describe similarities and differences in states' efforts.
3. What lessons can be learned - describe innovative approaches, trends, problems, and characteristics of the strategies.

II. METHODOLOGY

A. Key Questions

Analytical issues addressed included:

1. What are the major components of each state's strategy?
2. What is distinctive to each state; what do they share in common?
3. How was the strategy developed (key elements of the process)?
4. How has the plan been implemented?

5. What innovative approaches do they incorporate?
6. What lessons do they contain?

B. Data Collection

Ten states agreed to participate in this study: Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Nebraska, Ohio, Oklahoma, and Tennessee. To determine each state's overall economic development strategy, states were asked to send documents that described or explained their economic development strategic plan or strategy. This was followed by a structured interview process designed to ascertain the current status of each state's plan as well as the nature and characteristics of the planning processes relating to economic development. Each state was visited during the summer of 1992 and key economic development players were interviewed, including representatives from as many of the following categories as possible: the executive branch, legislative branch, private sector, Department of Commerce or equivalent, strategic planning entity, technology authority, and human resource strategy. In addition, one individual was identified who could provide background or historical information regarding economic development in each state. A structured questionnaire was used to guide the interviews. The interviews focused upon the strategic planning process and the substance of the plan.

III. FINDINGS

States are at very different stages in planning and implementing economic development strategies. To describe what states have tried, what has survived, and what is being planned, strategies or strategic plans and planning processes were analyzed. Findings are organized into three major areas:

- * **Summary of Plans' Substance.** This includes a discussion of the primary focus of business development, issues or economic foundations addressed by goals, common themes across states, unique themes, and new trends or initiatives.
- * **Assessment of States' Plans/Strategies: Operational and Strategic Elements.** This section examines whether the plans contain the following elements: clear statement of vision and goals; specification of course of action, strategies; identification of implementation steps or actions; identification of measurable outcomes and who monitors outcomes; and specification of how and when updating/revision will occur.
- * **Assessment of States' Planning Process.** Areas examined included who participated in the planning process, how the plan evolves or is updated, and how continuity and durability are built into the process.

The economic development strategic plans or strategies of the ten states participating in this study date from the mid 1980's to the present time (Table 1). While there were many

similarities in issues addressed, states differed in many ways. This chapter discusses the substance of states' plans and their planning process. The findings reflect the status of each state's plan and planning process as it existed during the summer of 1992 when data were collected.

Table 1

YEAR CURRENT STRATEGIC PLAN WAS FIRST DEVELOPED

Colorado	1989-90
Illinois	In progress
Indiana	1987-88
Iowa	1989
Kansas	1985-86
Minnesota	In progress
Nebraska	1990
Ohio	1983
Oklahoma	1987
Tennessee	1987

A. Summary of Plans' Substance

State economic development strategies ranged from comprehensive lists of actions to strategies focused upon a narrow range of activities. A profile or review of each state's strategic plan or strategy and rules describing how the assessment was conducted is available (Appendix A). To summarize the substance of states' plans and strategies, documents and responses to interview questions were examined to determine the primary focus of the state's strategy (i.e., business attraction, retention/expansion, new business startups). We then identified what issues or economic foundations were addressed (e.g., business environment, human capital, infrastructure, etc.), common themes, unique themes, and new trends or initiatives that were being developed.

1. Focus. States can target different forms of business development: business attraction, retention and expansion of existing businesses, and start up of new businesses. Most states address all three types of business development to some extent. However, Table 2 shows that, according to information obtained during interviews, the primary focus of seven of the ten states has been attraction and five states' primary focus has been retention and expansion of existing businesses.

Table 2

PRIMARY FOCUS OF STATES' ECONOMIC DEVELOPMENT STRATEGY

State:	Attraction	Retention/ Expansion	Startups
Colorado	X	*	
Illinois		X	
Indiana	X	X	
Iowa	X	*	*
Kansas	*	X	*
Minnesota	X	X	
Nebraska	X	*	*
Ohio	*	X	
Oklahoma	X	*	
Tennessee	X	*	

X = Primary focus. Two X's for one state indicates equal emphasis was given.

* = Secondary or emerging focus.

2. **Issues/foundations addressed.** Goals or key issues addressed in each state's plan were grouped by function or activity. The seven foundations underpinning business development were used as the major categories into which goals or issues were grouped. These include:

- **Business environment:** activities that are focused or targeted to create business, create business opportunities, or improve business competitiveness. This includes such things as industry recruitment programs, business export assistance, business retention and expansion initiatives, tourism and image promotion, support for major industry, entrepreneurship, etc.
- **Commitment/capacity:** the commitment to economic development expressed through agencies and organizations that provide support and assistance for businesses and for economic development. This includes such things as community and rural economic development, leadership development, cooperation/coordination/partnerships, communication/public awareness, economic development research, data bases, organizational assistance, administrative support, etc.
- **Financial capital:** the availability of capital to businesses in various growth/development stages. This includes loan/bond financing, venture/seed capital pools, small business financing, export financing, etc. Capital may be used in a variety of areas: purchasing facilities and equipment, general operations, working capital, etc. In addition, specific projects/areas may be targeted such as export assistance, small businesses, or technology.

- **Human capital:** activities which assist in the long-term investment and development of labor resources. This includes such things as training, retraining, and general education of the labor force, K-12 education, vocational/technical education, as well as linkages between business and education.
- **Infrastructure development/assistance:** activities concerned with the development and maintenance of public infrastructure such as roads, utilities, and business/industrial sites/parks, telecommunications.
- **Technology/innovation:** activities which stimulate technology development, coordination, application and transfer to improve competitiveness and efficiency of businesses within the state as well as diversify and build on the current economic base. Industry/education linkages may be fostered to improve research and development of new technologies and commercialized products.
- **Quality of life:** activities concerned with cultural, recreational, environmental, and historical activities.

Most states used a fairly balanced approach in developing their economic development plans or strategies. While all states have programs addressing all seven foundations, only those goals or strategies discussed in the state's strategic plan or those that were the focus of discussions during interviews were included in this analysis. Table 3 shows that six states (Illinois, Indiana, Iowa, Kansas, Nebraska, and Oklahoma) addressed at least six of the seven foundations in their goals and strategies. Five foundations were addressed by Colorado, Minnesota, and Ohio. Tennessee focused upon two. See Appendix A for the table summarizing in more detail each state's goals or strategies.

Table 3

SUMMARY OF FOUNDATIONS ADDRESSED BY STATE'S GOALS/STRATEGIES

Foundation:*	STATE:										TOTAL:
	CO	IL	IN	IA	KS	MN	NB	OH	OK	TN	
Business environment	X	X	X	X	X	X	X	X	X	X	10
Commitment/capacity	X		X	X	X	X	X	X	X	X	9
Financial capital		X	X	X	X	X	X		X		7
Human capital	X	X	X	X	X	X	X	X	X		9
Infrastructure	X	X	X	X	X		X	X			7
Technology/innovation		X	X	X	X		X	X	X		7
Quality of life/envir.	X	X		X	X	X	X		X		7
TOTAL:	5	6	6	7	7	5	7	5	6	2	

* Only those goals or strategies discussed in the state's strategic plan or those that were the focus of discussions during interviews were included in this analysis.

All states addressed the business environment foundation in their strategies. Commitment/capacity and human capital were addressed by nine states. Common goals or strategies occurring across states are presented in Table 4.

Table 4

COMMON GOALS/STRATEGIES BY FOUNDATION

Number of States:	FOUNDATION:
	BUSINESS ENVIRONMENT:
5	Stabilizing and diversifying the economy, especially the rural economy in largely rural states (CO, IN, KS, MN, OK)
4	Encouraging entrepreneurship, small business development, and new business formation (IL, KS, MN, OK)
4	Narrowing the differences between rural/urban, majority/minority incomes and unemployment (IN, MN, OK, TN)
4	Increasing exports and focusing upon global economic opportunities (IL, OH, OK, TN)
	COMMITMENT CAPACITY:
5	Better management and improved performance of government, including developing regional partnerships to share resources (IL, IN, NB, OH, OK)
4	Strengthening the economic development capacity of communities, especially rural communities in largely rural states (CO, KS, NB, TN)
	HUMAN CAPITAL:
6	Prepare work force for productive employment (IL, IN, IA, KS, NB, OH)

3. New trends/initiatives. Several states were asked to identify new initiatives that were being considered or developed. Time constraints placed upon interviews and data collection limited the assessment of new initiatives so a comprehensive assessment of all states was impossible. Table 5 lists some of the new initiatives being considered by several states.

Industry clusters and regional clusters are two concepts being considered by some states. In an effort to encourage clusters of firms to build their competitiveness and capacity to do business, states are attempting to identify needs and organize responses to the needs of a certain type of industry. States are also encouraging regional relationships between service providers and the communities and businesses who need them. These Third Wave concepts are being considered or in place in Kansas, Nebraska, Indiana, Illinois, Iowa, Minnesota and Ohio.

Table 5

EXAMPLES OF NEW OR DISTINCTIVE STRATEGIES BEING CONSIDERED

STATE: NEW INITIATIVES BY FOUNDATION:*

BUSINESS ENVIRONMENT:

KS,IL,
IA,OH Encouraging clusters of firms to organize to build competitiveness.

IA,MN Address high cost of worker's compensation.

IA,KS
IN,MN Improving productivity and business modernization.

COMMITMENT/CAPACITY:

KS,IA,NB,
IN,MN Encouraging regional organization or clustering for economic development; community empowerment.

IL Interest in building partnerships with other states in the region.

MN,NB Strategic budgeting at the state level.

IA Idea exchange program with Oregon (share information regarding strategic planning and implementation).

MN Measure outcomes not process: benchmarks, milestones, etc.

HUMAN CAPITAL:

IA Reshape human investment services and job training; use individual training accounts, "seamless" service delivery for job training (single intake forms, etc.)

MN Apprenticeship program and a wage subsidy program to encourage businesses to hire the unemployed.

* A comprehensive analysis of new initiatives was not possible due to time limits on interviews and data collection. This list is not complete but rather provides a glimpse of options states are considering or trying.

One example of a state organizing its economic development strategy around regional clusters is Nebraska's Network. The Network focuses upon community/regional development. Services are coordinated at that level, with an emphasis on services being customer driven and available to rural communities. Developing leadership at the community level is also a top priority.

Two states, Nebraska and Minnesota, have recently introduced strategic budgeting to respond to shrinking revenues and/or to focus programs on state strategic goals. Minnesota is shifting from a "traditional incremental view of budgeting toward an approach that emphasizes strategic planning, priority setting, realignment of current resources, and performance measurement. The 1994-95 biennial budget process will require linking resource allocation decisions to well-defined program outcomes and implementation strategies that reflect the Governor's priorities."¹ The budget planning directions were summarized as:

- Emphasize the Governor's priorities: children and preventive services, education.
- Develop budgets within currently available resources.
- Emphasize mission, agency objectives and performance indicators.
- Highlight agency funding choices based on results.
- Focus on major spending items and issues.
- Encourage redesigning the state's current programs.

The budget instructions stated very clearly that "agency budget plans that produce no definable results or produce outcomes inconsistent with policy objectives set by the Governor, will not be recommended. Consequently, agencies must subject current operations to the detailed analysis and justification usually reserved for new program initiatives." Budget instructions also clearly identify the Minnesota Milestones' goals and indicators, along with agency objectives and performance measures, will provide the basis for budget decisions. The budget process is becoming outcome driven. Success in the budget process is linked to specific results or outcomes that must relate in some way to the overall state strategy.

Minnesota is following Oregon's lead and asking agencies to tie program funding requests to the milestones or benchmarks identified by the state. In response to this action, the Department of Trade and Economic Development developed an Economic Blueprint that identified the key goals which, if met, would result in a healthy, growing, and competitive economy. Quantitative indicators were then identified to measure progress toward the goals. The indicators were based on reliable and regularly available data. Achievement levels were then set for 1994, 1997, and the year 2000. The levels set were intended to be ambitious but attainable because "average will no longer be acceptable in our increasingly competitive world." Funding requests will be evaluated based upon the degree to which each program addresses the state's goals or milestones.

In Nebraska, the Governor has asked agencies to set priorities and target resources based upon those priorities. The Nebraska budget process, while asking agencies to develop priorities

¹Minnesota Department of Finance Biennial Budget Instructions, 1994-95. June, 1992.

and justify programs' existence, does not seem to be linked as closely to a state plan as the Minnesota process.

Currently, workforce preparation is an important issue. Several states discussed the need to improve education (Illinois, Minnesota, Ohio, Colorado). While Illinois is in the process of evaluating ways to improve the effectiveness of the K-12 system, Colorado is currently considering a one cent sales tax increase to improve funding of K-12 education. Minnesota has a pilot program called Partners for Quality Education Initiative that uses total quality management concepts to ensure Minnesota's leadership and competitiveness. The program is designed to help schools implement continuous quality improvement programs which focus on total system management, self assessment, customer involvement and satisfaction, empowerment and accountability. The following were implemented in the pilot phase:

- a new education category of the Minnesota Quality Award
- training and assistance to elementary, secondary and higher education institutions in using the self-assessment process
- a state-wide pilot study to verify benefits of quality processes applied to education
- partnerships of educational institutions and businesses who share a commitment to total quality management.

The program focused on helping schools transform from within through continuous quality improvement by:

- using world class benchmarks and collecting baseline data
- defining customer-supplier relationships and validating outcomes
- defining and using the right measurements to demonstrate continuous improvement
- empowering all personnel within the systems and involving all stakeholders to contribute to continuous improvement.

In addition to K-12 education, workforce training and retraining issues were discussed. For example, Ohio wanted to expand the scope of strategic planning beyond job service and JTPA. To do that, the state first developed an inventory of workforce development initiatives in Ohio and identified retraining as a major weakness. Next strategies to address the issues were developed by an interdepartmental team, and a cabinet level interdepartmental committee will oversee implementation. Iowa is considering reshaping job training and human investment services to be more client driven. Individual training accounts and "seamless" job training service delivery (e.g., single intake forms) are being discussed.

Other initiatives or areas of concern include health care and workers compensation. In Minnesota statewide hearings by a House Select Committee on the Recession (1992), workers compensation reform received much attention. Substantive and structural reform was called for but actions were not specified in documents received during interviews. Controlling the cost of health care was also addressed by the Committee on the Recession. The Committee recommended "that health care cost containment measures including uniform claim forms, uniform care practice parameters for use in quality utilization review programs, elimination of unnecessary government rules, regulations and procedures, and tort reform be addressed."²

3. Key Findings Regarding Plans' Substance. The substance or focus of states' economic development goals and strategies, as conveyed through the strategic plans and through interviews, revealed that:

- Seven states' primary focus was business attraction; five focused upon business retention and expansion.
- Illinois, Indiana, Iowa, Kansas, Nebraska, and Oklahoma had a fairly balanced approach and set goals that focused upon at least six of the seven foundations of economic development. Colorado, Minnesota, and Ohio addressed five foundations. Tennessee focused upon two.
- New trends and initiatives include industry and regional clusters, strategic budgeting, benchmarking, developing comprehensive human resource service delivery systems, individual training accounts, cost and availability of health care, and cost of workers' compensation.

B. Assessment of the States' Plans/Strategies: Operational and Strategic Elements

Once a plan or strategy has been developed, then it must be implemented. To determine how states communicated and implemented their plans, operational aspects or the methods used to clearly define and reach goals were assessed. Next, plans were reviewed to determine the extent to which critical or strategic elements affecting the economy were included in and underpin the strategies examined, assimilated, and reacted to within the plan.

1. Operational aspects of the plan. Each state's plan or strategy was examined to determine how it became or will become operational. Several elements were identified as important or commonly occurring when implementing a plan. These include:

- A clear statement of the vision and goals. Are vision statements included that express what the image of or general description of what the state's economy will look like in the future? What are the specific targets or goals toward which activity is directed?
- Specification of course of action, strategies. Are statements included that describe what

²Report of the House Select Committee on the Recession. February, 1992.

should be done or changed to achieve the goals?

- **Identification of implementation steps or actions.** Are the means for accomplishing or carrying out the strategies or actions described?
- **Identification of measurable outcomes and who monitors outcomes.** Does it identify how results (not processes) are to be quantified or measured and who will be responsible for collecting and analyzing data?
- **Specification of how and when updating/revision will occur.** Have provisions been made to revise and update the plan or strategy? How will it be done (when, by whom, etc.)? Does it actually get done?

Table 6 shows that five of the ten states built in six or more of the elements defined above into their strategic plans (Colorado, Indiana, Iowa, Kansas, and Oklahoma). Vision statements and strategies were included in six states' plans. Implementation plans, outcome measurement procedures, and updating processes were less likely to be included. Oklahoma's plan included some discussion of all the operational aspects assessed. Colorado, Indiana, Iowa, and Kansas included six of the nine elements. Iowa was given partial credit for identifying implementation steps and who implemented the plan because these details were outlined for parts, not all, of the plan. Nebraska included three elements and Ohio and Tennessee none. Minnesota's and Illinois' plans could not be evaluated on all issues because they had not been completed.

A low occurrence of operational elements does not necessarily imply a weak strategy. For example, Ohio and Tennessee have strategies that are regarded as effective and are supported within the state. The strategies simply are not formalized and packaged as a state strategic plan. Rather, the strategies are departmental strategies or marketing plans, and, as such, are not written in the same way that other states' strategic plans are written. Neither does a high occurrence of operational elements imply, by itself, a strong strategy. Even the best laid plans can go awry, so other aspects of the plans and planning processes must be assessed before such judgements can be made.

2. Strategic elements of the plan. During the planning process, planners usually try to identify how the economy is performing and which critical or strategic elements are affecting the economy. States' plans were assessed to determine how they examined, incorporated, and reacted to the following elements:

- **Environmental scan/trends analysis.** Does the plan include an analysis or historical overview of the state's economic performance, demographic changes, industrial and occupational change? Key trends that might be discussed could include changes in markets, products, processes, business structures, work force, work place, social and cultural diversity, etc.

Table 6

OPERATIONAL ASPECTS OF STATES' PLANS

Elements:	States:										TOTAL:
	CO	IL	IN	IA	KS	MN	NB	OH	OK	TN	
1. Vision stated	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	No	6
2. Goals stated	Yes	No	Yes	No	No	Yes	Yes	No	Yes	No	5
3. Strategies specified	Yes	Yes	Yes	Yes	Yes	*	No	No	Yes	No	6
4. Implementation steps identified	Yes	*	**No	Y/N	Yes	*	No	No	Yes	No	3.5
5. Identified who implements	Yes	*	No	Y/N	Yes	*	Yes	No	Yes	No	4.5
6. Measurable outcomes identified	Yes	*	No	Yes	No	Yes	No	No	Yes	No	4
7. Who monitors outcomes identified	No	*	Yes	No	Yes	Yes	No	No	Yes	No	4
8. Routine process for updating the plan	No	*	Yes	Yes	Yes	*	No	No	Yes	No	4
9. Updating required and/or done	No	*	Yes	Yes	Yes	*	No	No	Yes	No	4
TOTAL:	6	1	6	6	6	4	3	0	9	0	

* Since the plan has not been completed, these issues have not yet been addressed or defined.

** Implementation plans were not outlined in Indiana's 1987-88 plan. It was later followed up by an additional planning process called Governor's Initiative on Economic Development (1991) which discussed implementation of tactics.

- Competition (competitive and comparative advantage; U.S./international). Does the plan include an analysis of how the state excels or can out perform other states, regions, or countries? This could include discussion of characteristics that are unique to or especially strong in the state (e.g., the natural environment, established dominance in certain industries, etc.) as compared to other states, regions, countries.

- **Strengths and weaknesses.** Does the plan include and capitalize upon an analysis of the state's strengths or assets? Are weaknesses or deficiencies identified? Is the plan based upon strategic choices made to take advantage of the state's perceived strengths or to address weaknesses?
- **Proactive; targets variables that must be controlled.** Does the plan identify threats or challenges to the state's economic development and are strategies designed to overcome, control, or monitor these variables?

All states make use of data to determine how their economies are performing, but not all of the states included environmental scan/trends analysis and analysis of competitive/comparative advantage in their strategic plan (Table 7). Six states included an analysis of the competition they face from other states or countries. These analyses range from very general statements based upon competition that the United States (rather than the state) faces to detailed description and discussions of what the state must address to survive.

Table 7

STRATEGIC ELEMENTS OF STATES' PLANS

Elements:	States:										TOTAL:
	CO	IL	IN	IA	KS	MN	NB	OH	OK	TN	
1. Includes environmental scan/trends analysis	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	7
2. Includes analysis of competition	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	No	6
3. Capitalizes on assets; identifies weaknesses	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	10
4. Targets variables to control	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	9
5. Priorities specified	Yes	No	Yes	Yes	Yes	*	No	No	Yes	No	5
TOTAL:	5	4	5	4	5	4	2	2	5	1	

* Since the plan has not been completed, these issues have not yet been addressed or defined.

All states' goals and strategies could be argued to capitalize upon assets and discuss strengths and weaknesses. In some way, most states identified variables that needed to be controlled and identified strategies to respond to those challenges. Five states also set priorities defining goals or strategies that should be addressed first or receive more attention. While Tennessee and Nebraska did not specify priorities, clear priorities emerged in the narrowness of their focus or implementation strategy. Because Tennessee's strategy was so focused (see Table 3), the need to set priorities was informally addressed through the narrowness of focus. Likewise, while stating the need to address all seven foundations, Nebraska designed the Network which focused resources to build commitment to and capacity for rural economic development.

3. Key Findings Regarding Operational and Strategic Elements.

- Implementation plans were often not included in states' strategic plans or were left to a later planning process. Colorado, Indiana, Iowa, Kansas, and Oklahoma defined in greater detail how their plan would be implemented or become operational.
- Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, and Oklahoma incorporated at least four of the five strategic elements analyzed, indicating that the economic climate, strengths, weaknesses, opportunities, threats, etc. were considered and do underpin the strategic plan.
- Colorado, Indiana, Iowa, Kansas, and Oklahoma prioritized goals or prioritized the strategies addressing each goal.

C. Assessment of States' Planning Process

The process states use to develop their economic development strategy was analyzed. Three major areas were examined: who participates in the process; how the plan evolves; how continuity and durability are built into the process.

1. Participants. To help describe who participated in the strategic planning process, the following questions were asked:

- Who led the planning process? Was it led by a coalition of private and public sectors (executive branch, legislative branch) or by one person or group? If it was led by a coalition, which of the three partners currently leads or is the primary initiator of economic development planning and policy formation?
- What agency or office is currently responsible for strategic planning?
- Was there participation at the local level (grass roots involvement)?
- Did consultants participate, provide information or guidance?

Table 8 shows that the strategic planning process was led by a coalition of both branches of state government and the private sector in only two states, Kansas and Oklahoma. Oklahoma's legislature has been dormant in the area of economic development for the last couple of years. Thus, in all states but Kansas, the strategic planning process is currently led by the executive branch, with strong private sector involvement in some states. For example, Indiana's private sector has played a key role in maintaining support for economic development. Most states report that the private sector participates, but the degree to which it is involved varied. In some states, the whole process, from planning to implementation to updating, involved the private sector. In other states, business leaders provided limited input during the planning process or endorsed the strategic plan after it was written.

Many states held meetings state wide to engage communities in the planning process in an attempt to have grass roots involvement with the plan. And several of the states used consultants to help guide the planning process.

Table 8
PARTICIPATION IN THE PLANNING PROCESS

Elements:	State:										TOTAL:
	CO	IL	IN	IA	KS	MN	NB	OH	OK	TN	
1. Process led by a coalition? (Executive/legislative/private sector)	No	No	No	No	Yes	No	No	No	Yes	No	2
2. Current primary initiator of policy?											
• Executive branch	X	X	X	X		X	X	X	X	X	9
• Legislative branch					X						1
• Private sector			X								1
3. Private sector participation?	Yes	*	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9
4. Grass roots involvement?	No	*	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	7
5. Consultants participated?	No	*	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	7
TOTAL:	1	0	3	2	4	3	3	3	4	2	

2. **Evolution.** To determine how states' designed their economic development strategic planning process to adapt to change over time, the following issues were examined:

- **Monitoring.** Does formal outcome monitoring occur on a regular basis?
- **Benchmarking.** Are benchmarks used to monitor progress?
- **Updating.** Is the plan adjusted or updated regularly, as a matter of routine? If so, how often?
- **Research.** Does research impact or guide policy on a sporadic or a continuous basis?

Indiana, Kansas, Minnesota, and Oklahoma monitor outcomes on a regular basis (Table 9), but only Minnesota and Oklahoma currently used benchmarks to monitor progress. Plans are updated regularly in Indiana, Iowa, Kansas, and Oklahoma. Revision cycles vary from once every year to every eight years. Research reports continuously feeding into the process help guide policy evolution in Indiana, Iowa, Kansas, Minnesota, and Oklahoma.

Table 9

EVOLUTION OF THE STRATEGIC PLAN

Elements:	State:										TOTAL:
	CO	IL	IN	IA	KS	MN	NB	OH	OK	TN	
1. Monitored regularly?	No	*	Yes	No	Yes	Yes	No	No	Yes	No	4
2. Benchmarks used?	No	*	No	No	No	Yes	No	No	Yes	No	2
3. Updated regularly?	No	*	Yes	Yes	Yes	*	No	No	Yes	No	4
• How often?			4 yrs	Yrly	8yrs				5 yrs		
4. Continuous re-research guides policy?	No	*	Yes	Yes	Yes	Yes	No	No	Yes	No	5
TOTAL:	0	0	3	2	3	3	0	0	4	0	

* Since the plan has not been completed, these issues have not yet been addressed or defined.
 NA Not applicable since the plan is not updated on a regular basis.

3. Continuity and durability. Economic development strategic planning requires some attention and commitment to long term goals. Issues dealing with and affecting the economy are complicated. They often require years to study and to develop strategies upon which to base actions, and also often require years for those actions to produce results. For example, strategies impacting technology include seed capital programs, investment in research, programs supporting technology transfer, etc. Such investments require long term commitments because of the time required to implement and to produce results.

The democratic process with its frequent elections and turnover of elected officials makes it difficult for states to focus upon and remain committed to a set of long term goals and strategies. While many things can contribute to a plan's continuity and durability, the following were issues examined for this study:

- **Partnerships.** Is the process designed to recruit participants from public and private sectors to formally and regularly contribute resources (funds, personnel, etc.) and help guide the planning process, implementation, monitoring, etc.? Examples of this include private/public economic development planning boards, advisory groups guiding and reviewing policy options, regional participation in planning and/or implementation, etc.
- **Empowerment.** Are the participants formally linked to the process and their roles clearly defined?
- **Cooperation.** Are the participants (private/public sectors; executive/legislative branches of state government; bipartisan support) working together, and endorsing the same plan to reach agreed upon goals?
- **Institutionalization.** What institutional arrangements (i.e., standing economic development legislative committees, private/public strategic planning entity, statutes authorizing the strategic planning process) are used to guarantee continuous attention to economic development issues, including strategic planning?

Indiana, Kansas, Ohio, and Oklahoma recruit resources and seek input from private and public sectors to build partnerships (Table 10). Minnesota and Nebraska are in the process of building private/public partnerships and Tennessee is considering the issue. In three of those states which have built partnerships (Indiana, Kansas, and Oklahoma), partners are empowered through formal linkages and defined roles. Partnerships in Ohio are driven by the Director of the Department of Development. While partnerships have been formed, they have an informal rather than formal status, which introduces a degree of vulnerability.

Table 10

ATTRIBUTES CONTRIBUTING TO CONTINUITY AND DURABILITY
OF THE STRATEGIC PLAN AND PLANNING PROCESS

Elements:	State:										TOTAL:
	CO	IL	IN	IA	KS	MN	NB	OH	OK	TN	
1. Builds partnerships?	No	*	Yes	No	Yes	P	P	Yes	Yes	No	4
2. Participants empowered?	No	*	Yes	No	Yes	*	No	No	Yes	No	3
3. Cooperation between:											
• Private/public	No	*	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	7
• Executive/legislative	No	No	No	No	Yes	No	No	Yes	No	Yes	3
4. Process institutionalized through:											
• Private/public strategic planning entity	No	No	Yes	No	Yes	No	No	No	Yes	No	3
• Standing eco. devo. legislative committees	No	No	No	Yes	Yes	No	No	Yes	Yes	No	4
• Statutes authorizing eco. devo. strategic planning process	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	No	6
TOTAL:	1	1	5	2	7	1.5	1.5	4	6	2	

P Partially. In these states partnerships between the executive branch and the private sector have been the focus of much effort by the executive branch. Evidence of executive/legislative partnerships being built or maintained was less evident.

* Since the plan has not been completed, these issues have not yet been addressed or defined.

The degree of cooperation between private and public sectors and between the executive and legislative branches of state government varies across states. While many states can be given credit for having some degree of cooperation between the private and public sectors, fewer (Kansas, Ohio, Tennessee) have strong cooperation occurring between the executive and legislative branches of state government. Kansas and Oklahoma were the only states having all three forms of institutionalization of the process: private/public strategic planning board or entity, standing economic development legislative committees, and a statute authorizing the economic development strategic planning process. Indiana and Iowa have two forms.

Continuity and durability are often elusive when long term commitments to economic development strategies are needed. Across states, the process can only be described as encompassing a continuum of approaches from a very methodical, "text book" process (i.e., vision process, town meetings, private/public involvement, supported by both branches of government) to a very closely held/controlled strategy where only a few players actually know what the full strategy entails. Indeed, the whole issue of economic development has become a key political issue during elections in several states. In more than one state, gubernatorial races were run on economic development issues, with the eventual winner running against the incumbent's economic development policy. When this occurs, the newly elected Governor is compelled to do things differently and alter the state's plan or strategy. Even when economic development is not a campaign issue, a new Governor or legislators coming into office may be unfamiliar with the existing strategy or have different priorities or initiatives to implement. Another scenario for instability occurs when the Governor represents one political party and the legislature is dominated by the opposing party. These situations can create instability or chaos and, at best, lead to a period of inactivity for economic development. However, the situation often deteriorates further and results in economic development plans and funding falling victim to partisan politics.

4. Key Findings Regarding the Planning Process.

- Strategic planning was originally led by a coalition of the executive branch, legislative branch, and private sector in Kansas and Oklahoma.
- The executive branch currently leads the planning process in all states but Kansas.
- The private sector is involved in nine states, but the degree of involvement varies considerably.
- Seven states held town-hall or regional meetings to facilitate grass-roots involvement in the process.
- Consultants participated in some way in seven states.
- Indiana, Kansas, Minnesota, and Oklahoma regularly monitor outcomes. Only Minnesota and Oklahoma have benchmarks in place to measure progress toward goals.
- Indiana, Iowa, Kansas, and Oklahoma have updated their plans on a regular basis. Research reports play an important role by continuously feeding information that guides the evolution of the plans.
- Private and public sectors regularly support and guide the process and/or implementation of the plan in Indiana, Kansas, Ohio, and Oklahoma. Support and level of involvement has recently diminished in Oklahoma.

- Indiana, Kansas, and Oklahoma have mechanisms which formally link and empower the private and public sector to the process. In Oklahoma, one mechanism, Oklahoma Futures, has been challenged which has weakened its ability to function effectively.
- Kansas, Ohio, and Tennessee show evidence of good cooperation between the executive and legislative branches of state government.
- Kansas and Oklahoma have institutionalized economic development to the point of having standing economic development legislative committees, a private/public strategic planning entity, and statutes authorizing the economic development process.
- The political cycle impacts states' economic development plans and strategies and creates instability that works against maintaining the long term focus or commitment needed for implementation.

D. Implications

The findings presented thus far have implications for states seeking to update their strategy and refine their planning process. The analysis has been extended to include a discussion of the typologies regarding the scope of the strategic plans and the degree of participation and cooperation in the process. Difficulties or challenges that states have faced or are currently facing are described, and innovative approaches to pressing problems are presented. Finally, the vitality or viability of plans and planning processes is discussed

1. Typologies. Many states' approaches to economic development are quite similar and a few are unusual in the scope of their strategies or plans (general vs. focused). While Tennessee targeted two foundations, all other states had a more general approach to economic development. In all states but Tennessee, economic development strategic goals addressed at least five of the seven foundations of economic development (business environment, commitment/capacity, financial capital, human capital, infrastructure, technology/innovation, quality of life). However, several states reported that prioritization kept attention focused upon two or three areas even though all areas were mentioned. Since no budget data were collected to determine actual spending patterns, the degree of focus could not be determined.

Participation in economic development strategic planning was another dimension where categories emerged. States such as Indiana, Kansas, Oklahoma, and Ohio are based upon coalitions or partnerships between private and public sectors and, in some cases, between branches of government. Minnesota and Nebraska are in the process of building or strengthening private/public partnerships. Tennessee and Illinois are examining ways to address private/public partnerships, and Iowa plans to address this issue in the next update of their plan.

2. Challenges. States were asked to identify the biggest challenges that faced their strategic plans and planning processes. The problems mentioned most frequently were the need for a long term focus, difficulties in building a consensus or sense of ownership, and the need

to maintain funding levels or having inadequate funding (Table 11). While the effect of partisan politics was directly cited as a challenge by three states, all state plans and planning processes feel the impact of the election cycle and partisan politics. Elections and politics impact long term planning, ownership, priorities, and funding.

Table 11

BIGGEST CHALLENGES FACING PLANS AND PLANNING PROCESSES

Challenge:	Number of States:
Long term focus	6
Building consensus, ownership	5
Funding	4
Prioritization; strategic approach, not micro-management	3
Partisan politics	3
External economic factors; the larger economy	2
Distances, communication, rural services	2
Involving the private sector	1
Global focus	1

3. Innovative approaches. When information collected from all the states was examined to identify innovative or unique aspects of plans or planning processes, many of the innovative ideas seemed to address some of the challenges described above. The following is a listing of innovative ideas or approaches occurring in various states:

- Iowa is considering setting up a mechanism through which ideas and experiences can be shared with Oregon, whose approach (benchmarks, etc.) is influencing or shaping Iowa’s approach.
- Minnesota is also strongly influenced by Oregon and has established milestones or benchmarks to measure progress toward goals. Others plan to develop benchmarks as plans are updated (e.g., Kansas).
- Minnesota Planning is the agency within the executive branch responsible for strategic and long-range planning. This agency reorganized in 1991 and is orienting its activities to be a nonpolitical, bipartisan agency that provides the legislature with cutting edge issues and does projects for the executive branch. The agency gathers people, resources, plans, and information together to develop methods and partnerships needed to move an agenda forward. This role is provided by private/public strategic planning boards or entities in other states. Minnesota is attempting to build or institutionalize this function

in an already existing agency within the executive branch to strengthen the stability of the planning process.

- Nebraska is attempting to create a consistent, long-term approach to rural economic development through the Network. The Network is designed to break down barriers, and look for institutional stability (overcome fragmentation, lack of cooperation, duplication). The Network is designed to institutionalize strategic planning at the community and regional level, with the goal of creating a sense of ownership at that level that will endure and make economic development customer (bottom up) driven. Network designers seek to build stability by getting organizations (service providers) to buy in, by increasing private sector involvement, by developing a market place constituency as communities and businesses see improvements in services, and by crafting regional agendas and networks to tell the state what is needed.
- Both Minnesota and Nebraska are utilizing what they call strategic budgeting. In Minnesota, agencies were asked to identify how programs included in their budgets address the milestones. In Nebraska, agencies were asked to set priorities to help target funds.
- Nebraska Online was developed to improve communication among various constituencies (e.g., legislature, communities, Network members). Its purpose is to connect Network members and communities by electronic communication and information services that will provide information regarding services, calendar of events, etc. The goal is to enhance this basic, passive system to be more proactive and allow users to send and receive messages from another individual or organization (E-Mail). This system is an attempt to overcome the burdens that distance places on rural communities needing information about and access to services. It also allows those at the state level to communicate directly with various constituents within state government and at the local level.
- Third wave approaches are evident in several state's efforts to focus upon industry or sector clusters (e.g., Illinois, Kansas, Ohio, Tennessee) and regional clusters (e.g., Illinois, Nebraska, Ohio).
- Ohio has designed an interagency, private/public implementation plan for the state's work force strategic plan.
- Building the capacity for continuous adjustment to economic variables (strategic management) of strategic plans is something all states desire. Access to and utilization of research on key issues enables Kansas to build consensus and ensures that the state's strategies are addressing critical issues and changing as the economic climate changes.
- Tennessee has begun a new initiative to build private/public economic development partnerships. Since details could not be released yet, the form of this partnership could not be determined. Whether it will be something unique or patterned on what exists in

other states is unknown.

- Indiana has designed the strategic planning process cycle to coincide with the election cycle. Program evaluation and all planning work will be done before and during the election year. The policy options will be developed after the election so newly elected Governors are available for policy decisions.

4. **Vitality issues.** Trying to describe which states have a viable, practicable strategic plan or strategy is very difficult. Visits to each state provided impressions, but no clear method has been developed to measure viability and practicability. In the absence of such measures, a summary of the previous process assessment was used. Assuming that a state's plan can only exist if the process is strong enough to produce a plan and maintain some level of commitment or attention to the plan, then a summary of the strength of the process may be the best measure of viability or survival of the strategic plan.

Table 12 presents the number of elements or attributes present in each state's process assessment categories presented earlier. Categories and their contents included:

Operational aspects of plan: vision stated; goals stated; strategies specified; implementation steps identified; identified who implements; measurable outcomes identified; who monitors outcomes identified; routine process for updating; updating required and/or done (see Table 6).

Strategic elements: plan included environmental scan/trends analysis; included analysis of competition; capitalized on strengths and identified weaknesses; targeted variables to control; priorities were specified (see Table 7).

Participation: process led by a coalition; private sector participation; grass roots involvement; consultants participated (see Table 8).

Updating/evolution: outcomes monitored regularly, benchmarks used; updated regularly; continuous research guided policy (see Table 9).

Continuity/durability: builds partnerships; participants empowered; cooperation (private/public, executive/legislative); process institutionalized through private/public strategic planning entity, standing economic development legislative committees, and/or statutes authorizing the planning process (see Table 10).

Participation and strategic elements were most likely to be included in a state's plan (Table 12). Six of the ten states had at least three of the four elements analyzed, giving the participation category a high percentage of occurrence (62.5%). Likewise, at least four of the five strategic elements were included in seven of ten states' plans for a high percentage of occurrence (74%). The other categories' occurrence percentages were lower: updating/evaluation, 35%; operational aspects, 45.5%, and continuity/durability, 44%.

Table 12

**SUMMARY OF PROCESS ASSESSMENT:
NUMBER OF ELEMENTS OCCURRING IN EACH CATEGORY**

Category: *	Total Number of Elements per State:										% Occurrence:
	CO	IL	IN	IA	KS	MN	NB	OH	OK	TN	
1. Operational aspects N = 9	6	1	6	6	6	4	3	0	9	0	45.5%
2. Strategic elements N = 5	5	4	5	4	5	4	2	2	5	1	74%
3. Participation N = 4	1	0	3	2	4	3	3	3	4	2	62.5%
4. Updating/evolution N = 4	0	0	3	2	2	3	0	0	4	0	35%
5. Continuity - durability issues N = 7	1	1	5	2	7	1.5	1.5	4	6	2	44%

CATEGORY 1-5

TOTAL OCCURRENCE:	13	6	22	16	24	15.5	9.5	9	28	5	148
% OCCURRENCE:	45%	21%	76%	55%	83%	53%	33%	31%	97%	17%	51%

1. Operational aspects (9) -- vision stated, goals stated, strategies specified, implementation steps identified, identified who implements, measurable outcomes identified, identified who monitors outcomes, routine process for updating, updating required and/or done.
2. Strategic elements (5) -- environmental scan/trends analysis, analysis of competition, strengths/weaknesses, targets variables to control, priorities specified.
3. Participation (4) -- process led by a coalition, private sector participation, grass roots involvement, consultants participated.
4. Updating/evolution (4) -- monitored regularly, benchmarks evaluated regularly, updated regularly, continuous research guides policy.
5. Continuity/durability (7) -- builds partnerships, participants empowered, private/public cooperation, executive/legislative cooperation, institutionalized through private/public strategic planning board, standing economic development legislative committees, statutes authorizing strategic planning process.

If participation and strategic elements are the key to a healthy process, then most states can be characterized as viable and practicable. If all five categories are equally important, then fewer states would be predicted to have strong plans and planning processes. Based upon an assumption of equal impact of all five categories, Oklahoma, Kansas, and probably Indiana would be characterized strong. Iowa and Minnesota would be characterized as building strength, Colorado would be vulnerable, and Illinois, Nebraska, Ohio, and Tennessee would be described as either having no plan or having a plan that faced substantial challenges in becoming or remaining viable. For most states, this characterization matched impressions gained during the interview process.

However, the exception to this is Oklahoma. While Oklahoma scores high (97%) on this summary, the situation could not be described as stable at the present time. The legislature has been largely dormant in the area of economic development initiatives for the last couple of years and Oklahoma Futures (strategic planning entity) has had difficulty functioning. These developments have contributed to a weaker picture of economic development planning than the summary in Table 12 reflects.

Rather than pronounce certain states to be viable, this analysis should be viewed as a summary of the past and present, not a prediction for the future. The past and present are important in that they become the context within which the future is shaped. An economic development history that includes strong participation, a dynamic, evolving process, well defined operational aspects, and the means to institutionalize the process to provide stability and continuity may help maintain a viable, practicable strategic plan or strategy. Economic development issues are complicated issues, often requiring several years to study and to act. If the process is structured to at least increase the probability of continued involvement by the legislature, the executive branch, and the private sector, then a state has a chance to develop and maintain a long term focus and strategy that builds upon previous experience and action. In this context, the availability of good data, skillful analysis of data, and information dissemination to key constituencies becomes very important in building the consensus needed to maintain involvement and commitment to long term goals. Based upon comments made during interviews, those dealing with economic development strategic planning mentioned the following as keys to success:

- Strong private/public partnerships addressing economic development issues with the Governor and legislative leaders serving on boards of important organizations.
- Strong, bipartisan legislative leadership, support, involvement.
- Strategic management or the use of data and skillful analysis of information to adjust or alter strategies to respond to changes in the economic climate.
- Synchronizing the strategic planning cycle with the political cycle.

- A strong, interconnected institutional base for economic development activity (standing economic development legislative committees, private/public strategic planning entity, statutes authorizing the economic development planning process).
- A customer driven approach where the customer defines needs, defines how programs affect them, and then use that information to modify programs.

Major challenges to success included:

- Maintaining a long term focus
- Building consensus and a sense of ownership.
- Maintaining funding.
- Setting priorities; developing a strategic approach.
- Partisan politics.
- Involving and engaging the private sector.

5. Key Findings Regarding Implications.

Economic development is a very important and a very political issue in the early 1990's. Developing, implementing, and updating an economic development strategy is not necessarily a rational, systematic process. It is often dependent upon or driven by a key individual. This introduces an element of vulnerability to any long term focus or strategy by reducing the base of support. Adoption of and implementation of plans and strategies are often driven by political agendas in many states.

Many states are revising plans, charting new directions, and, in some cases, making radical changes. These revisions will produce more sophisticated approaches to state economic development strategic planning because the states have the benefit of drawing upon their own experiences and the experience of other states in economic development. State plans may become more focused or targeted upon fewer goals. They will often include benchmarks to help chart progress. They will not ignore business attraction, but will focus upon retention and expansion of existing business and new start ups. They will also include Third Wave elements, with attention given to industry or sector clusters and regional clusters when developing and delivering services. Private sector involvement in planning and delivery of services will also increase. These and other changes will make the early 1990's watershed years for many states. The major challenge that all face is maintaining a dynamic process responsive to changes in the economy while building and maintaining support for strategic choices being made.

IV. OVERVIEW

The assessment of ten state economic development strategic plans and planning processes revealed:

- A great variety in approaches,
- Varying degrees of reflection during the planning process,
- Diverse organizational arrangements, and
- Varying degrees of participation, cooperation and support.

States have developed new models for economic development that differ from traditional public administration models. For example, the formation of private/public partnerships to guide economic development planning and close executive/legislative collaboration are examples of what has evolved. While these new models are working in some cases, they are young and their durability has not yet been demonstrated.

State economic development strategic planning is relatively young and is exhibiting growing pains. Some states are doing better than others, but most are striving to improve the process. Significant challenges have occurred (e.g., changing Governors), but creative responses have been developed (e.g., coordinate the planning/revision cycle with the political cycle) to respond to those challenges.

Strategic planning is here to stay. As a result of states' persistence, more sophisticated processes and plans are emerging. Realization of the importance of research and communication to the process is emerging. In depth studies of important economic issues and policy options are needed to build and maintain the consensus needed to pursue long term goals and maintain a strategic approach. Such studies, combined with continuous measurement of outcomes or benchmarks to chart progress toward goals, begin to give states the tools needed to continuously adjust their strategies. State have begun to recognize the need to be more responsive to changes in economic conditions and are evolving toward more flexible, responsive institutional arrangements. State governments are recognizing the necessity to be accountable and demonstrate, through measurement of outputs rather than inputs, that their economic development strategies and programs are performing in ways that benefit the state's economy.

APPENDIX A
REVIEW OF STATES' ECONOMIC DEVELOPMENT PLANS OR STRATEGIES

RULES FOR REVIEWING STATE STRATEGY

1. Overview of process

1.1 Agency responsible: Identify the group, agency, or person responsible for economic development strategic planning.

1.2 When done: For the plan that currently is in place, identify when it was adopted or finalized.

1.3 By whom: Identify who led the planning process. Was it led by a coalition or by one person or group? If it was led by a coalition, determine the primary initiator of economic development planning and policy formation within that coalition.

1.4 Degree of participation and broad-based buy in: Identify what groups were involved during the planning process, whether public hearings or forums occurred, whether there was input from key groups (private, public, executive, legislative, etc.).

1.5 Role of consultants: Identify what consultants were used to contribute to or guide the planning process and writing of the strategic plan. Included in this group are strategic planning professionals and university faculty who provide research or other expertise.

1.6 Role of research: To what extent does research impact or guide policy (sporadically, continuously)?

2. Plan substance

2.1 Summary: Identify the goals (e.g., increase employment, income, etc.) and major strategies. If no written plan exists, describe the state's goals, themes, and focus as described in interviews.

2.2 Economic and social analysis used: Determine whether the plan is based upon or includes an examination of economic data, demographics, etc.

2.3 Key themes, priorities: Identify the focus of the strategy (business attraction, retention/expansion, startups). Identify which issues (e.g., human capital, infrastructure, etc.) are addressed by the plan and/or those interviewed. Are these issues prioritized or differentially targeted in some way; if so what is the order of priority?

3. Assessment of the plan

3.1 Is it a plan? Operational aspects of the plan. Determine the extent to which the plan or strategy incorporates the following:

Clear statement of vision, goals? Are statements included that express (1) what the image of or general description of what the state and/or its economy will look like in the future (vision); (2) what the specific objective or target toward which the activity or endeavor is directed (goal) and what will be worked toward or aspired to (objective).

Does it select specific courses of action, strategies? Determine whether the plan or strategy describes what should be done or changed to achieve the goals and objectives.

Does it identify implementation steps or actions? Determine whether the plan or strategy contains a description of the means for accomplishing or carrying out the actions described. This could be a very detailed plan of action or a more general discussion of what should happen first, second, etc.

Does it identify who implements? The action plan should also specify the person, agency, group who will be responsible for implementation. This could be as general as identifying who is responsible for implementing the entire plan or as detailed as assigning responsibility for each strategy or recommendation.

Does it identify measurable outcomes and who monitors outcomes? Determine what results or final consequences of the actions are to be quantified or measured. Also, determine whether the plan or state identifies who is responsible for collecting and analyzing the data.

Is there a routine process for revisiting the plan? Determine whether the plan or state specifies how the plan or strategy will be updated. Does it identify who is responsible, how often it is done, how dynamic or continuous the process is, and who is involved.

3.2 Is it strategic? Determine the extent to which the plan or the strategy incorporates the following:

Environmental scan/trends analysis (external forces/trends): Determine whether the plan is based upon or includes analysis or historical overview of the economic performance, demographic changes, industrial and occupational change. Also included might be an analysis of the economy from a regional perspective. Key trends that might be discussed could include changes in markets, products, processes, business structures, work force, work place, social and cultural diversity, etc.

Competition (competitive and comparative advantage -- U.S./non U.S.): Determine whether the plan is based upon or includes analysis of how the state excels or can outperform other states, regions, or countries. This also could include discussion of aspects or characteristics that are unique to or especially strong in the state (e.g., the natural environment, established dominance of certain industries, etc.).

Assets or strengths/deficiencies or weaknesses (does it capitalize on state's assets/identify weaknesses): Determine whether the plan is based upon strategic choices made to take advantage of the state's perceived strengths (e.g., central location, labor costs, worker skills, etc.) or address weaknesses.

Proactive (target variables which must be controlled to shape the future): Determine whether the plan or strategy at least identifies threats or challenges to the state's economic development and whether strategies are designed to overcome, control, or monitor these variables.

Imagination (novel, innovative, creative aspects): Determine if parts of the plan, strategy, or planning process are unique or unusual (not seen in other states).

3.3 Communication/dissemination of plan

Is it disseminated widely? Determine the extent to which the plan or materials describing the plan/strategy are distributed around the state.

Is it readable, simple, attractive? Can the important points of the plan be easily identified or grasped either through well written and formatted materials or through other means (e.g., executive summary, summary brochure, etc.)?

How well is it communicated to the leadership and citizens (scan marketing materials)? Are materials available that are used to "sell" the plan or approach (e.g., brochures, charts, brochures, videos, etc.).

3.4 Other characteristics

Does the plan build or strengthen partnerships? Determine the extent to which different parties (private/public, state/local, etc.) agree to furnish a part of the capital and/or labor, or other resources help guide the planning process, implementation, monitoring, etc. Examples of this include private/public economic development planning boards, regional strategies, advisory groups guiding and reviewing policy options, etc.

Does it empower participants, especially key players in business, government, labor, education, and civic organizations? Determine how key players are formally linked to the plan and planning process. Where possible or applicable, identify the role of the following: governor, legislature, governmental agencies, private sector, communities, economic development planning entity or organization, etc.

Are key players/parties working together (cooperation)? Determine whether the various players (executive/legislative; private/public) endorse or support the same plan and working together to reach agreed upon goals.

Does it build off basic values and ideals identified for the state? Determine if the plan acknowledges what the state's people feel are important state characteristics, what they feel is of great worth, and what standards or quality of life they expect to maintain. The vision and goals are most likely to build off basic values and ideals, especially if community, regional, and state forums were held as part of the planning process.

Is it market-oriented and designed to be "close to the customer"? Determine whether the approach is top down or bottom up. Things to look for in a bottom up, close-to-the-customer approach are: use of decentralized approach characterized by private-public organizations, buy-in or active participation by the private sector, customer-driven programs, provide coordinated services and build capacity at the community and regional level, use of research to determine needs.

Vitality. To what extent will the plan, process, and/or strategic approach survive or continue? Is the plan evolving in a systematic, dynamic way that suggests that it is alive and well?

Source: The 1995 Report; Interviews

REVIEW OF STATE STRATEGY -- COLORADO

1. Overview of process

1.1. Agency responsible

By statute the legislature, through the Business Affairs and Labor Committee is responsible. In reality, the Governor's office is responsible since it was directed by the legislature to produce a strategic plan.

1.2. When done:

1989-90 (1st "roadmap" done in 1988)

1.3. By whom

While the impetus came from the legislature who instructed the Governor to do a plan to better define economic development programs, the Governor's office developed the plan.

1.4. Degree of participation and broad-based buy in

According to the document, there was input from public hearings, business groups, local officials, citizen organizations. According to interview information, the legislature was not involved in developing the plan. Rather, the Office of State Planning and Budget (part of Governor's office) was responsible for coordination. People who were in economic development were brought together and they did the plan. It was done with limited business involvement and no legislative involvement. The result was a codification of what had been going on and an effort to emphasize some of the newer programs that were working.

1.5. Role of consultants

Consultants have not had a clearly defined or visible role in the current process.

1.6 Role of research

Research reports exist and are used by the Office of Economic Development, but the role of research in strategic planning was not emphasized.

2. Plan substance

2.1. Summary

Goals:

1. Create jobs (150,000 by 1995)
2. Maintain low unemployment rate (5.5% or less)
3. Increase real state per capita income by 3% each year

Strategies:

1. Building a world-class education system for Coloradans. The plan discusses steps to take to improve various aspects of education. A broad range of steps are outlined covering pre-school, state performance outcomes for K-12, greater financial support for higher education, technology transfer, job training, adult illiteracy.
2. Creating a quality business climate will expand quality job opportunities. This focuses upon improving the business climate (e.g., workers compensation costs), improving businesses' access to information (e.g., information systems), business support services, and marketing Colorado.
3. Strengthening the capacity of rural communities to become more competitive. To increase competitiveness, the plan focuses upon assisting rural communities in infrastructure development, developing rural tourism, and strengthening rural business programs.
4. Protecting Colorado's unique environment. This focuses upon improving air and water quality, enhancing outdoor recreation, and establishing an environmental science industry.
5. Building the necessary infrastructure to facilitate commerce. This focuses upon solutions to the metro-area transportation needs (air transportation), providing for essential surface transportation systems, preparing for the state's water needs, and linking the state to the world via communication systems.

2.2. Economic and social analysis used

Chapter 2 is an economic profile of Colorado. Sections include: Colorado's economic sectors; Colorado's current economic situation (compared to U.S., not a strong global orientation); Advantages of doing business in Colorado; Colorado's opportunities for improvement; Targeting Colorado industries (targets for expansion)

2.3. Key themes, priorities

According to interviews, the focus of the Office of Business Development is business attraction. Issues addressed in the plan include:

- * Building a world-class education system for Coloradans
- * Creating a quality business climate will expand quality job opportunities
- * Strengthening the capacity of rural communities to become more competitive
- * Protecting Colorado's unique environment.
- * Building the necessary infrastructure to facilitate commerce.

Key initiatives within each area were prioritized.

3. Assessment of the plan

3.1 Is it a plan?

Clear statement of vision, goals, objectives that are achievable

Vision statement includes becoming a leading international business center for communications, research and development, tourism, financial services, light manufacturing, food processing, distribution, and transportation. This will be achieved by cooperative efforts (private/public; state/local). This will position CO to attract, retain, and encourage quality business endeavors, improve the quality of life, and consistently increase the net worth of its citizens to a rate higher than the national average.

Goals are clearly stated (e.g., create jobs, etc.).

Does it select specific courses of action--strategies?

Strategies are clearly stated (e.g., building a world-class education system, etc.) and describes what should be done or changed.

Does it identify implementation steps or actions

Each key initiative (e.g., expansion of at-risk preschool for three- and four-year olds) has a description of the outcome (e.g., reduce the impact of certain at-risk factors by ensuring universal accessibility to early childhood education), the cost (short and long term), the lead agency, and the timeline (e.g., ongoing, 1990, or other year).

Does it identify who implements Yes. See above.

Does it identify measurable outcomes and who monitors outcomes

The goals include statements of what will be measured (e.g., jobs created), the target that is to be reached (e.g., 150,000 new jobs between 1990 to 1995). There is no description of how outcomes will be monitored or who will monitor. Interviews revealed that the plan is not being monitored for implementation.

Is there a routine process for revisiting plan

The governor's office is required by law (House bill no. 1351) to update and amend the plan annually, but this has not been done. According to interviews, the 1989 plan has not be updated so it does not appear to be a dynamic, evolving plan.

3.2. Is it strategic?

Environmental scan/trends analysis (external forces/trends)

The document includes data on economic trends (unemployment, real per capita income retail sales, number of jobs, average wage by industry, composition of state's economy by sector, job growth)

Competition (competitive and comparative advantage-US/nonUS)

Comparative advantage (Colorado vs. U.S.) of doing business is presented: well educated/trained workforce; strong entrepreneurial spirit (new businesses created, patents issued, R&D funding at universities); healthy business climate (moderate tax levels, low energy costs, good airport, low cost office state, telecommunication network); quality of life (affordable housing, weather, parks & rec areas)

Assets or strengths/deficiencies or weaknesses analysis

The plan includes a discussion of advantages to doing business in Colorado (strengths) and a discussion of opportunities for improvement (weaknesses). The focus on tourism and the environment suggests that unique aspects have been recognized. The state's efforts are spread across numerous areas and which area(s) are the priority area(s) has not been established. There is little funding, and that is not allocated according to well-understood priorities. In essence, the state strategy seems to be a diverse portfolio of efforts and to fund them all a little bit.

Proactive (target variables which must be controlled to shape the future)

The plan recognizes that the education system must be oriented toward outcomes, that the cost of doing business must be controlled (e.g., workers' compensation costs), the environment must be protected, etc.

Imagination (novel, innovative, creative aspects)

New initiatives include an effort to use a one cent sales tax to increase funding of education (K - 12).

3.3 Communication/dissemination of plan

Is it disseminated widely? Yes

Is it readable, simple, attractive Yes

How well is it communicated to the leadership and citizens (scan marketing materials)

Four meetings were held in different regions of the state and the Governor had meetings with key business leaders.

3.4 Other characteristics

Does the plan build or strengthen partnerships?

According to interviews, the plan has failed to galvanize support. An advisory board (similar to Kansas Inc) exists but is not functional. Its purpose is to look at broad policy issues, but it meets very infrequently. Examples of viable partnerships were not found. Legislation will be introduced in January, 1993 that is designed to restructure the Colorado Economic Development Advisory Board to provide advice on economic development programs. The board's members currently includes the Governor, legislators, and private sector leaders. The legislation would change that so that the Governor and legislators would not be members. Rather they would be replaced by private sector members appointed by the Governor and legislature.

Does it empower participants (key players in business, government, labor, education, civic organization)

The legislature requested that the Governor do an economic development plan. The legislature's role in economic development is not clear, and economic development is not of great interest to the legislature at this time. It has not been an ongoing partner in the development of strategies. The private sector does not seem to be linked to the process in a meaningful way. There is no functional economic development planning entity. The economic development advisory council was formed but has not been effective due to lack of continuity in the way it functions.

Are key players/parties working together (cooperation)

Economic development is not of great interest to the legislature at this time and all programs are operating at the margin except for tourism. The legislature and the Governor are at odds. The legislature has not been willing to fund the Governor's economic development strategy. The private sector seems to be involved in its own activities.

Does it build off basic values & ideals identified for the state

There is no discussion within the plan focused upon identifying basic values and ideals of the people. The only discussion of this type accompanies the strategies or initiatives regarding the environment. Environmental initiatives build upon the assumption that the people value the environment.

Is it market-oriented and designed to be "close to the customer"

It seems to be a top down approach, lacking interest/support at the local level.

Vitality

Will it survive? The lack of legislative and business involvement (lack of ownership) makes the plan vulnerable. Interviews indicated the plan "is just there." It has failed to galvanize support or to set forth priorities. Further, it is not being monitored for implementation nor evolving in a systematic, dynamic way.

Source: Interviews; Three reports prepared for the Department of Commerce and Community Affairs by Center for Economic Competitiveness, SRI International: (1) **New Directions in Economic Development: Positioning Illinois for the 21st Century, January, 1992;** (2) **Illinois as a Leader in the International Economy: An Analysis of the Challenges of the 1990s;** (3) **Economic Leadership in Illinois: New Approaches for the 1990s.**

REVIEW OF STATE STRATEGY -- ILLINOIS

NOTE: 1990 precipitated dramatic changes in the direction of economic development efforts in Illinois. Under the previous Governor, the Department of Commerce and Community Affairs received a lot of attention and support. The 1990 gubernatorial campaign focused upon economic development issues. A new Governor was elected who has changed the course. This change, an auditor general's report (1989) which was critical of the Department, and the perception that the Department was used for patronage led to drastic cuts in the Department's budget. The legislature reduced general revenue funding from \$98.9 million in FY 92 to \$27 million in FY 93. Two hundred employees were laid off in August, 1992 and the status of the Department has changed. As reorganization occurs, the Department is in a transition period. To help with this reorganization, SRI was hired to advise the Department on new approaches for economic development.

1. Overview of process

1.1. Agency responsible

Legislation requires the Department of Commerce and Community Affairs (DCCA) to create a plan.

1.2. When done:

No formal plan is currently in place. The first plan was done in 1983 with annual updates thereafter. The last plan was done in 1990 with an update in 1991. A report done in 1992 by SRI for the Department of Commerce and Community Affairs is currently being used by the Department and the Governor's office to provide insight and guidance.

1.3. By whom

The Illinois approach has not previously relied upon standing economic development committees or an overall policy planning group. Policy development is divided between the governor's office and individual departments. Within the executive branch, the Governor has usually taken the lead. The SRI report that is currently receiving a lot of attention within the executive branch was prepared

for the Department of Commerce. The Governor's office was kept informed and was involved in discussions regarding the report.

1.4. Degree of participation and broad-based buy in

SRI used both industry and economic foundation focus groups to help determine the needs of the various industry clusters identified in the report (Economic Leadership in Illinois: New Approaches for the 1990's). The Department held informal review panels with private sector leaders and economic development organizations to discuss the report and get their feedback.

1.5. Role of consultants

Due to current severe budget cuts in the Department of Commerce, the Department used outside consultants (SRI) to help develop new approaches to economic development. The result was a series of reports that seems to be redefining how the state will address economic development.

1.6 Role of research

The planning and research division of the Department of Commerce is redefining its role to act as an intelligence unit to identify trends in the economy and to communicate to people who need to know. The unit will assist the department in being an agency of change, spurring action. Thus, research may play a more important role in the future.

2. Plan substance

2.1. Summary

Recent budget cuts (e.g., the Department of Commerce and Community Affairs' general revenue budget was cut from \$98.9 million in FY 1992 to \$27 million in FY 1993) are changing the Department's role from one of direct provider of services to business to one of facilitator (focus upon what needs to be done and who to bring together to address the issues). To help guide this change, a report done for the Department by SRI outlines new approaches that the Department is using as its conceptual model. The basic approach is to improve capacity to revitalize existing industry clusters and build new clusters.

The SRI report states that the goals of economic development "have become quality jobs and a high quality of life based on prosperous industries and growing employment." The key to promoting economic development is industry clusters. "Clusters derive their comparative advantage by sharing common economic foundations, including specialized labor pools, innovative networks, readily available supplies and support services, access to capital and technology resources, economies of scale and ease of communications.....Successful cluster development strategies include elements of attraction, retention, and new business creation."

The SRI report focuses on strategies that rely on improving foundations that support industry clusters. Economic foundations (human resources, technology, capital, regulation, physical infrastructure, and quality of life) must support development and implementation as well as discovery of new markets and technologies. The foundations must also be responsive to changing industrial needs. To do that, the private sector must be an active partner in initiatives sponsored by both business and government.

The SRI report outlines the foundation needs of Illinois industry clusters. For example, the manufacturing industry cluster needs are outlined as follows:

- Human resources -- retraining for older workforce, accountability in schools, improve K-12 basic skills, more internships from universities, community colleges to small and medium sized companies, less union control, more skilled technicians.
- Capital financing -- access to loans, credit for small businesses, greater risk acceptance, money for training, employee rehabilitation.
- Technology R&D -- Upgrading of technology at vocational schools, customized interactive videos for technical training.
- Tax and regulatory -- Solutions to Workers' Compensation fraud and cost problems, transportation alternatives so industry can comply with the Clean Air Act reduction in employee car trips, new relationship/information flow from EPA, lower property taxes.
- Physical infrastructure -- Roads (cost/benefit analysis of toll roads, Peoria needs a direct route North, Rockford and Cairo need to be connected, more needs to be done to link people in the Western part of the state), mass transit (high speed trains between airports to eliminate need for short, expensive air trips, efficiency improvements, incentives for use, routes to suburbs, accommodate reverse commute, accommodate flexibility of workforce), air (increased access downstate, reevaluation of need for new airport).
- Quality of life -- solutions to urban drug/social problems, attraction of highly-skilled employees to rural areas. (Table III-2, Economic Leadership in Illinois: New Approaches for the 1990's)

Other industry clusters that are analyzed by foundation include tourism, natural resources/food and agriculture, health services, export/business services, transportation, high technology.

The requirements for economic revitalization in Illinois as identified by SRI were listed and include:

1. Establishment of industry-focused training programs that help workers gain new skills to meet changing industry needs and employment opportunities.
2. Expansion of adult education programs in basic skills needed to function in a more complex and technical work environment.

3. Increased emphasis on vocational and technical training for noncollege bound students in the K-12 system, including regulatory changes to permit effective internship and vocational training programs, and better motivation and support for training in basic skills within the present education program.
4. Expansion of small business assistance programs with the participation and support of private cluster-based coalitions.
5. Encouragement and support for venture investments and small business loans to firms with high growth potential and strategic cluster importance through networking and catalyst initiatives.
6. Better education and training opportunities for potential entrepreneurs and managers of small businesses in the fundamentals of planning, starting, and managing small technology and cluster-supplier businesses.
7. Greater cooperation and coordination among government agencies at the state and local level in definition, planning, and action to strengthen specific foundations.
8. Involvement of the private sector in planning and implementing foundation improvements, and support and leadership for private-supported initiatives.
9. A vision of Illinois' future in the global economy to provide the basis for a comprehensive state-wide economic development program.
10. Economic development goals that emphasize creation of higher-quality jobs to drive strategies that focus on improving specific economic foundations and support the competitiveness and growth of industry clusters.
11. Cooperation and coordination across all state agencies involved with economic competitiveness, as well as between state and local agencies.
12. The involvement of industry to leverage limited but important state resources in effective economic development, through public-private partnerships and industry coalitions that can plan and support an overall program and specific cluster-focused initiatives.

2.2. Economic and social analysis used

The reports done by SRI include an examination of economic data and demographics.

2.3. Key themes, priorities

During the 1990 gubernatorial election, both candidates made economic development an issue, and both agreed that economic development had to take a new course in the state. The principles for the current Governor (Governor Edgar are:

- No longer rely upon attraction.
- More focus upon existing businesses.
- Less state involvement with business, presumably through incentives.

- A reduction in foreign trade missions and offices which had been a top priority under the previous governor.
- Greater attention on community economic development efforts.
- Greater emphasis on upgrading the workforce.

Thus, the Governor is shifting the focus from attraction to retention/expansion. The issues that will receive the most attention will be human capital, business environment for existing businesses, and community economic development (commitment/capacity).

The top priority for the Department of Commerce and Community Affairs is to focus planning upon the link between industry clusters and economic foundations: what strategies improve the economic foundations that support industry clusters? The strategies suggested in the SRI report address the following foundations: human resources, capital financing, technology R&D, tax and regulatory, physical infrastructure, and quality of life. In addition, the SRI report listed requirements that must be addressed to revitalize the economy. These requirements focused upon better work force training, encouragement of venture investment, support for new companies in present clusters, and responsive development of physical infrastructure. Private/public cooperation was also stressed.

3. Assessment of the plan

3.1 Is it a plan?

Clear statement of vision, goals

Since the SRI report was not written as a formal state strategic plan, it contains no vision statement nor does it outline specific goals. It does, however, focus upon the general goals of quality jobs and quality of life.

Does it select specific courses of action--strategies?

The SRI report outlines what should be done or changed to improve the economic foundations to support industry clusters. The next step in the current process is the adoption by the state and department of specific strategies and implementation plans to address identified issues.

Does it identify implementation steps or actions

Not yet addressed or defined.

Does it identify who implements

Not yet addressed or defined.

Does it identify measurable outcomes and who monitors outcomes

Not yet addressed or defined.

Is there a routine process for revisiting plan

Not yet addressed or defined.

3.2 Is it strategic?**Environmental scan/trends analysis (external forces/trends)**

The SRI report, Illinois as a Leader in the International Economy: An Analysis of the Challenges of the 1990s, discusses the new economic forces that are challenging Illinois' strengths. It discusses the changing national and international marketplace, defines key industry clusters, discusses the cost of doing business in Illinois, discusses the occupational structure, and describes regional differences especially regarding key industry clusters.

Competition (competitive and comparative advantage-US/nonUS)

The focus upon industry clusters recognizes areas where the state has an advantage.

Assets or strengths/deficiencies or weaknesses

The SRI report clearly describes the state's strengths and weaknesses. It also discusses ways to address the weaknesses by improving the economic foundations in ways that help each industry cluster.

Proactive (target variables which must be controlled to shape the future)

The SRI report identifies challenges the state must face and overcome to revitalize the Illinois economy (e.g., better work force training, encouragement of venture investment, etc.). It is too early to tell how the state will respond to this report, what action will be taken.

Imagination (novel, innovative, creative aspects)

The SRI report analyzes the foundation needs of each industry cluster. The type of analysis was unique

3.3 Communication/dissemination of plan**Is it disseminated widely?**

The Department is in the process of considering how to disseminate the SRI report.

Is it readable, simple, attractive

The SRI report is readable. At this point, there is no document that describes a state strategic plan.

How well is it communicated to the leadership and citizens (scan marketing materials)

Not yet addressed or defined.

3.4 Other characteristics

Does the plan build or strengthen partnerships?

It is too early to determine whether partnerships will be formed. Leadership for economic development strategic planning comes from the Governor. Executive/legislative partnership or cooperation on economic development matters has not been built. Currently, the Department and the legislature are not in a partnership relationship. The Department wants to encourage state, local, and private sector partnerships to support the planning process and services, so some progress made be made in building executive branch/private sector partnerships.

Does it empower participants, especially key players in business, government, labor, education, civic organizations.

Not yet addressed or defined.

Are key players/parties working together (cooperation)

There has been no legislative involvement with the SRI report. Based upon recent events, it is unclear yet whether the executive and legislative branches will work cooperatively. The private sector is being consulted more frequently to help define needs of industry clusters. The Illinois Economic Development Board, which was not active during the previous administration is being reinstated. The Board is made up of private sector representatives and its purpose is to serve as the primary advisory body to develop the economic development planning process and strategies. These activities suggest that the executive branch and private sector are beginning to work together to define goals and strategies.

Does it build off basic values & ideals identified for the state

The SRI report was based upon information gathered through focus groups as well as data and information analysis and the Department held informal review panels with private sector leaders. The report itself discusses what changes need to be made for each economic foundation for each industry cluster. This information came from the focus groups so what the people feel is important was the driving force.

Is it market-oriented and designed to be "close to the customer"

The Department of Commerce is currently examining ways to develop ways to be more customer oriented.

Vitality

Because the Department of Commerce has recently experienced major cutbacks, economic development has been in transition during this period of reorganization. The department asked SRI/DRI to develop new approaches to economic development. The department is now trying to define what to do next. It is committed to the SRI report as a conceptual model and is moving toward a planning process involving industry clusters at the regional level to define goals and strategies. The emerging focus is on existing industries and the retention of firms and jobs--a shift away from attraction. The key question will be what role can the department play in supporting industry clusters. Parallel to this is activity within the Governor's office to develop economic development policy. The Governor's office has been the driving force for the development of economic development policy. The planning process in Illinois is being sorted out. A single effort that has the support of the Department of Commerce, the Governor's office, and the legislature has not been developed. While things are evolving, the approach is not systematic nor comprehensive. The Department's role and funding is still not defined nor assured with the legislature. The Governor's position or course has not been publicly defined, although the SRI report is being used by the Governor's staff for guidance. The state is still not working in a coordinated way on a long term strategy. The legislative and executive branches continue to deal with economic development issues on a project by project basis (e.g., new airport in south Chicago, casino in downtown Chicago) without any grounding in long term planning.

Source: In Step With the Future, 1984; Looking Forward: The Update of Indiana's Strategic Economic Development Plan - Strategies for the Future, 1987-88, Vol. 2, Draft; Interviews

REVIEW OF STATE STRATEGY -- INDIANA

1. Overview of process

1.1. Agency responsible

The IN Economic Development Council Inc. was created in 1985 to serve as the umbrella organization in economic development that was called for in the 1984 strategic plan. Its responsibilities include strategic planning for the state on economic development issues.

1.2. When done:

The original plan was done in 1983 and was updated in 1987-88. It will be updated again in 1992-93, after the election.

1.3. By whom

An Executive Planning Committee was established to develop the strategic plan and included representatives from industry, banking, labor, and state universities. The Indiana Economic Development Council is responsible for periodic reassessment. By statute, the Lt. Governor oversees all economic development programs in the role as head of Commerce. The Lt. Governor prepares the budget for this area, does all coordination and is responsible for initiatives. The legislature is not the lead player. There is not a standing committee for economic development but rather is the responsibility of the Commerce Committee in the House and Senate or other committees (depending on the topic).

1.4. Degree of participation and broad-based buy in

A number of regional and statewide panel discussions were held in all areas of the State to provide a forum for representatives from across the State who could contribute a variety of perspectives to the Strategic Plan.

1.5. Role of consultants

The first plan (1982) was prepared by a consultant and supporting research was done by universities in the state. During the process used to develop the current updated plan, the Economic Development Council worked with development experts throughout the country and from other countries.

1.6. Role of research

Research reports contribute to the identification and discussion of issues on an ongoing basis. Research is an activity of the Economic Development Council but also requests research for other sources (e.g., universities).

2. Plan substance

2.1. Summary

In the original 1983 plan, three basic strategic thrusts and 15 supporting strategies were developed to meet the overall goal of providing more rewarding and prosperous employment and business opportunities. The three thrusts were:

1. Provide competitive support systems for existing and new businesses and industry, particularly in the strategic areas of technical assistance, technology transfer, business monitoring systems and hotlines, and direct support for business investment in plant, equipment, and training.
2. Upgrade Indiana's basic economic development resources to a leadership position in the midwest, particularly in the strategic areas of labor-management relations, education, technology, finance, energy, and infrastructure.
3. Provide effective and sustained leadership and management of economic development, particularly in promoting leadership and establishing a partnership for management, direction, and coordination of the plan; providing a communications system and supportive information base; providing the sustained commitment of resources necessary to implement the plan; and making Indiana a recognized leader through an aggressive targeted marketing effort.

Goals and measures targeted in the 1987-88 update were:

1. Increase wealth: "A reasonable if ambitious goal might be that per capita personal income reach par with the national level by the year 2000 and that average annual pay exceed the national average by that year....Wealth is created by adding value. Value is added by improving productivity...A reasonable goal might be to be one of the top five leaders among the 50 states within the next 15 years in manufacturing productivity." This goal focuses upon income rather than number of jobs. Job creation tends to say more about changes in the supply of workers than it does about the creation of wealth. It also equates low paying with high paying jobs and tends to disguise underemployment. Therefore, the following measures were targeted:

Per capita personal income
Average annual pay
Median income

2. Achieve equity (personal income): "..we should seek broadly distributed opportunity to share in that wealth...It means a strategy of empowering all of our citizens with the educational and economic opportunity to earn that income."

Number of middle income households
Percent of people below the poverty line
Black income relative to white income

Unemployment rates in non-metropolitan areas vs metropolitan areas

Black vs white unemployment (particularly among youth)

Earning comparisons between metro and non-metro areas as well as among the various economic regions of the state

3. Expand economic diversity: "...a better balance between durable and non-durable goods manufacturing concentration would increase diversity...On the other hand, concentration in durable goods also reflects the comparative advantage of location and natural resource base...Indiana has previously avoided a development policy that seeks to emphasize certain industries to the neglect of others. We have not hesitated to identify key technologies and seek their more rapid development. Technological gain can cut across several industries."

Concentration of employment in industrial groups

Balance between durable and non-durable goods manufacturing

4. Improve attitude: "Attitude has to do with heightened expectations about Indiana as a good place to live, play, work and invest. Our attitude may be the best predictor of our future."

The strategic goals are listed along with the strategies for change in order of priority:

A. Preparing the Work Force: Upgrade the Educational Foundation and Job Skills of the Current Work Force

1. Bring education to the adult learner

2. Increase job-specific, employer-based training

3. Organize institutions for greater continuity and life-long education

4. Increase the learning skills and technical skills of new entrants to the work force

5. Improve labor market information and job exchange

B. Improving Labor and Management Cooperation: A New Style of Collaboration Between Labor and Management

1. Create new patterns of labor and management cooperation

2. Supplement plant closing notification requirements with support services

C. Strengthening Technological Competitiveness: Rapidly Accelerated Adoption of Modern Technology in Small and Medium Manufacturers

1. Expand technical and informational assistance to small manufacturers

2. Create new mechanisms to attract corporate and government R&D funds to Indiana University Research/Development Centers.

3. Accelerate education and training about "keystone" technologies

D. Assuring Reliable Supply & Competitive Price of Energy: Greater Flexibility and Diversity in Our System of Utility Regulation

1. Diversity options for the production and conservation of power

2. Increase the flexibility of our transmission system
- E. Increasing Flow of Capital for an Expanding Economy: Accelerated Development of New and Emerging Financing Mechanisms Aimed at Small and Medium Scale Manufacturing Companies
 1. Develop debt financing mechanisms for small and medium-scale business
 2. Expand equity financing mechanisms for small and medium-scale business
 3. Establish a financial services information clearinghouse
 4. Bring debt and equity financing programs to a community level
- F. Providing Public Facilities to Support Economic Growth: Financing and Managing Public Facilities as Long Term Capital Assets
 1. Improve infrastructure planning and capital budgeting
 2. Develop and implement a statewide plan for environmental infrastructure
 3. Develop and implement a statewide strategic transportation plan with special attention to the transportation needs of smaller communities
 4. Diversify financing options
 5. Improve the day-to-day management of public assets
 6. Increase public awareness of needs and public/private participation in public infrastructure
- G. Improving Structure & Management of Economic Development Programs: Stronger Regional Partnerships for Economic Development
 1. Provide incentives for joint venturing among local economic development organizations through regional alliances
 2. Broaden participation and communication in the governance of economic development programs
 3. Promote multi-state cooperation within the Great Lakes area
- H. Providing Services to Help Business be Competitive in World Markets: Development programs Focused on Smaller Establishments at the Sector or Region Level
 1. Target well-integrated services to indigenous, small-scale, goods-producing enterprises on a sector or regional basis
 2. Strengthen new business development efforts for women, minorities, blue collar entrepreneurs and the family firm
 3. Shift marketing and investment incentives from the individual firm to the industrial sector
 4. Improve the business tax structure

2.2. Economic and social analysis used

Issues discussed concerning the state's economic structure and performance included:

Population and labor force; Employment growth and unemployment; Importance of manufacturing; Major manufacturing concentrations; High

technology industries; Agriculture and mining; Trade and service sectors; Manufacturing establishments and headquarters; Diversity across the state.

The state's economic development environment and business climate was also discussed. Competitiveness was summarized in terms of:

Location and accessibility; Labor costs and productivity; Labor skills and availability; Labor-management relations; Energy costs; Business climate; Public services and the quality of life; Financial resources and availability of capital; Natural resources; and Universities and technologies.

2.3. Key themes, priorities

The focus of the 1987-88 plan was upon business retention/expansion by helping existing businesses become more competitive. The state has continued to pay a lot of attention to business attraction. In reality, attraction and retention/expansion are approximately equal.

Issues addressed include human capital (work force preparation), technology (adoption of modern technology), financial capital (financing mechanisms for small/medium sized manufacturers), business environment (improving labor/management cooperation; help business be competitive in world markets), infrastructure development/assistance (financing and managing public facilities as long term capital assets), commitment/capacity (improve structure and management of economic development programs through stronger regional partnerships). While the strategies for change accompanying each of the strategic goals (e.g., work force preparation) are prioritized, the strategic goals are not prioritized.

3. Assessment of the plan

3.1. Is it a plan?

Clear statement of vision, goals

The 1987-88 update contains a chapter that presents a vision of what Indiana can be. It touches upon racial and cultural diversity of the population, the aging population, income growth, distribution of wealth, community revitalization, strength of the manufacturing sector, business diversity, agriculture diversity, international integration of the economy (selling on world markets), use of technology, skill training, technology transfer, innovative education and training programs, educational reform (k-12), changes in government (efficient, flexible), changes in financial institutions, infrastructure, environment. Goals are clearly stated.

Does it select specific courses of action--strategies?

The key strategies of Indiana's economic development plan are outlined but the "specific policy and program prescriptions will be developed and implemented over time." The 1987-88 update presents the broad directions.

Does it identify implementation steps or actions

Implementation is not outlined in the 1987-88 plan. It was later followed up by an additional planning process called Governor's Initiative on Economic Development which discussed implementation.

Does it identify who implements

In the original plan (In Step With the Future), text describing each strategy identifies who is responsible or who will participate is included. The 1987-88 update does not identify who implements the plan.

Does it identify measurable outcomes and who monitors outcomes

While measurable outcomes or benchmarks are not specified in the most recent plan, the Indiana Economic Development Council is charged with evaluation of the impact of economic development programs, noting the need for changes, and assessing the performance of the state's economy. Monitoring occurs on a regular basis.

Is there a routine process for revisiting plan

The IN Economic Development Council is charged with holding annual statewide Economic Development Congresses every four years to evaluate the plan, re-examine strategies, and review implementation progress. In preparing the 1993 update to Indiana's strategic economic development plan, the IN Economic Development Council has developed a unique planning cycle which further strengthens the strategic planning process. The planning cycle calls for evaluation of programs and tools (1991), strategic planning process (1992), Strategic Plan III -- including implementation strategies (1993) Governor's Policy Panel (1994), evaluation (1995), planning process (1996), Strategic Plan IV (1997), Governor's Policy Panel (1998). This well defined long-range work plan is closely related to the election cycle. When the strategic plan is updated, all the background work will be done before and during the election year. The policy options will be developed after the Gubernatorial election so the newly elected Governor is available for policy decisions. Thus, the process is designed to be continuous and broad based.

3.2. Is it strategic?

Environmental scan/trends analysis (external forces/trends)

The 1987-88 update contains a historical overview of Indiana's economic trends. Topics covered included demographic changes, economic performance, industrial and occupational change. It also includes analysis of the Indiana economy as of 1987-88 from a regional perspective.

Chapter III discusses key trends affecting Indiana's future: changes in markets; changes in products, changes in processes, changes in business structures, changes in the work force; changes in the workplace; changes in social and cultural diversity; and repositioning Indiana.

Competition (competitive and comparative advantage-US/nonUS)

In the discussion of trends affecting Indiana's future, segmentation of the market and internationalization are discussed. The plan also discusses repositioning Indiana. This discussion recognizes the state's historical assets or the sources of its advantage (location, industrial infrastructure, etc.) and the need for change.

Assets or strengths/deficiencies or weaknesses

Assets discussed include: central location; labor costs and productivity; labor skills and availability; good colleges and universities. According to interviews, the state looked at different areas (e.g., work force preparation, infrastructure, etc.) to see if the state was competitive with other states and what was needed to become competitive. The strategic goals that were formulated and their prioritization suggest that strategic choices have been made. There is also connection between the assets identified and the strategic goals (labor skills and work force preparation; central location and improving infrastructure/transportation; etc.). The discussion of economic trends also includes identification of challenges facing the state.

Proactive (target variables which must be controlled to shape the future)

Threats and challenges are discussed and ways to meet those challenges or threats are addressed. For example, the need to improve the skill level of the future work force is described and specific strategies or actions to improve work force preparation are included in the plan.

Imagination (novel, innovative, creative aspects)

In preparing the 1993 update to Indiana's strategic economic development plan, the IN Economic Development Council has developed a unique planning cycle which further strengthens the strategic planning process. The planning cycle calls for evaluation of programs and tools (1991), strategic planning process (1992), Strategic Plan III -- including implementation strategies (1993) Governor's Policy Panel (1994), evaluation (1995), planning process (1996), Strategic Plan IV

(1997), Governor's Policy Panel (1998). This well defined long-range work plan is closely related to the election cycle. When the strategic plan is updated, all the background work will be done before and during the election year. The policy options will be developed after the Gubernatorial election so the newly elected Governor is available for policy decisions.

3.3 Communication/dissemination of plan

Is it disseminated widely? Not well communicated.

Is it readable, simple, attractive Yes

How well is it communicated to the leadership and citizens (scan marketing materials)

The printed materials are well designed to convey the key points of the plan.

3.4 Other characteristics

Does the plan build or strengthen partnerships?

The process was designed to build partnerships. Certainly the existence of private/public partnerships is a good sign of the existence of partnerships. The legislature does not seem to be heavily involved. Development of community level strategic plans reportedly is occurring. There is a grant program that can be used for local strategic planning. Awards are made on a competitive grant basis.

Does it empower participants, especially key players in business, government, labor, education, civic organization.

In the original 1983 plan, the participants were empowered to the extent that their responsibilities and roles were clearly outlined. In addition, the plan described the resources that each would require. The current situation links key players in the planning process. The well-defined updating process keeps public and private sectors involved. The Governor's office, legislature, and private sector are linked to economic development through membership on the Economic Development Council's board.

Are key players/parties working together (cooperation)?

In the 1987-88 update, the listing of "recent accomplishments" indicates that there is interagency cooperation, private/public cooperation, university involvement. Several sources confirmed that, with the election of a new governor, several changes were noted. However, continuity is evident through this period of change in administrations.

The planning process in Indiana was initiated by a coalition of the State Chamber of Commerce and the Indiana Department of Commerce. The private

sector has been a critical player in providing financial support for the initial plan, implementation of the Economic Development Council, and providing continued support for economic development and the Economic Development Council. Executive branch support has fluctuated. The legislature has participated but generally has looked to the executive branch to develop initiatives. The current leaders are the executive branch and the private sector.

Does it build off basic values and ideals identified for the state

The vision is written to reflect the basic values and ideals of the state, and the goals and strategies relate to that vision.

Is it market-oriented and designed to be "close to the customer"

A decentralized approach is used with several quasi-public organizations (Labor-Management Council--productivity enhancement; Economic Development Council--strategy; Small Business Development Corporation--small business development; Business Modernization Technology--technology; Corporation for Innovation Development--venture capital). The process also includes active participation by the private sector and communities which should also help make it market oriented.

Vitality

Will it survive? Several key elements combine to create an environment in which the strategic approach endures. These include the use of a decentralized approach with several public/private organizations, the formation of the IN Economic Development Council as the economic development agency, the role of research in the strategic planning process (e.g., evaluation, identifying needs, etc.), and most recently, the design of a long-range work plan that coordinates the strategic planning process cycle with the election cycle. The current plan (1987-88) was completed before the election of the current governor so it did not have widespread support. The plan is being redone in 1992-93 with the governor's involvement.

Source: Directions for Iowa's Economic Future: A Five-Year Economic Development Plan, 1989 Update: Directions for Iowa's Economic Future: A Five-Year Economic Development Plan, Executive Summary; Interviews

REVIEW OF STATE STRATEGY -- IOWA

1. Overview of process

1.1. Agency responsible

Department of Economic Development

1.2. When done:

The planning process was started by the governor and legislature in the early 1980s. Two plans have been developed since. The first was completed in 1987 by a state university and the second by the Planning Division of the Iowa Department of Economic Development (DED) in 1989. An updated plan will be completed by the end of 1992.

1.3. By whom

Department of Economic Development

1.4. Degree of participation and broad-based buy in

The 1989 plan was put together with a great deal of input from many groups of people. Two independent processes, a private sector process that was driven by town meetings and the Department of Economic Development's process, were linked. That is, the developers met and discussed issues so each plan incorporated items from the other. However, the only people who are currently aware of the existence of a plan are those who were on the committees to form it, the staff at DED, and a few others. It is now described as a "department plan."

1.5. Role of consultants

Consultants were not involved in the current plan or yearly updates. The Department reports that almost all of the 1989 strategic issues have been the subject of major research projects to define how to address them. Research was done by the Department, Chicago Federal Reserve, Corporation for Enterprise Development, and the Iowa Business Council.

1.6. Role of research

The Department of Economic Development does follow up studies on economic development topics outlined in the plan and uses these as plan updates.

2. Plan substance

2.1. Summary

The following are the strategic issues and strategies identified in the plan:

1. **Human Capital:** How can Iowa best assure that its people are educated, trained and employed to their fullest potential?
 - Improve the skills of Iowa's work force to match the needs of Iowa's labor market.
 - Continue to improve primary, secondary and higher education to better prepare youth for work.
2. **Technology:** What can Iowa do to keep pace with rapid technological change and capitalize on opportunities associated with emerging technologies?
 - Foster an increase in applied research at Iowa's higher education institutions and put in place effective technology transfer mechanisms.
 - Utilize technology to encourage modernization and productivity increases in existing Iowa businesses.
 - Expand Iowa's technology base by encouraging more private research and development activities.
3. **Diversification:** How can Iowa shape its economy so it is more diverse, less narrowly specialized and, ultimately, less volatile?
 - Develop a plan and process for diversifying Iowa's economy.
 - Find new product and service opportunities and new markets for existing Iowa firms and agriculture.
4. **Competitive Climate and Business Development:** What can Iowa do to create a more competitive climate for business development and to encourage business growth?
 - Encourage the start-up of small businesses and the expansion of existing Iowa companies.
 - Review and suggest improvements in Iowa's business climate.
 - Promote increased global awareness and establish international partnerships for trade and investment.
5. **Financial Capital:** How can Iowa encourage the availability of an adequate supply of financial capital needed for new business development and business growth?
 - Form new pools of capital for business start-ups, expansions, new product lines and modernization.
 - Revise laws and regulations governing financial institutions and securities to meet current market conditions and demands.
6. **Infrastructure:** How can Iowa best provide for the infrastructure needed to support its economy?
 - Explore and implement alternative funding mechanisms, both public and private, for infrastructure.

- Effectively target and utilize limited infrastructure resources to best economic effect.
7. **Community Development: What can Iowa do to maintain and develop vital, livable communities?**
- Continue to assist community self-help efforts for community and economic development.
 - Promote multi-community sharing of efforts, knowledge, assets and burdens, where appropriate.
8. **Image: How can Iowa build a positive internal and external image?**
- Continue to promote Iowa regionally, nationally and globally by capitalizing on its strengths.
 - Explore ways to develop stronger, positive attitudes toward Iowa's future among its citizens.
9. **Natural Environment and Energy: How can Iowa assure the continued quality of its natural environment and natural resources as its economy grows? How can Iowa reduce its dependence on imported energy sources?**
- Integrate environmental and energy efficiency considerations into economic development.
 - Identify business opportunities associated with environmental protection, cleanup and energy efficiency.

2.2. Economic and social analysis used

A SWOT analysis was prepared. Using the SWOT analysis and research documents already available, a planning team, the DED Board and two advisory committees identified key trends affecting Iowa's economy.

2.3. Key themes, priorities

The SWOT and key trends led to the identification of the strategic issues confronting Iowa. These were distilled into major themes, framed as questions about Iowa's future, and the answers to those questions became the foundation of the action plan for economic development.

The major focus has been business attraction but actual funding reportedly has favored retention/expansion. The Department of Economic Development will focus upon attraction for at least the next two years and then may shift their focus to business retention/expansion and startups. The critical strategic issues identified were: human capital; technology; diversification; competitive climate and business development; financial capital. This list was further reduced to focus on the top three issues: human capital, technology transfer, and diversification. These issues were to get the greatest concentration of resources for one to two years. The following issues were to receive less emphasis and be dealt with in a "long-term, policy-oriented manner." These issues were: infrastructure; community development; image; natural resources and energy.

3. Assessment of the plan

3.1 Is it a plan?

Clear statement of vision, goals

The vision statement is a discussion of how the success of the plan will be measured. From that discussion, a sense of the vision of the future of the state emerges.¹ No clearly stated goals are presented. Goals could be inferred from the strategic issue question accompanying the strategies.

Does it select specific courses of action--strategies?

The plan identifies strategic areas, strategies, and action steps.

Does it identify implementation steps or actions

The plan has a section dealing with implementation. It states that a one- to two-year Action Plan will be developed to refine the strategies and assign responsibility for their implementation. The section within the plan that addresses implementation focuses upon the planning process and the requirement for annual updates. Implementation plans were actually developed for the three top priority areas. These plans identified who was to implement, what needed to be done, and how programs should be structured.

Does it identify who implements

This was identified at a later date for some but not all parts of the plan.

Does it identify measurable outcomes and who monitors outcomes

Who monitors outcomes is not specified. The following measures are suggested as the core measures of success:

- "Consistently positive performance in other common economic indicators, including new job creation, unemployment, and business starts and failures.
- Growth in nonfarm, real per capita income at least as great as the U.S. rate and a convergence of Iowa's income toward the national level.
- An improvement in the relative diversity of Iowa's economy, as measured by a 'diversity index.'
- Positive and sustained population growth, at approximately the same rate as the rest of the Upper Midwest."

¹In Positioning Iowa for the 21st Century (March 1991), the Iowa Department of Economic Development presents a 20-year economic development vision. This document presents economic forecasts for the next 20 years, an analysis of Iowa and its competitors, key trends for the next 20 years, and options available when developing economic development policy. Ten long term strategies are recommended and a vision of success for the state where these strategies are realized is described.

The update currently underway will include a section how the state has done on these measures. What to measure will be discussed and new measures added.

Is there a routine process for revisiting plan

An annual update is required by law and is done by the DED. The process is continuous and involves the DED staff and their Board, which includes representatives from labor, business, education, legislature, etc.

3.2 Is it strategic?

In a section titled Strategic Issues and Strategies, the plan clearly states that certain areas (e.g., human capital, technology, etc.) will be given priority. It also discusses "workable" strategies, limits, and the necessity of being a "niche player" (with respect to Technology). However, the issues targeted cover a broad range of topics, so the plan tends to have something for everyone.

Environmental scan/trends analysis (external forces/trends)

In a section titled Trend Analysis, critical trends are discussed in the areas of demographics, work force and workplace changes, industrial outlook, global economy, technology, government and infrastructure, and energy and environment.

Competition (competitive and comparative advantage-US/nonUS)

In a section titled Iowa's Economic Situation, Iowa's economy is discussed only in very general terms in relation to the U.S. and global economy.

Assets or strengths/ deficiencies or weaknesses

A SWOT analysis clearly outlines the state's strengths and weaknesses, opportunities and threats. Strengths are listed in the section on Strengths and Weaknesses. It focuses on Iowa's competitiveness being enhanced by a strong quality of life (a strong educational system, quality health care, low crime rates, low cost of living, extensive transportation systems), excellent work force, superior natural environment, low public debt, high savings rate, relatively low cost of doing business, low insurance rates, reliable and moderately priced utilities, and value of services received for taxes paid. The plan's strategies address areas identified as state assets: the work force (human capital), the evolving telecommunications infrastructure (technology), the relative cost of doing business (competitive climate and business development), and high savings rate of its citizens (financial capital). The prioritization of certain issues implies that strategic choices were made.

Proactive (target variables which must be controlled to shape the future)

Although the plan does discuss threats to the state's economy and consequences of not addressing those threats, there has been a lag in the plan's effect on legislation. Legislation is beginning to address business modernization issues.

Some state that the plan has had little effect on legislation. It incorporated ideas or actions that had already been legislated. The plan's focus on human capital as an asset resulted in changes in the DED's marketing program.

Imagination (novel, innovative, creative aspects)

Iowa is currently looking at ways facilitate information exchange with Oregon because Iowa is very interested in Oregon's economic development approach.

3.3 Is it disseminated widely?

When the second plan was completed, it was "marketed" via videos and radio shows.

Is it readable, simple, attractive

Yes

How well is it communicated to the leadership and citizens (scan marketing materials)

Based upon the interviews, only those within the DED understand the plan well; others are not familiar with it. Business needs to play a stronger role. Currently, it is driven by economic development professionals.

3.4 Does the plan build or strengthen partnerships?

Based upon comments made during interviews, the Governor and DED appear to be the main players. Business has no well defined role and the legislative role has evolved into one of fiscal agent.

Does it empower participants, especially key players in business, government, labor, education, civic organizations

The strategic planning process is centered within the Department of Economic Development and mechanisms making it customer driven are not in place. Thus, the strategic plan seems to be shaped by independent activity of the executive and legislative branches. The legislative role is that of fiscal agent. The Governor and the Department guide activity. The private sector is not linked or connected to the process in a formal way. The update underway will try to address this.

Does the plan indicate that parties are working together (cooperation)

Interviews revealed that some feel that the government needs to listen to business more than it does; there has been very little long-term consistency by either the executive or legislative branch; working cooperatively is a current weakness, especially between the executive and legislative branches. The conclusion seems to be that cooperation is a challenge for economic development.

Does it build off basic values & ideals identified for the state

No discussion of the values and ideas of the people was found in the plan. However, the plan was affected by the private sector process that reportedly did identify and build on basic values.

Is it market-oriented and designed to be "close to the customer"

One of the weaknesses identified through the interview process was that government needs to listen to business more. This suggest there may be a problem in this aspect. The approach seems to be "top down" and is not customer driven or especially close to the customer.

Vitality

Will it survive? Things are happening in Iowa. The plan will be updated within the next year (1993) and will focus on one or two critical issues. This indicates that the plan and process are continuing. However, support/involvement of all players (e.g., executive and legislative branches, state and local levels, private and public sectors) is needed or the plan will remain a "department plan" rather than a state strategy. The updated plan will reportedly address the need for more involvement.

Source: Kansas Economic Development Study: Findings, Strategy, and Recommendations, 1986; Directions, Kansas: Kansas Economic Development Strategy, 1990; Interviews

REVIEW OF STATE STRATEGY -- KANSAS

1. Overview of process

1.1. Agency responsible

In 1985, the Kansas Legislature appropriated funding for research and development of a state strategy. Kansas Inc. was formed and is responsible for formulating, refining, and updating the state plan. It also provides general direction to state economic development agencies and private groups for implementation.

1.2. When done:

The current plan was formulated in 1985. The second phase was a continuing strategic planning effort which continued through 1991. The third phase, a comprehensive update of the state's strategy, is underway (1992-1993).

1.3. By whom

The 1985 effort was led by a coalition that included the executive branch, the legislative branch, and the private sector. The study that guided policy was done by the Institute for Public Policy and Business Research (University of Kansas) in close consultation with Wichita State University, Midwest Research Institute (Kansas City), ASLAN (Washington, D.C.), and Counsel for Community Development (Boston). After Kansas Inc. was formed it became the primary force in planning, with the legislature leading in policy formation.

1.4. Degree of participation and broad-based buy in

The 1986 legislation was enacted through bipartisan executive and legislative effort. The legislative commission was then divided into several task forces looking at different areas (agriculture, education, taxes, etc.) to come up with recommendations for the commission to present to the 1987 legislature. The Governor was very supportive for the original strategy. Since then, the legislature has been more involved than the executive branch in taking the initiative on recommendations coming from Kansas Inc. The Governor is co-chair of the Kansas Inc. board.

As the state develops its new strategic plan, legislators serving on the Kansas Inc. board are involved in the vision congress and the chairs of the Senate and House Economic Development Committees are on the strategic planning committee. The private sector is represented in the state's strategic planning process also. Private sector representatives serve on the Kansas Inc. Board. The private sector sees itself in the role of bringing continuity and stability to the

state's economic development efforts by bridging changes in government. Kansas Inc. states that the challenge now is to educate and inform the legislature and general public regarding the make up of the state's economy ("Kansas is no longer an agriculture state"). The current ongoing strategic planning process will emphasize informing them of the strategic planning process and summaries of research reports through the media and direct communication with the legislature.

1.5. Role of consultants

Consultants played a very significant role by providing the research underpinning the plan and by offering recommendations that essentially became the strategy that was followed. The impact has been significant. Ten legislative initiatives based upon 34 recommendations of the report were passed in April 1986. Approximately 46 out of the 50 recommendations were eventually enacted. Matching funds to support the research was provided by major Kansas organizations. Consultants continue to play a major role in shaping economic development policy by providing research reports with policy recommendations to Kansas Inc. and the legislature.

1.6 Role of research

Research plays an important role in guiding policy on a continuous basis. Public/private advisory groups guide major research studies commissioned by Kansas Inc. Thus, research also provides a way to form and strengthen partnerships. Research results are disseminated widely and conferences are held to discuss findings and policy options developed as a result of the research.

2. Plan substance

2.1. Summary

A specific list of goals was not given. However, several key statements could serve as statements of goals:

"The central focus must be the modernization and expansion of the state's economic base."

"An optimum strategy for the economic development of Kansas should emphasize a balanced approach of supporting the existing economic foundation as well as fostering growth through the expansion of old and the attraction of new industry. Such a strategy would incorporate the following elements:

- a) Enhance and extend the traditional sectors, for example through diversification into new agricultural products and greater value-added in processing.

- b) Sustain existing industry, which is largely small scale, support its modernization and competitiveness, foster its expansion and the birth of new business, and encourage Kansas entrepreneurship.
- c) Develop new industry, but in doing so, recognize:
 - 1) that only certain types of industry will find Kansas attractive; 2) that most new jobs will evolve from existing Kansas industry, particularly small business; and 3) that foreign investment is playing an important role in job development in other regions, particularly the eastern, southeastern, and western regions of the United States.
- d) Strengthen the local community basis for development...Greater success will come from an integrated state-local approach. Further, there needs to be a clear recognition of the geographic diversity of the state in designing development initiatives and support mechanisms."

"The recommendations...are designed to achieve the following objectives:

1. Foster the competitiveness of Kansas industry through innovation.
2. Foster productive interrelationships and linkages among Kansas institutions but particularly the private sector, the state, and the universities.
3. Encourage entrepreneurship in Kansas business.
4. Establish a favorable business climate and infrastructure.
5. Remove barriers to business development."

The recommendations made to implement the basic strategy described above include ways to support traditional industries, adjust the tax structure to create a more favorable business climate, strengthen education, research, and technology transfer, address financing needs, create state organizations for economic development, encourage community development and small business, and integrate economic development strategies in state policy making, especially regarding human resources, infrastructure, and regulation.

2.2. Economic and social analysis used

A profile of the state was drawn which included such measures as population, employment, labor costs, occupational distribution, transportation, etc.

2.3. Key themes, priorities

As described above, the key theme is modernization and expansion of the state's economy. The priority or primary focus has been upon retention and expansion rather than attraction. Issues addressed by the plan have been grouped into foundations:

- Business environment (major industry support, business retention/expansion, adjusting tax structure, etc.);
- Technology/innovation;
- Financial capital;
- Commitment/capacity (organize public sector to better address economic development, develop data and information systems, etc.);
- Infrastructure development/capacity;
- Human capital;
- Quality of life.

3. Assessment of the plan

3.1 Is it a plan?

Clear statement of vision, goals

The original study was not written as a plan with a vision statement, goals and objectives. Rather, it was an analysis of the condition of the state's economy, with recommendations regarding what could be done to strengthen the economy. The study was acted upon as if it were a formal strategy; and most of the recommendations were enacted. The report states that the "central focus of any state economic development policy must be the modernization and expansion of the state's economic base."

Does it select specific courses of action--strategies?

Specific recommendations were outlined and most were enacted.

Does it identify implementation steps or actions

In many cases, the discussion that followed each recommendation also outlined implementation actions. No implementation timetable was presented in the original report, but an implementation plan that identified the general order in which issues should be addressed was followed.

Does it identify who implements

In many cases, the recommendation included discussion of who would implement or oversee the action. Kansas Inc. provides oversight of implementation.

Does it identify measurable outcomes and who monitors outcomes

There are no measurable outcomes identified in the original plan. However, Kansas Inc. is charged with evaluating effectiveness and is responsible at the first level of monitoring and evaluation. Kansas Inc. reports to the legislature and governor who are ultimately responsible for evaluation and monitoring. The update being developed (1992-1993) will include benchmarks to monitor progress.

Is there a routine process for revisiting plan

Legislation requires a review and evaluation of economic development programs seven years after the original legislation was enacted (1986). In 1991, Kansas Inc. undertook formal evaluation studies of the Department of Commerce and Kansas Technology Enterprise Corporation (KTEC). In February, 1991, a peer review of the strategic plan was done with national consultants and the results were disseminated to the legislature and the business community. Numerous studies are currently underway that will be presented to the Kansas Inc. Strategic Planning Committee (Review of the economy, demographic analysis, labor force analysis, analysis of various sectors, regional profiles, etc.). Kansas Inc. conducts research on a continuous basis to help guide policy. This creates a dynamic process which functions to continuously update the state's strategy. In addition, the Joint Legislative Committee on Economic Development meets during the interim session to consider economic development issues.

3.2 Is it strategic?**Environmental scan/trends analysis (external forces/trends)**

Trends and variables affecting population, growth of targeted industries, employment, etc. were discussed. The original report contained three distinct parts: 1) Findings, strategy, recommendations; 2) Innovations in economic development: Lessons from other states; and 3) Target industry analysis.

Competition (competitive and comparative advantage-US/nonUS)

Recommendations were based upon the states strengths and weaknesses. In addition, innovations in economic development developed and applied in other states were examined.

Assets or strengths/deficiencies or weaknesses

The states strengths guided the strategic choices made (e.g., focus upon retention and expansion of existing industry). Weaknesses are also examined (e.g., lack of diversified economy) and addressed through recommendations for action.

Proactive (target variables which must be controlled to shape the future)

The plan discusses variables which must be controlled. For example, the need to modernize and incorporate new technology was stressed. There is specific discussion of what the state can and cannot control or influence.

Imagination (novel, innovative, creative aspects)

3.3 Communication/dissemination of plan

Is it disseminated widely?

The report was distributed widely.

Is it readable, simple, attractive

Resources were not provided to produce brochures or other materials to "market" the report.

How well is it communicated to the leadership and citizens (scan marketing materials)

The leadership in the executive and legislative are well aware of the economic development actions, especially the role of Kansas Inc. Business leaders and leaders of various organizations directly involved in economic development also understand the role of Kansas Inc. Kansas Inc. has been very successful organizing conferences where key private and public players meet to receive summaries of research and discuss policy options on key issues (e.g., workforce training).

3.4 Other characteristics

Does the plan build or strengthen partnerships?

There is good support for the plan from private and public sectors. Kansas Inc. is the organization which formally reflects how such partnerships were built. Partnerships are strengthened by continued support for Kansas Inc., state support for community strategic planning, and the formation of various advisory groups. Kansas Inc. routinely creates advisory committees of key private and public persons to help define and guide research and review policy options in for a particular issue (e.g., workforce training). This not only provides a way of communicating but also helps create broad based "buy in" or support for economic development strategies.

Does it empower participants, especially key players in business, government, labor, education, civic organizations?

Kansas Inc. was established and its role defined through legislation. Key players are formally linked to the plan and planning process. The governor's and legislative leaders's roles are clearly defined (governor co-chairs Kansas, Inc.; house leadership sits on the board). There are also standing economic development legislative committees that broadens the number of legislators directly linked to economic development. The private sector is also formally linked into the Kansas Inc. board and various advisory groups.

The process (e.g., private/public Kansas Inc. board, advisory committees, conferences convened to discuss issues, testimony by researchers before legislative committees, etc.) also empowers participants. The key here seems to be dissemination of information--information empowers.

Are key players/parties working together (cooperation)?

The executive and legislative branches support Kansas Inc. and the economic development strategy. Private support also is evident. For example, Kansas Inc.'s budget for operation and research comes from the legislature as well as corporate donations. However, one of the biggest challenges has been the ownership issue--making sure that people, especially key players in government, understand the role of Kansas Inc. and KTEC (Kansas Technology Enterprise Corporation). In addition, interviews revealed that legislative turnover creates ownership problems in that those who were elected after 1986 do not feel the same degree of ownership.

Does it build off basic values & ideals identified for the state

The recognition that education is important to Kansans is an example.

Is it market-oriented and designed to be "close to the customer"

The strategy is sensitive to private market forces.

Vitality

There is a statutory mandate for a state strategy--it has the force of law. Thus, the strategic planning process and resulting strategic plan has achieved a formal status that strengthens it. Also, Kansas Inc.'s constant presentation of research reports contributes to a dynamic process. The regular attention that this information gets through the Joint Legislative Committee on Economic Development has resulted in better educated legislators who are asking the right questions, engaging in broader thinking, and are better informed on issues. Research and data help guide policy. Complicated economic issues require several years to study and act and the structure in place now (private/public partnerships, Kansas Inc., joint legislative committees) is paying off by sustaining executive and legislative involvement that allows for continuity, building on previous experience and action. A challenge facing the state as it updates its current plan in the 1992 election year is maintaining legislative involvement as key legislators leave and new legislators are elected.

Source: Minnesota Milestones-Public Review-Draft, MN Planning (Office of Strategic and Long-Range Planning) June 1992; Biennial Budget Instructions, 1994-95, Dept. of Finance, June 1992; Economic Blueprint for Minnesota-Draft, MN Department of Trade and Economic Development, May 1992; Report of the House Select Committee on the Recession, February 1992; Interviews

REVIEW OF STATE STRATEGY -- MINNESOTA

1. Overview of process

1.1. Agency responsible

Minnesota Planning (Office of Strategic and Long-Range Planning) was asked by Governor A. Carlson to create a long-range plan for the state in 1990. Minnesota Milestones is the result. The Department of Trade and Economic Development is proposing that their document Economic Blueprint for Minnesota become the economic development chapter of Milestones. That issue should be resolved in November, 1992. The Department of Trade and Economic Development compared Minnesota Milestones with Oregon's Benchmarks but stated that the June 1992 draft of Milestones covered everything but economic development. Both documents are used for this study. The completed Minnesota Milestones will be issued by December 1992 for review by the Governor and the Legislature.

1.2. When done:

The vision process (going to communities to develop a vision statement) for Milestones occurred in 1991. The preliminary vision statement is dated February 1992 and the draft of the Milestones is dated June 1992. The Blueprint was developed in 1992.

1.3. By whom

Minnesota Planning spearheaded the planning, at the Governor's request. A similar project in Oregon (Oregon Benchmarks) influenced Minnesota's approach. The Governor asked Minnesota Planning to create a long-range plan complete with measurable goals and indicators, similar to the Oregon plan. The Vision statement grew from statements of over 1,600 citizens who attended small group discussions in 15 locations around the state where they discussed what they wanted their state to be like in 2020. In developing the Blueprint, the Department of Trade and Economic Development also sought broad participation. Public meetings were conducted throughout the state and experts were asked to comment upon the goals identified by the Department.

1.4. Degree of participation and broad-based buy in

Public hearings were held in an effort to involve as many citizens as possible in the process. In addition, experts (e.g., professors, economists, economic

development professionals, lawyers, etc.) were asked to provide written responses and observations about the Blueprint's goals. Thus, every effort was made to encourage participation. Based upon interviews, this initiative is seen by the legislature as an executive branch effort, with the legislature observing at best. The legislature develops its own strategic planning process (i.e., House Select Committee on the Recession).

1.5. Role of consultants

MN Planning consulted with Oregon regarding issues such as how to build legislative support. No consultants were used. The Minnesota Business Partnership (composed of top corporations in the state) makes budget recommendations aimed at balancing the budget without tax increases. This group uses most of its resources to fund research in areas of special interest to its members. Policy recommendations accompany the research reports and the group lobbies to have its recommendations implemented.

1.6. Role of research

Research reports have had an impact. Reports generated by MN Planning, MN Business Partnership, and others have helped focus attention upon important issues and made recommendations regarding those issues. MN Business Partnership focuses upon a few specific issues of concern to its membership (state's largest employers). Topics dealing with the cost of doing business are targeted (e.g., workmans' compensation). MN Planning tries to provide information to the legislature on cutting edge issues (e.g., racism and equality, gambling). The legislature is very sensitive to data and research reports ("If Minnesota gets a low ranking in some category or measure, that gets the legislature's attention."). This level of activity indicates that research/data play an important role in policy decisions, there is no overall plan to guide research initiatives. Once the strategic plan is fully developed and implemented, the focus on milestones will create an approach driven by data and research as the state monitors how well it is moving toward the goals.

2. Plan substance

2.1. Summary

As described in Minnesota Milestones, Minnesota's vision is built on five general themes:

- 1) A Caring and Secure Community--People want to live in neighborhoods and communities where they and their families are physically and emotionally secure.
- 2) Our Surroundings--Minnesotans hope for an attractive, healthy and sustainable natural world

- 3) **A Prosperous People**--People want a state where all can attain a livelihood and many can prosper.
- 4) **Learning**--People want Minnesotans of all ages to be able to develop their talents to their fullest potential.
- 5) **We the People**--Minnesotans want governments and political processes that are responsive, cost-effective, and able to solve problems.

The goals for each vision as outlined in Minnesota Milestones include:

VISION: A Caring and Secure Community

Our children will not live in poverty

Our children will learn to be responsible, mature adults.

Families will provide a stable environment for their children.

Minnesotans will have the best possible chance for a healthy life.

We will welcome, respect and value all people.

People thrown into temporary economic hardship will regain their independence

We will create safe, friendly and caring communities.

We will increase participation in the cultural and recreational life of the community

VISION: Our Surroundings

Minnesotans will respect the natural world

We will improve the quality of the air, water and earth

Citizens will sustain and enhance the living world

We will have opportunities to enjoy our outdoor recreation resources

Minnesotans will enhance the beauty of our surroundings

VISION: A Prosperous People

All families and households will have the economic means to maintain a reasonable standard of living

The economic means to a reasonable standard of living will be obtainable in all parts of the state

Minnesota will have a strengthened middle class and will improve the economic status of the poor relative to the rich

Rural areas and small cities will be economically viable places for people to live and work

Transportation networks will permit rapid and economical movement of people and goods between all parts of the state and between Minnesota and the world

Rapid communication of high volumes of information will be possible to and from all parts of Minnesota and between Minnesota and the world

All Minnesotans will have a place to live that is clean, safe and private.

VISION: Learning

Minnesotans will have the skills for lifelong learning and good citizenship. Minnesotans will have the advanced education and training to make the state a leader in the global economy.

VISION: We the People

People will believe their participation in government is meaningful
 Government in Minnesota will reflect the state's diverse population
 Government decision-making will be decentralized and accommodate community participation

The Blueprint being developed by the Department of Trade and Economic Development identifies key goals relating to economic development. These goals are viewed as the first step in developing economic development strategies. The seven draft goals are:

- 1) Broad-based sustained economic growth, consistent with environmental protection.
- 2) Internationally competitive levels of productivity growth.
- 3) Personal incomes adequate to provide a quality standard of living.
- 4) Capital investment in the state adequate to ensure economic renewal and competitiveness.
- 5) A business environment that stimulates new business creation and innovation.
- 6) Improved employment and economic opportunity for all citizens in all regions.
- 7) A diversified industry mix to insulate the state economy from surprises, shocks and national business cycles.

2.2. Economic and social analysis used

The indicators in both the Milestones and Blueprint plans are based upon analysis of economic and social issues.

2.3. Key themes, priorities

Past strategies focused upon business attraction (at the community level) and business retention/expansion through productivity/quality improvement (especially through technology transfer). The state's current strategy has not yet been defined. Key themes identified include providing social safety nets, maintaining high quality environment, well educated citizens, a healthy economy. Priorities have not been set yet. The Department seems to be moving away from the community development approach because communities were bidding against each other for the same business projects. The new focus is upon multi-community collaboration, that is, developing incentives to encourage collaboration.

3. Assessment of the plan

3.1 Is it a plan?

Clear statement of vision, goals

There is a vision and there are goals with ways to measure progress. What remains to be developed are strategies for reaching the goals.

Does it select specific courses of action--strategies?

Minnesota Milestones and the Department of Trade and Economic Development's (DTED) Blueprint have no strategies accompanying the goals. The DTED indicated that once goals and indicators have been agreed to, then the dialogue about strategies can begin.

Does it identify implementation steps or actions

The state must develop strategies first.

Does it identify who implements

The planners have not gotten to the stage of designing implementation or action plans.

Does it identify measurable outcomes and who monitors outcomes

Measurable outcomes or indicators accompany all goals. Minnesota Planning will monitor indicators accompanying Milestones. Likewise, DTED is developing indicators for their Blueprint goals that they would monitor.

Is there a routine process for revisiting plan

While this was not defined in the drafts available, the focus upon milestones indicates that progress made toward reaching the goals or milestones will somehow impact strategies. Milestones indicates that critical elements of the indicators are the five- and ten-year intervals to the year 2020. Those data targets will be used to indicate progress made. This implies that some evaluation will occur at these five- and ten-year intervals.

3.2 Is it strategic?

Environmental scan/trends analysis (external forces/trends)

Because the whole process is tied to economic and social indicators or milestones, there are many economic and demographic measures. Indicators selected for the DTED's Blueprint include U.S. and global comparisons. Since Minnesota has not completed the strategic planning process nor produced a final document, no formal, integrated analysis exists within the draft documents reviewed.

Competition (competitive and comparative advantage-US/nonUS)

Because the final plans have not been drafted, supporting materials or discussions of what underpins the plan are not yet included. DTED's document includes a goal focusing on productivity being internationally competitive. Future economic growth must come from more efficient production. There is also discussion of areas in which Minnesota leads (e.g., agriculture value-added products) and how the state must use that lead or advantage to improve other economic opportunities (e.g., exports).

Assets or strengths/deficiencies or weaknesses

The Milestone vision statement focuses on what Minnesotans like about their state and how to protect those things. Some of the Blueprint goals capitalize on strengths such as entrepreneurship, diversity, etc. Because neither is a complete or final document, there is no discussion of strengths or weaknesses.

Proactive (target variables which must be controlled to shape the future)

The approach is proactive. For example, in discussing why certain indicators were chosen to measure progress toward a goal (Blueprint), the need to increase exports is related to increasing incomes.

Imagination (novel, innovative, creative aspects)

The idea of having benchmarks or milestones was Oregon's but Minnesota added the vision process. Also, indicators that measured an outcome were given priority over those that measured a process. Minnesota Planning, the entity responsible for long-range planning is attempting to position itself in a bipartisan role to provide planning and research with policy options to the Governor and the legislature. (They seem to be trying to position themselves to perform like Kansas Inc. or Indiana's Economic Development Council but within the executive branch. Of course the problem is surviving changes in administrations and convincing the legislature that they are bipartisan).

3.3 Communication/dissemination of the plan**Is it disseminated widely?**

Yes

Is it readable, simple, attractive

Both documents are readable although the general public might have difficulty dealing with the large number of indicators and data tables included in the draft documents. However, both the Milestones and Blueprint documents are draft or working documents. The vision document is very readable.

How well is it communicated to the leadership and citizens (scan marketing materials)

The indication that the legislature is not informed indicates some gap in communication between the branches of government. The process was designed to involve a large number of citizens in the vision and goal-setting process. Copies of Blueprints have been given to legislators and key committee chairs were invited to attend meetings.

3.4 Other characteristics**Does the plan build or strengthen partnerships?**

Involving people at the local level in the vision and goal-setting process should build partnerships between the private and public sectors but it is too early to tell to what extent this has occurred. The degree to which the legislative branch is not working with the executive branch to formulate the strategy is debatable. It is too early to tell if partnerships will develop during implementation. The Governor will present initiatives based on the Blueprint to the legislature and policy committees in January, 1993.

Does it empower participants, especially key players in business, government, labor, education, civic organizations?

It is premature to evaluate how participants will be empowered. At this point, implementation plans have not been fully developed so we cannot determine who is empowered to do what.

Are key players/parties working together (cooperation)?

The only indication of cooperation is in the vision and goal setting activities and in the DTED's work to develop a Blueprint to provide economic development goals to supplement Milestones. Interviews suggested that the legislature was not highly involved and seemed to be developing a separate process. However, some argue that it was premature to have the entire legislature involved prior to January, 1993, so only key committee chairs were invited to participate.

Does it build off basic values & ideals identified for the state

Milestones is accompanied by results of a survey sent to Minnesotans to determine if the vision reflected what they want for the future. While response rate to the survey was low, those responding indicated that the vision represented what they wanted for the future of the state.

Is it market-oriented and designed to be "close to the customer"

The process has certainly involved the customer. Again, the absence of strategies makes it difficult to evaluate this.

Vitality

Will it survive? Both Milestones and Blueprints are vulnerable to a change in administration. Without champions in the legislature, both are executive branch initiatives, dependent upon the current governor's support. Milestones will take several budget cycles (two years each) to implement so keeping it going beyond the current administration will be a challenge.

Source: Interviews; Nebraska Development Network: Building One Nebraska through Cooperation. Also referred to the following sources for historical information: A State for All Ages: Report of the First Phase New Horizons for Nebraska, 1988 (NB Legislative Research Div); Nebraska: Leading the Great Plains in the New Economy, 1990 (Nebraska Futures, Inc. assisted by SRI International)

REVIEW OF STATE STRATEGY -- NEBRASKA

1. Overview of process

Note: Economic development strategic plans span a ten year period. Four major initiatives occurred in the mid 1980s to look at the state's economic development picture. These included: 1) a report (New Seeds for Nebraska) done by SRI for a private foundation in Omaha. Town hall meetings were held to involve the public but strong connections with the legislative and executive branches were not established; 2) the Department of Economic Development developed a state strategic plan (New Prosperity). 1986 legislation was driven by this plan but the legislature did not continue to be involved or monitor implementation of the plan; 3) 1985-86 Special Committee of Economic Development developed specific policy recommendations but most were not enacted; 4) New Horizons for Nebraska was the Legislature's process for development of a strategic outlook for the state. Like the SRI project, it involved considerable citizen involvement. All of these initiatives are said to have contributed to consensus building and were the platform upon which the Nebraska Development Network was built.

1.1. Agency responsible

The Nebraska Department of Economic Development is the lead agency in coordinating the activities of the Nebraska Development Network. The Director of the Department is also director of the network. The Network Forum is an advisory council that guides the formation and operation of the Network. Those participating in the network (service providers and other supporters from the private sector) are entitled to representation on the Forum. The Forum is responsible for strategic planning, resource organization, service development, and program evaluation. The Lt. Governor serves as the chair of the Network Forum. Administrative and technical support is provided by the Departments of Economic Development, Labor, Agriculture, Administrative Services, the Nebraska Rural Development Commission, and other state agencies as deemed appropriate by the Governor.

1.2. When done:

The Network was begun in November 1990.

1.3. By whom

The Network was established by executive order. The Governor's office has been the leader in developing and implementing the Network.

1.4. Degree of participation and broad-based buy in

The Governor's office and the Lt. Governor are leading the initiative. The Network has been implemented using two approaches to build public support: 1) **Pyramiding:** the implementation group started with major service providers (state agencies) and then branched out to the higher education system, then to the private sector and development districts. 2) **Local level:** the implementation group worked directly with communities and spawned regional networks that represent regional service providers (e.g., community college, regional Chamber of Commerce, etc.). Thus, services are brokered through these regional networks. Reportedly, this has gotten many people involved, has led to private sector buy-in and community involvement (grass roots support). The Department of Economic Development supports the Network but gaining the cooperation of other state agencies has been difficult but positive. They have had to adjust to a new budget process (strategic budgeting). The legislature has not been directly involved and is watching to see if it will work. The real test (do communities support it, buy in to it) will come in 1993 when it all becomes operational.

1.5. Role of consultants

Consultants played an important role in producing earlier reports. The Department of Economic Development is also using a consultant to help determine ways to institutionalize the Network by looking at what other states have done.

1.6. Role of research

While those guiding the formation and implementation of the Network have mainly been guided by research underpinning earlier reports or plans, the Department of Economic Development will soon act on the results of surveys and other data analyses recently conducted in collaboration with consultants. The Department of Economic Development plans to establish a data base to guide policy. Included in the data base will be information on key issues such as work force training, technology and R&D needs, and business finance.

2. Plan substance

2.1. Summary

The vision for the Network is that it will be the mechanism through which Nebraska's economic development organizations work together to create and support community based economic development. The goal of the Network is "communities, businesses and citizens that succeed in a global economy. The purpose ... shall be to create and support, throughout Nebraska, community and regional development capacity that: (1) Recognizes local responsibility for shaping the community's and region's economic future; (2) Generates and focuses public resources on effective actions that help communities and businesses to grow and prosper; and (3) Encourages public-private partnering thereby leveraging limited

public resources through private investment. The Network shall be enterprise focused, and community and regionally based, with support from local, regional, state, and federal public and private resources. The charge is to (1) empower communities to initiate and plan their own economic futures by providing them with comprehensive information about the principles of community economic development; (2) provide communities with more accessible, coherent, efficient, and effective services through the cooperative, voluntary efforts of member providers; (3) increase the resources directed towards economic development by building support within communities; (4) expand the leadership base in communities and train leaders in the concepts of "entrepreneurial communities" - - strategic planning, community development and effective economic development strategies; and (5) strive for longevity with this program by achieving consensus among Network members, state government leaders and communities regarding the economic concepts fundamental to the "vision" that is the framework of the Network.

To create an environment in which Nebraska businesses can compete locally, regionally, nationally, and globally, six elements need to be addressed in all communities: (1) appropriate use of natural resources (land, water, wildlife, air); (2) human resource development (leadership development, continuing education, worker training); (3) appropriate development capital (Farmers Home Administration, NB Investment Finance Authority, Community Development Block Grant, tax revenues, etc.); (4) diffusion of technology (sustainable agriculture, telecommunications, manufacturing, energy); (5) adequate development infrastructure (roads, sewers, transportation, utilities); and (6) sustained quality of life (education housing recreation, health care).

2.2. Economic and social analysis used

Those designing and implementing the Network drew upon economic and social analysis done in earlier reports (e.g., effects of global competition, new technologies, worker skills, declining tax revenues, need to add value to agricultural products, etc.) which all reported similar findings (e.g., type of assistance citizens needed must be easily accessible, without duplication, community based, working from a single vision, and sustainable; and communities needed more coordination and cooperation at the regional level to fill gaps in existing services).

2.3. Key themes, priorities

Determining the state's focus was difficult. Some said business attraction and other said retention/expansion. The Network was described as being friendly to self-employment, so start ups are being emphasized also. The Network is based upon three basic principles:

1. The focus of development activities will be services that help businesses improve and grow.

2. The Network will focus on building a community's capacity to create and guide its own economic community development destiny.
3. The Network will coordinate the delivery of federal, state, regional, and local development resources to assist communities in making their visions a reality.

The plan stated that six elements need to be addressed (listed under 2.1) but priorities are not identified.

3. Assessment of the plan

3.1 Is it a plan?

Clear statement of vision, goals

The vision is to build leadership and development capacity at the local level. Goals and objectives are outlined.

Does it select specific courses of action--strategies?

While the areas that need to be addressed are identified (e.g., appropriate use of natural resources, human resource development, etc.), what action is to be taken is not specified.

Does it identify implementation steps or actions

The document describing the Network briefly discusses the very early stages of implementation. After some initial input and planning by founding members, the Lt. Governor was charged with convening working groups to develop a shared vision of community economic development, the process, and the roles of various programs and departments in achieving it. After the structure and services to be delivered were agreed to, a memorandum of understanding established the rules and responsibilities of those signing. According to interviews, implementation has been coordinated by the executive branch, with the Lt. Governor and a team within the Governor's office guiding implementation.

Does it identify who implements

Founding members, the Lt. Governor, and working groups are identified. The executive order creating the Network established the Network Forum as the advisory council that would guide the formation and operation of the Network. The Forum is made up of development entities officially affiliated through the Memorandum of Understanding. Implementation timelines were not included in any of the documents received, although interviews revealed that some timelines do exist.

Does it identify measurable outcomes and who monitors outcomes

Not at the present time.

Is there a routine process for revisiting plan

None was identified in the executive order or the document describing the Network.

3.2 Is it strategic?**Environmental scan/trends analysis (external forces/trends)**

No analysis was done for the Network initiative; rather, analysis done in previous reports was used to guide Network development.

Competition (competitive and comparative advantage-US/nonUS)

No.

Assets or strengths/deficiencies or weaknesses

Strengths and weaknesses are not discussed in the Network documents, but the earlier studies/plans did identify strengths. The decision to develop the Network was a strategic choice based upon the realization that rural areas needed more support than urban areas.

Proactive (target variables which must be controlled to shape the future)

Nebraska's approach (the Network) is driven by the need to overcome fragmentation and duplication in state economic development services. It is also driven by a desire to build institutional stability--a long term plan or approach--that can continue to function during change in administrations.

Imagination (novel, innovative, creative aspects)

The strategy is driven by a desire to build stability into the economic development strategic planning process. Strategic planning is not part of the bureaucratic structure. The attempt to institutionalize a strategic approach is a bottom-up approach that focuses upon building leadership and development capacity at the community and regional level. The Network is packaged as a state initiative in an attempt to have regional agendas crafted to tell the state what services are needed. However, it is not seen as a state initiative by all; some of those interviewed characterized as the Governor's initiative. Nebraska is unique in that it is attempting to implement a model used in other states on a smaller scale (e.g., disproportionate number of small communities and businesses; predominately rural state).

3.3 Communication/dissemination of plan**Is it disseminated widely?**

This is difficult to determine. The document cited as the internal strategic plan for the Department of Economic Development, Building a Better Future, was not

available when requested from several sources. However, the flow chart of the Network and document describing the Network were available. Some of those interviewed contend there is no strategic planning process (not part of the bureaucratic structure) in Nebraska. Historically, lack of communication between the legislative and executive branches has been a problem.

Is it readable, simple, attractive

The flow chart, by itself, is not sufficient to understand the network. The other document (Nebraska Development Network: Building One Nebraska through Cooperation) provides some detail and is readable.

How well is it communicated to the leadership and citizens (scan marketing materials)

Marketing does not seem to be a priority. Understandably, implementation is consuming the time and resources of those charged with implementation. According to some of those interviewed, the Network was not built with certain key players involved. There was also concern regarding lack of communication between the executive and legislative branches.

3.4 Other characteristics

Does the plan build or strengthen partnerships?

The Network approach should build partnerships and cooperation among service providers who sign on. However, we were not able to directly determine to what extent it is succeeding. According to those implementing the Network, some regional groups have been formed and are strong because they are based upon common needs. However, the lack of legislative involvement and problems with the university system involvement continue to be challenges.

Does it empower participants, especially key players in business, government, labor, education, civic organizations?

None of the interviews included persons implementing the Network at the regional level, so the extent of empowerment at that level could not be determined. The legislature is not linked to the process that defines the strategy.

Are key players/parties working together (cooperation)?

For the Network to function, parties at the state and local level must be working together. Since it will not be fully operational until 1993, it is premature to assess this. At this time, the executive and legislative branches are not working closely on economic issues. The Network appears to have private/public support, although we could not directly assess the degree of private involvement.

Does it build off basic values and ideals identified for the state?

The Network is driven by the fact that Nebraska is a rural state. The Network incorporates nonmetropolitan areas. It has to focus on encouraging self help and leadership development in smaller communities and the agriculture sector.

Is it market-oriented and designed to be "close to the customer"?

The whole concept is based upon the need to provide coordinated services and build capacity at the community and regional level, to be close to the customer.

Vitality

Will it survive is a big question. Nebraska has a history of trying to implement economic development plans and having difficulty due to lack of buy in, coordination, bipartisan support and private/public support. Several sources emphasized the difficulty of sustaining a long-term strategic approach because of the turnover of Governors.

Source: Interviews**REVIEW OF STATE STRATEGY -- OHIO****1. Overview of process**

NOTE: The last formal strategic plan was done in 1983 by the Celeste administration. The current administration does not have a specific written plan but is working toward the formulation of one.

1.1. Agency responsible

The governor's office provides direction. There is an internal cabinet level policy cluster headed by the director of Department of Development. The cluster includes other departments (transportation, education, commerce, agriculture, regulatory agencies) who meet informally and regularly but not as a designated body. There is also an external group (referred to as the kitchen group) that meets with the director. This group includes university professor, the Ohio Development Assoc., the Ohio Economic Development Council, the Ohio Commodores, representatives of the local Chamber network. This is an informal brainstorming group. There is also involvement of the economic development committees of the house and senate and standing committees. The current perception is that the 1983 plan was done without consensus building from the people being served. The current objective is to get as many people as possible to buy into the evolving strategy.

1.2. When done: On going**1.3. By whom**

The whole process revolves around the director of the Department of Development and the Governor.

1.4. Degree of participation and broad-based buy in

Current Director of Development is very open to input and has a close partnership with the OH Economic Development Council. The private sector and other constituent groups are more involved now than when the 1983 plan was developed. The evolution of the current strategy has a strong regional dimension, a sort of bottom up approach, due to the strength of the regionalism in Ohio.

1.5. Role of consultants

The informal advisory groups described above provide input. There is also an Operations Improvement Task Force set up by the governor to review the activities of the different Ohio departments. One of these is focused upon the Department of Development. This is a group of private sector professionals who

are reviewing government operations and looking at how efficiently programs are being conducted.

1.6. Role of research

There is some university research in relation to economic development. The DED reports that it works closely with state universities to undertake research related to economic development issues. However, the extent to which research guides policy was not determined.

2. Plan substance

2.1. Summary

There are a large number of economic development programs in Ohio. These have evolved during the 1980s with their conceptual foundation mostly in the 1983 plan. In addition, the current administration has placed primary emphasis in the following areas. The Department of Development is in the process of setting up focus groups for each industry cluster (aerospace, agribusiness, etc.) to focus on retention and expansion of existing industry. There is also an effort to involve the Board of Regents and academic programs related to economic development. The Governor wants the education establishment to recognize their role in Ohio's economic development future. The Governor's philosophy is to put policy making into a management context and not put policy on a pedestal. The focus is on what works, what needs change. The thrust is on networks and providing the opportunity for input to policy making. The focus is on cluster development with a strong regional role for implementation. The director of Development's thrust is long term (the year 2000).

2.2. Economic and social analysis used Don't know

2.3. Key themes, priorities

The primary focus of the strategy is retention/expansion (working to offset the Kentucky recruitment efforts). Business attraction (to build on the existing base) is not ignored. The foundations or issues stressed by the Governor and Department of Development are:

1) State technology programs. The current strategy is to make the Edison Centers more statewide in approach than the current localized focus (e.g., biotechnology at Cleveland involving only Cleveland located universities). More networking and clustering will be encouraged. An Ohio Science and Technology Council has been established to review the current technology programs and to advise on key technology issues affecting Ohio development.

2) Work force. The goal is to expand the scope of the strategic planning beyond job service and JTPA. The Ohio Bureau of Employment Services worked with other departments to develop a strategic plan. Four basic strategies include:

A. Create a high performance business climate in Ohio. The work force is crucial to broader economic development and economic development is important for work force development.

B. Improve the performance of Ohio's education system to ensure that all students acquire the basic skills necessary to compete in the global economy.

C. Establish comprehensive and coordinated work force training programs that will help all Ohio workers.

D. Remove the major barriers to employment and self-sufficiency for Ohio workers.

A cabinet level committee of five departments has been established to oversee implementation.

3) Improve the business environment and business condition. Rearrange and refocus incentives to create more discretion in programs so that a better, tailored response can be made. This is necessary to counter the negative impact of Kentucky's incentive (attraction) initiatives. The Ohio Jobs Development Initiative has been enacted and addressed the following:

- Job creation tax credit
- Incentive for research and development
- Export tax credit
- State utilization of tax increment financing
- Expansion of tax increment financing laws for municipalities
- Enterprise zone equalization
- Quick response mechanism/authority
- Expedite highway funds (to increase construction projects)
- Economic competitiveness task force (compare economic development programs of Ohio and its competition, determine strengths and weaknesses, and prepare a plan to respond appropriately)

4) Internal management structure. Make the Department of Development a professional organization.

3. Assessment of the plan

3.2. Is it a plan?

There is no plan, but there certainly is an approach. The 1983 strategy had the usual elements found in strategic plans (goals, strategies, implementation plan).

Clear statement of vision, goals

Since no formal plan exists, the answer is no.

Does it select specific courses of action--strategies?

While there is no formal economic development plan, there are strategies in relation to many components. For example, the Ohio Bureau of Employment

Services's document, Strategies for Opportunity: Creating a High Performance Workforce in Ohio, incorporates a mission, an analysis of the state economy, goals, and strategies.

Does it identify implementation steps or actions

Since no formal plan exists, the answer is no.

Does it identify who implements

Since no formal plan exists, the answer is no.

Does it identify measurable outcomes and who monitors outcomes

In 1991, the new administration initiated a management audit of all programs. The major recommendation was that the programs be more customer oriented. The second was that there was a need for lots of changes and in particular the shifting of resources away from old programs to new programs. The Director of the Department of Development stated that specific measurable goals, time frames are being developed. The concern about being competitive with neighboring states (e.g., Kentucky's incentives initiatives) is of particular interest.

Is there a routine process for revisiting plan

No

3.2. Is it strategic?

Ohio has a comprehensive set of programs, but the current approach seems to involve emphasis, not strategic direction. The approach is more "traditional," and has been characterized as an eclectic set of programs that are not embedded in a comprehensive and strategic approach. Those interviewed agreed that there was no overall economic development strategy, but that there are strategies in relation to many of the components (e.g., human resource strategy; technology strategy).

Environmental scan/trends analysis (external forces/trends)

Since no formal plan exists, the answer is no. The human resource document, Strategies for Opportunity, has an analysis of the state economy and labor market, but there is no indication that such analysis has been undertaken on a broader basis.

Competition (competitive and comparative advantage-US/nonUS)

Since no formal plan exists, the answer is no.

Assets or strengths/deficiencies or weaknesses

The recognition of strong regional leadership seems to capitalize on assets. Also, there is a clear strategy of tapping Ohio's technology (Edison Program) and education resources. The primary emphasis on retention/expansion is tailored to

the state's significant industrial structure. These choices are determined in a non-strategic way.

Proactive (target variables which must be controlled to shape the future)

Again, attempts are being made to control certain variables in certain areas, but not as part of an overall strategy (examples: Ohio Job Development Initiative in response to the Kentucky "threat;" human resource strategy).

Imagination (novel, innovative, creative aspects)

The Department of Development is identifying industry clusters and using a regional approach. The state is also using a cabinet level committee of five departments to oversee the implementation of the four basic strategies presented in the Workforce strategic plan (Bureau of Employment Services, Windows for Opportunity: Creating a High Performance Workforce in Ohio). There is also an Implementation Committee which includes deputy level officials and major stakeholders from diverse constituents. This group is formed into major subcommittees. This type of interagency, private/public implementation process is not common.

3.3. Communication/dissemination of plan

Is it disseminated widely?

No, there is no formal, written plan and no dissemination.

Is it readable, simple, attractive?

There is no written plan.

How well is it communicated to the leadership and citizens (scan marketing materials)?

There is no plan or related document being communicated to the Ohio business community and citizens, but there is a lot of discussion about issues (see 1.1).

3.4. Other characteristics

Does the plan build or strengthen partnerships?

The current Director of the Department of Development is committed to building partnerships. There is an internal policy cluster headed by the Director of the Department of Development and includes other departments such as Transportation, Education, Commerce, Agriculture, and several regulatory agencies. This group meets informally and regularly, but not as a designated body. There is also an external group (referred to as a kitchen group) that meets regularly with the Director. That group includes university faculty, the Ohio Development Association, the Ohio Economic Development Council, the Ohio

Commodores, and representatives of the local Chamber network. The Ohio Economic Development Council (OEDC), founded in 1963, is a private sector volunteer organization. Its purpose is to assist the state in economic development (e.g., marketing, serve in an advisory capacity, be a resource for the Department of Development in promoting specific legislation, etc.). This is providing a mechanism for private/public partnership.

Does it empower participants, especially key players in business, government, labor, education, civic organizations?

Participants are involved through informal mechanisms listed above. While many groups are involved, they have not been empowered in a formal sense. The groups exist at the discretion of the Director of Development, since they were established at his initiative.

Does the plan indicate that parties are working together (cooperation)?

Several sources report that parties are working together through advisory mechanisms and networking. The focal point for economic development seems to be the Governor and the Director of Development. Unlike some other states, Ohio does not appear to have any formal mechanisms through which groups are linked to the process. The Ohio Economic Development Council sees itself as providing stability through changing political administrations. The private sector feels it has provided stability and continuity.

Does it build off basic values and ideals identified for the state?

The approach does seem to fit the characteristics of the state, but no formal vision process identified the peoples' basic values and ideals.

Vitality (will it endure/survive?)

Ohio has one of the more renowned programs of economic development in the nation. From a planning perspective, the current approach can be characterized as being largely "traditional", with policy and priorities largely determined by the Department and the Governor's office. Extensive informal networking provides input and advice, but it is concentrated on the Director and is not institutionalized in any way through mechanisms of public/private partnership. The current focus on networking, clustering, professional management, and retention/expansion seems to be intuitively appropriate, but is determined in a non-strategic way, and has not garnered consensus support. Ohio has emphases, but it seems to lack strategic direction.

Source: Oklahoma's Strategic Economic Development Plan, 1988-1993; Interviews

REVIEW OF STATE STRATEGY -- OKLAHOMA

1. Overview of process

1.1. Agency responsible

Oklahoma Futures was created by legislation in 1987. Its mission was "to develop strategic economic policies, to maintain the integrity of economic development purposes across all state institutions, policies and programs and to be Oklahoma's originator, proponent, coordinator and overseer of state analyses and plans...Oklahoma Futures shall be the central economic development policy planning and oversight board for all economic development activities in Oklahoma." The board has 23 members, including the Governor, who serves as co-chair, Lt. Governor and legislative leaders; and 11 private sector appointments made by the Governor, Speaker and Pro Tem. One employee is designated as Oklahoma Futures staff by the Oklahoma Department of Commerce. It has no separate funding. Recent problems with Oklahoma Futures include:

- a) The propriety and constitutionality of the Board has been questioned by the Senate.
- b) Legislative members and the governor do not attend meetings.
- c) The President Pro Tem does not attend because of the mixing of the governor and legislative members on the board.

1.2. When done:

The legislature initiated and passed the economic development act in 1987. A new plan will be released in 1993.

1.3. By whom

The legislature started the process for the 1987 by passing legislation, generating, setting up programs and organizations. Task groups were formed by the Department of Commerce to focus upon key issues. Each task group submitted their recommendations to Oklahoma Futures. The Futures Board prioritized the findings and created 13 goals, 20 strategies, and 300 actions. Of the 300 actions, approximately 170 were implemented. Interviews revealed that the Department of Commerce put the plan together to be adopted by Oklahoma Futures.

1.4. Degree of participation and broad-based buy in

The Department of Commerce established 18 working groups on a series of key issues which were formulated through discussion, intuition, and legislation. About 800 people across the state were involved in the task groups.

1.5. Role of consultants

Consultants helped guide the planning process.

1.6 Role of research

According to interviews, there is a broad base of research conducted annually. While the research is broad based, it appears to be uncoordinated and is driven by various constituents. Oklahoma Futures and the DOC gather and examine economic data annually. Other sources of research mentioned included Oklahoma Academy for State Goals and Oklahoma 2000 (prepared by the State Chamber of Commerce).

2. Plan substance**2.1. Summary**

Goals include:

- Provide a nationally competitive education for all students
- Increase Oklahoma per capita income to 90% of the national average in five years, and to 100% in fifteen years
- Increase wage and salary employment by 100,000 from 1988 to 1993
- Diversify the economic base by moving towards the national distribution of employees' earnings and wage and salary employment in Oklahoma by major categories
- Increase research funding and personnel in both public and private sectors
- Increase the number of new non-retail business formations to 50% over current levels and net new incorporations by 50% over current levels
- Reduce functional adult illiteracy by creating a program to identify, measure and reduce illiteracy by 50%
- In five years, lead the nation in narrowing the rural-urban and minority-majority income and unemployment gaps
- Institute and utilize performance evaluation systems for all departments of the Executive branch of government
- Increase exports of manufactured goods as a percentage of total Oklahoma manufactured shipments to the national average; and raise the proportion of Oklahoma agricultural exports to 2% of total US agricultural exports
- Create a viable financial system
- Improve quality of life as measured by a Quality of Life index (to be created).
- Raise Oklahoma's share of foreign investment in new or expanded facilities to a rate exceeding Oklahoma's share of national population; and increase Oklahoma's share of foreign firm new employment as a result of foreign firm investment

A very lengthy list of strategies to reach these goals is included. The strategies are organized into twenty groups under such headings as Target growth industries and Stimulate technological innovation and adoption.

2.2. Economic and social analysis used

The original plan contains a chapter that charts the growth and decline of the Oklahoma economy from 1970 to 1987. In addition, each goal is followed by a brief analysis of the situation as it existed at the time the plan was written and a brief history in that area.

2.3. Key themes, priorities

Business attraction has been the major focus of the state's strategy, although the importance of business retention/expansion is beginning to be recognized. Issues addressed include: human capital; business environment; financial capital; commitment/capacity; technology/innovation; quality of life and infrastructure. Priorities were not formally established. According to interviews, the areas receiving the most emphasis were human capital, financial capital and technology/innovation. To some degree, commitment/capacity was addressed also. Infrastructure received less attention.

3. Assessment of the plan

3.1. Is it a plan?

Clear statement of vision, goals

There was no formal visioning process but the document does contain examples of what the writers imagine will be occurring at the end of the five-year time span that the plan encompasses. The chapter on long-term goals (2007) puts the goals into a longer perspective and presents the vision that guided the development of the plan's goals. Goals are clearly stated. In 1993, a new plan will be released. A vision process has occurred and will impact the new plan.

Does it select specific courses of action--strategies?

Specific strategies are presented.

Does it identify implementation steps or actions

Implementation steps are described in Volume II, The Oklahoma Workbook. The strategic plan, Volume I, describes who implements, timelines, and funding in general terms.

Does it identify who implements

A separate volume describes implementation plans in detail. The plan itself has a chapter that summarizes implementation. In most programs, several groups or

agencies are expected to be involved, with one playing a lead or coordinating role. The Department of Commerce played a large role in implementation major portions of the plan. OCAST (OK Center for the Advancement of Science and Technology) is responsible for most programs relating to technology transfer, and OCIB (OK Capital Investment Board) and ODFA (OK Development Finance Authority) are responsible for major financing programs designed to fill capital gaps. Timelines for implementation and funding are also discussed.

Does it identify measurable outcomes and who monitors outcomes?

Each goal includes measurable outcomes. On a yearly basis, the Department of Commerce compiles data charting progress toward each goal and prepares an update of the plan which is reviewed by Oklahoma Futures for both economic and program impact. Those data and related analyses are included in a report which is approved by Oklahoma Futures as specified by legislation.

Is there a routine process for revisiting plan

The plan is being updated in 1992 for release in 1993. The process involves statewide meetings (visioning process) and a few task forces organized by function. The 1992 process is not as broad based as the 1987 process.

3.2. Is it strategic?

Environmental scan/trends analysis (external forces/trends)

The plan was based on a 1987 economic analysis done by the Department of Commerce. A chapter in the plan briefly examines Oklahoma's economic performance, focusing on the role of the petroleum and agricultural sectors in the state economy. Forecasts are also included, with discussion of how diversification/nondiversification would impact the state's ability to reach desired outcome (e.g., reaching national averages or improving national ranking in specific measures). Occasional reference is made to inability to control swings in national and international markets (e.g., agriculture. oil prices).

Competition (competitive and comparative advantage-US/nonUS)

There is no central discussion of competitive and comparative advantage. However, the chapter on Strategies for Implementation does include some discussion of key advantages that will help attract new businesses: workforce quality, training programs, central location, low business taxes and valuable tax incentives, low cost of land and buildings, low wage scales, strength of certain industries, and the state's economic program.

Assets or strengths/deficiencies or weaknesses

The major "selling points" for the state are defined as quality work force, high quality of life, quality business environment, and plans to improve educational

quality. The planners seem to have taken these into account and planned to use them to attract business in their attempt to diversify the economy. Evidence was not found to suggest that strategic choices were made.

Proactive (target variables which must be controlled to shape the future)

The focus on diversification resulted in designing strategies to target growth industries in sectors other than agriculture and oil/mining.

Imagination (novel, innovative, creative aspects)

3.3. Communication/dissemination of plan

Is it disseminated widely?

Yes

Is it readable, simple, attractive

It is readable, but not simple.

How well is it communicated to the leadership and citizens (scan marketing materials)

The original planning process involved the leadership and citizens. The original plan was for Oklahoma Futures to issue quarterly progress reports, hold annual citizens' congresses and update the plan each year. Only two quarterly reports were done, no congresses were held, and only economic data and progress reports are compiled. According to interview information, the plan is not communicated very well at the present time.

3.4. Other characteristics

Does the plan build or strengthen partnerships?

The planning process brought people together and built strong coalitions. However, the momentum is slowing and broad based involvement is not being continued.

Does it empower participants, especially key players in business, government, labor, education, civic organizations?

The planning process built strong coalitions and empowered them to implement the strategies. It also encouraged business involvement in the initial planning and on the board of Oklahoma Futures. However, that initial energy and broad-based involvement is not being continued (according to interview data). A key to this may be the difficulty Oklahoma Futures has had in defining its role. It has had a problem getting a quorum due to political difficulties.

Are key players/parties working together (cooperation)?

The early momentum or involvement of large number of people has ebbed and more implementation/involvement by the private sector is needed. According to interviews, broad-based involvement is not being continued. While the implementation plan calls for broad-based involvement and cooperation, interview data suggests that there is some difficulty in this area (e.g., Oklahoma Futures difficulties at the Board level). The legislative leaders and Governor do not attend meetings. The Senate has questioned the propriety and constitutionality of the composition of the Board. However, key legislators are working with the Department of Commerce. So there is some evidence of cooperation, but not necessarily at the top levels.

Does it build off basic values & ideals identified for the state

Yes

Is it market-oriented and designed to be "close to the customer"

Currently, efforts are being made to make programs more customer driven. There is an effort to introduce TQM and this may have an impact on programs.

Vitality

It is unclear what the future holds. The momentum present when the first plan was developed has slackened. Also, the problems surrounding Oklahoma Futures need to be addressed. Whether the new plan to be released in 1993 will revitalize and invigorate remains to be seen.

Source: Interviews; Dept. of Economic and Community Development Mission Statement and 1988 Marketing Strategy for Manufacturing Industrial Development.

REVIEW OF STATE STRATEGY -- TENNESSEE

1. Overview of process

1.1. Agency responsible

There is no formal, comprehensive state economic development plan. The Department of Economic and Community Development is the lead agency.

1.2. When done:

The goals were formulated in 1987 and appear in a 1988 document describing the Department's marketing strategy for manufacturing industrial development. The manufacturing strategy is being updated in 1992. A similar marketing strategy for service industries is being developed and will be available in 1993.

1.3. By whom

Goals were formulated by the Department's commissioner, assistant commissioners and directors within the department in 1987. The goals have continued since that time, aided by the fact that there was one commissioner from 1987 to 1991. Since 1970, governors have been active in economic development (have run on economic development platforms). The legislature is pro-business and supportive of the Department but there is no formal mechanism for strategic planning. The executive branch always initiates with the legislature in a reactive stance. The outcome is a merger of views.

1.4. Degree of participation and broad-based buy in

There is no formal involvement of the private sector although the private sector is involved in working toward developing a state strategy. The Department's approach is not done in a vacuum. There is constant conversation with the governor's staff, legislators, and private sector. However, the input is informal. A new initiative is currently being considered that proposed the formation of a private/public economic development partnership. No further details were available.

1.5. Role of consultants

Bell South has played an important role in providing studies. Other reports from university research centers (UTCEBR at the University of Tennessee) have influenced what has evolved.

1.6. Role of research

Research and analysis helped guide the Department's manufacturing strategy and the upcoming services sector strategy. Bell South did a study on the telecommunication industry that is being used by the state to help formulate the service sector strategy. There does not appear to be a coordinated research effort. Economic reports are prepared for the Governor by university faculty in cooperation with the TN State Planning Office.

2. Plan substance

2.1. Summary

The mission of the Department of Economic and Community Development is to increase and geographically disperse quality job opportunities throughout TN. The goals are:

1. Enhance community attractiveness for creating job opportunities.
 - Encourage the development of local organizational capacity
 - Encourage the development of local infrastructure
 - Assist with planning and technical assistance activities at the local and regional level
2. Create and promote business opportunities to entrepreneurs, existing industries and new firms.
 - Promote the location of new business and industry to TN
 - Encourage the growth of existing businesses and industry
 - Foster the development of "homegrown" industries
3. Increase and improve services for business to encourage economic growth opportunities for new and existing firms.
 - Establish and maintain a network of technical assistance available from public and private sources.
 - Provide counseling and management assistance

To achieve these goals, strategies include:

- Assist local communities in preparing for and capitalizing on economic development opportunities
- Market the state and recruit new industries domestically and internationally.
- Assist existing firms, including small business and homegrown business, to grow and prosper.
- Increase export trade opportunities for TN business and industry.

The 1988 TN marketing strategy for manufacturing industrial development was reviewed also. Industry types were analyzed to determine which types have provided TN with the majority of projects, investments, and job opportunities from 1977 to 1986. Further research focused on growth potential in the U.S. market and recommended unique opportunities that each industry could take advantage of in Tennessee. This research is currently being updated. The following industries were targeted:

1. Transportation
2. Non-electrical machinery
3. Electrical and electronic machinery and equipment
4. Rubber and plastic products
5. Food products
6. Chemicals and allied products
7. Instrument and related products
8. Printing and publishing

Based upon their potential for Tennessee and their links to the above industrial sectors, the following services sectors have been targeted by the state since 1990: (1) research and development; (2) distribution; (3) "back" offices. Bell South has also issued several major reports that elaborate on the link between telecommunications and economic development, and in particular on the retention and expansion of existing industry. There is a major theme that telecommunications capability within the state can be a key basis for improving education, health care, economic development, and enhancing the quality of life in Tennessee.

2.2. Economic and social analysis used

The marketing report is limited to analysis of growth by industry type. It does not include analysis of the state's economy. However, reports on the state's economy are done annually with quarterly updates and presented to the Governor.

2.3. Key themes, priorities

The primary focus is business attraction, although retention is assuming increasing importance. Despite substantial inducements to Nissan and Saturn, the basis is not INCENTIVES, though they exist to a limited extent (mostly training monies and sales tax exemptions), but rather on the FUNDAMENTALS -- that is, Tennessee is a good place for business to operate successfully. Issues that have received attention include business environment (business recruitment) and commitment/capacity (community development). Technology is addressed as an issue only as it play a role in industrial recruitment or expansion. An education reform bill was passed recently. This will change if the proposed private/public partnership is implemented. It will focus heavily on technology.

3. Assessment of the plan

3.1. Is it a plan?

Clear statement of vision, goals

Since there is no state economic development plan, there is no vision or goal. The Department's marketing report has no such statements. The mission statement for the Department does. (The report done at the University of Tennessee was more comprehensive than the marketing strategy and set forth goals, objectives, and an action plan for each objective.)

Does it select specific courses of action--strategies?

There is no formal strategy or plan. The marketing report states which types of industries will be targeted for recruitment. The Department's strategies are specified in very general terms.

Does it identify implementation steps or actions?

Since there is no state strategic plan, there is no implementation or action plan. The Department has an action plan that is designed to serve as a guide for the Marketing Division's activities. To that extent, it includes assignments for various staff and discussion of recruiting trips.

Does it identify who implements?

There is no state plan. However, at the Department level, who identifies various actions is identified.

Does it identify measurable outcomes and who monitors outcomes?

Departmental programs are audited, but that does not contribute to any systematic monitoring strategies as part of a state strategic plan.

Is there a routine process for revisiting plan?

No.

3.2. Is it strategic?

Environmental scan/trends analysis (external forces/trends)

The marketing plan does not contain such an analysis. However, such analysis appears in a report published by the State Planning office. This 1989 report was prepared by The Center for Business and Economic Research at the University of Tennessee for The Tennessee Economic Cabinet Council.

Competition (competitive and comparative advantage-US/nonUS)

The marketing report mentions Tennessee's strengths: location, work force, and good transportation system. However, no discussion of competition was included.

Assets or strengths/deficiencies or weaknesses

The marketing plan focuses on recruiting industry in sectors where Tennessee has done well (shown growth), so in that sense it is capitalizing on strengths. Identification of targeted industries includes very brief discussion of why the industry can be recruited. The marketing plan summarizes lengthy individual studies of the eight targeted industries. These discussions include availability of skilled labor, emergence of research in a particular area, proximity to market, transportation availability, etc. Interviews revealed that more recently, the state is working to capitalize on assets such as the state's telecommunications capability and technology (science and engineering) assets, fiscal conservatism, probusiness attitude and sound business environment. There has been a shift in emphasis in the current administration towards a more balanced focus on both recruitment and retention/expansion, though resources still seem to be largely committed to the former. There has been little emphasis on the third form of business development, namely startups. In addition, the Governor has placed considerable emphasis on two areas of weakness in economic development, namely education and unbalanced rural-urban growth. Both involve major extensions of programs initiated by Governor Alexander in the 1980s. These thrusts are widely known and discussed but are not articulated in a comprehensive planning document. While the state is well aware of its strengths or advantages (e.g., location, availability of skilled labor, etc.), a plan has not been developed based upon strategic choices made to take advantage of these strengths.

Proactive (target variables which must be controlled to shape the future)

The marketing plan contains a list of things companies consider when looking for a site, but there is no discussion of how to control or influence these variables.

Imagination (novel, innovative, creative aspects)**3.3. Communication/dissemination of plan****Is it disseminated widely?**

No, the marketing report is basically an departmental document and has not been widely disseminated recently. However, it was widely disseminated when it was first released.

Is it readable, simple, attractive?

It is readable.

How well is it communicated to the leadership and citizens (scan marketing materials)?

The focus on recruitment is well understood because this has been the main thrust for many years. Consistency in approach and in departmental staffing have contributed to this.

3.4. Other characteristics

Does the plan build or strengthen partnerships?

The marketing report does not focus on building partnerships. The Department maintains that there is a close relationship with industrial developers. The legislature is reportedly not directly involved except in a reactive sense. The legislature is positive toward economic development and has tackled areas related to economic development (worker compensation, education reform). Economic development initiatives are an executive branch activity. Interviews revealed that there is no mechanism to link and manage the various groups active in areas impacting economic development (e.g., private sector, technology, universities, etc.). Currently, the major impetus in economic development comes from the executive branch and the private sector. However, this could change with the new initiative to build a private/public economic development partnership.

Does it empower participants, especially key players in business, government, labor, education, civic organizations?

The lack of a comprehensive state plan and a mechanism for managing groups active in areas of economic development results in limits on key players to move toward a more integrated, coordinated approach. There is no mechanism for formal input by various parties to state policy. Networking and cluster formation is limited and informal. The Governor and the executive branch initiates, the legislature reacts, and the private sector influences policy through informal channels.

Are key players/parties working together (cooperation)?

Interviews revealed that parties are working together informally. Because the situation has the virtue of simplicity -- namely business attraction -- everybody understands what they have to do.

Does it build off basic values and ideals identified for the state?

The marketing report did not discuss basic values or ideals.

Is it market-oriented and designed to be "close to the customer"?

The approach appears to be top down, with the Department identifying the goals and programs to achieve them. There is no mechanism for input to the approach

from the private sector or other groups. Input does occur through strong networking and relations, but it is random.

Vitality

Will it survive? The private sector is acting as a catalyst to move toward a state plan. Much seems to be happening but it is not comprehensive or coordinated. The pieces are there (research underpinning a strategy, private desire to participate, recognition of strengths and weaknesses, etc.), but they need to be put together.

Tennessee has been relatively successful in fostering economic development. The approach taken, though not strategic, has worked. Consequently, while there is some recognition that a comprehensive strategic plan and related institutional arrangements (e.g., public/private partnerships) could be conducive to greater effectiveness, there is no compelling imperative to modify that approach, though there is growing discussion in this regard.