

Pitt County Development Commission - Strategic Process Review

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No one would dispute that these are times of great change. For the Pitt County Development Commission, an organization that has been operating effectively for decades, the convergence of several significant changes motivated the Commission to consider these changes and their impact on the Commission's work and focus. The Southern Growth Policies Board was engaged to provide content on the changes occurring and to help the PCDC do an assessment of their current program of work and newly reviewed strategic plan.

At the first strategic session with the Commission three "groups" of significant changes were identified as having major influence on the work of PCDC moving forward.



First, at the national and global level, economic change has been rewriting regional competitiveness rules at an astonishing rate. The industry mix, place-product expectations, skill requirements for successful workers, technology, and even pace of change have all been transformed.

For Pitt County, the trends of rapid urbanization and the propensity of educated young adults to aggregate in large urban areas, the loss of manufacturing jobs to innovation and outsourcing, the global interdependency of business, and the transformational changes in the health and higher education sectors were identified as having significant impact on the local economy over the coming years. While Advanced Manufacturing will produce more, with fewer jobs in the future, it remains important to Pitt County's future. The jobs will continue to be very good for Pitt County residents.

Second, this rapid change, coupled with the impacts of the "Great Recession" on North Carolina and Pitt County and a rising national discourse has created an atmosphere of uncertainty and apprehension.

People and organizations across the state and country are reassessing what they need to do to make their places more competitive. In Pitt County, one of the results had been that several groups, each looking for ways to improve the local economy, have developed new assessments and plans. Multiple studies have been completed in recent months (Biggins/Lacy/Shapiro, North Star, InSite, and Creative Economic Development). Each has many recommendations about what actions are needed. In some cases the reports suggest specific responsibility or define what resources should be appropriated, but the reports are not aligned and do not create an obvious path forward. Some of the recommendations from various reports, if implemented, would have a significant impact on the PCDC and all the economic development efforts of the County and its various constituents.

Third, the broad economic development organizational structure within which the PCDC operates is in the process of complete change. Economic development is always a team effort and the North Carolina Department of Commerce and the North Carolina's Eastern Region Development Commission have been the two most valuable external partners for the last 20 years. Both organizations are experiencing

dramatic change that will change the relationship. At the state level, the new administration has decided to reinvent, through partial privatization, the economic development functions of the state. Over the next year the structure and mostly likely many of the individuals with which PCDC interacts will be different. In addition to structural changes, the state is developing a new economic development strategic plan that guides resources and efforts. The plan is focusing on eight areas:

- 1. Targeted Growth Clusters**
- 2. Education and Workforce**
- 3. Business Climate**
- 4. Innovation and Entrepreneurship**
- 5. Rural Prosperity**
- 6. Talent and Retirement Attraction**
- 7. Structure and Metrics**
- 8. Community Development**

Each of the areas of focus is being reevaluated and major changes are expected not only with the Department of Commerce, but with support nonprofits such as the NC Rural Center, Golden LEAF foundation, and the NC Biotechnology Center.

At the regional level, North Carolina's Eastern Region Development Commission, which has served as a marketing organization for PCDC will no longer receive state appropriation and the organization's role in future years, is still unclear. The organization is trying to reinvent itself and to continue to value-add to the Pitt County mission, but there will certainly be changes to the geographic footprint, funding and focus.

In addition to these external influences the Commission examined their internal current reality and agreed that:

- PCDC has four staff members and limited resources, but enough resources that new opportunities should be explored.
- PCDC has traditionally had an industrial attraction and expansion focus and competition for industrial jobs and investment is fierce
- The manufacturing focus of the organization is something that the Commission should continue to discuss in light of the changing economy and the broader expectations in the community. The leadership believes that there are other opportunities in higher education, health and professional services that could be nurtured.
- PCDC understands that successful economic development efforts focus on the needs and demands of the client and that speed and predictability are two of the demands
- There are some external perceptions that there is a lack of connectivity between PCDC and some key partners, and a lack of success in attracting and expanding jobs and investment. The leadership of PCDC does not agree with these perceptions, but does feel that they need to address the perceptions
- The county is changing, leadership is changing, and the assumed best way to do economic development is under question by some leaders in the county. There is great disparity in the level of economic development expertise among the leaders, and no single definition of economic development has been established.

After exploring and agreeing upon a current, albeit rapidly changing, reality the next hard question for any organization is “so what”. Strategic introspection is valuable but not sufficient for an organization that is expected to have a positive, long-term impact on the lives of Pitt County citizens.

Change is dramatic, but need not be overwhelming. The leadership of PCDC began to focus on specific opportunities. The Board acknowledged the importance of their many partners and noted that different agencies lead depending on the specific project. The current PCDC strategic plan clearly states the organization’s mission and outlines a scope of work around 5 priority areas: Networks, Marketing, Recruitment, Existing Industry, and Capacity Building. For the second stage of this process the Commission leadership took a close look at all the suggestions from the various plans and filtered and prioritized 28 distinct potential actions through a structured strategic filter.

Pitt County Development Commission Mission:

“To facilitate investment and job creation that will continue to diversify Pitt County’s economy. PCDC will take a lead role in industrial development projects, including project management and incentives negotiations, with assistance and support from partner economic development allies. Working in collaboration with these allies, we will lead, participate or support efforts relevant to the priority areas depending on how each aligns with our mission and core competencies.”

For each item the leadership determined;

- Impact- the amount of impact successful completion of the item will have on the local economy
- Control- the amount of control the Development Commission has to implement the item
- Resources- the amount of resources it would take to successfully complete the item
- Time- the amount of time it would take to complete the item
- Responsibility- the level of responsibility that the leadership felt the PCDC should have to lead this item

Each of the 28 possibilities was ranked, tabulated, and then discussed by the group. The responsibility rankings served as a starting point, with the highest ranked items deemed to be those where PCDC had the most responsibility to do.

Responsibility

- 1) Target marketing, especially to site consultants. (4.529)
- 2) Explore potential loan/grant programs/projects (shell building) that could be developed for the approximate \$1.9 million Pitt County will receive from the NC Eastern Region Trust Fund. (4.471)
- 3) Understand the new world order of the State’s economic development delivery systems and where Pitt County and the Development Commission fit. (4.236)
- 4) Construct a Spec Building in an existing industrial park. (4.176)
- 5) Develop new marketing materials. (4.118)
- 6) Develop more and more aggressive incentives for attracting new businesses. (4)
- 7) Address the recurring issue raised by some of merging the Development Commission and the Committee of 100. (3.824)
- 8) Aggressively take mission trips to targeted markets. (3.647)
- 9) Allocate additional resources to support existing small businesses. (3.647)

- 10) Develop a forgivable loan/grant program for land and buildings. (3.588)
- 11) Enhance AgBio Marketing position. (3.529)
- 12) Steer new development to specific, currently underdeveloped places within the county. (3.471)
- 13) Develop a multi-jurisdictional business park. (3.353)
- 14) Establish and improve the Pitt County image. (3.343)
- 15) Enhance the vertical entrepreneurial support ecosystem. (3.059)

Each of the rankings serves a different purpose and none constitute a final decision by the leadership. The ranking were used as starting point for board deliberation. Spirited discussion served to balance the five rankings. For instance, as can be seen below, the ranking of the impacts of different projects were very different from where PCDC ranked their responsibility. The resources question also provided a counterbalance to impact. While some items were viewed as potentially having a very positive impact, in some cases a lack of current resources make them a lower priority. In the case of the number one ranked impact item, “Establish and Improve the Pitt County Image”, while PCDC leadership understood its value, they felt that the organization should support any effort, but that any effort needed to be collaborative among many groups.

Impact

- 1) Establish and improve the Pitt County image. (4.294)
- 2) Develop a medical research park. (4.294)
- 3) Understand the new world order of the State’s economic development delivery systems and where Pitt County and the Development Commission fit. (4.294)
- 4) Develop more and more aggressive incentives for attracting new businesses. (4.235)
- 5) Explore potential loan/grant programs/projects (shell building) that could be developed for the approximate \$1.9 billion Pitt County will receive from the NC Eastern Region Trust Fund. (4.059)
- 6) Enhance East Carolina’s and Pitt County’s research competitiveness. (3.941)
- 7) Target marketing, especially to site consultants. (3.941)
- 8) Recruit new air service to Pitt Greenville Airport. (3.824)
- 9) Enhance the vertical entrepreneurial support ecosystem. (3.765)
- 10) Enhance AgBio Marketing position (3.765)
- 11) Construct a Spec Building in an existing industrial park. (3.706)
- 12) Reduce utility rates for new industries. (3.706)
- 13) Retain more East Carolina graduates. (3.706)
- 14) Develop a multi-jurisdictional business park. (3.529)
- 15) More fully engaged students and teachers in STEM education. (3.529)
- 16) Develop new marketing materials. (3.529)



After a structured discussion, the leadership ranked the following items as the ones for the PCDC to focus on and take lead responsibility on immediately.

- 1) Target marketing to site consultants**
- 2) Explore how best to use the NCER Trust Fund money**
- 3) Construct a shell building**
- 4) Develop new marketing materials**
- 5) Support existing industry**

6) Enhance vertical entrepreneurial support systems

In addition, the Board felt they had a role to play in 7) Improving the Pitt County Image and 8) monitoring the regional realignment within the state to determine marketing alliances. These are all important efforts and while the PCDC expects to lead these efforts, they were clear that several of the efforts required multiple partner alignment and contribution.

This process resulted in a consensus for the path forward for the organization, but several questions remain either unanswered or will take more deliberation.



What constitutes an effective economic development partnership for a community?

This question reflects the leadership's understanding and acknowledgment that every organization can be more effective and should be continuously striving to be better.

Unfortunately, there is no right or single answer. In North Carolina, and across the southeast, there are very effective economic development organizations that are within city or county government, that are divisions of chambers of commerce, or that are independent private not for profits. Within each of those categories there are also organizations that are ineffective. 97 of the 100 North Carolina counties have some type of industrial/ economic development agency with most receiving support from the public sector. 50 of the agencies are government organizations. For Pitt County the question should not be, "What is the organizational structure?", but rather what is the Commission's organizational, focus, resources, leadership, and alignment with other organizations.

Across North Carolina, and everywhere, economic development organizations come with many missions. At its basic level economic development usually tries to attract, grow, create or maintain jobs and tries to increase the wealth, wages and resources within the geographic boundary. Those goals can be influenced by groups that focus on tourism, small business assistance, technology transfer, retirement attraction, branding, site and building development, or risk capital formation. They can also be indirectly, some would argue directly, impacted by improvements in infrastructure, education, and quality of life. To make this equation even more complex, economic development also happens at the state, regional, local and even neighborhood level.

Within any community there are usually dozens of groups that are deeply concerned and active in the economic development space. Multiple public organizations and elected leadership, business groups and individual business leaders, and many nonprofits feel like important stakeholders in the economic success of their community. They are justified in their belief; economic development success or failure impacts everyone.

In an ideal and high performance community the work of these organizations are aligned and each contributes to the overall effort. This is often referred to as **"collective impact", defined as "the commitment of a group of actors from different sectors to a common agenda for solving a complex social problem."** This approach yields higher return on investment than individual impacts and much more than when resources are used to either duplicate efforts or when they work in conflict.

The Pitt County Development Commission has the brand of being the local economic development agency, but with its current mission and resources it carries out only a subset of the activities associated with economic development.

This is not a criticism. During the strategy sessions with the Board and the especially during the survey review the PCDC board had a clear and agreed upon scope of work. They understood what parts of the economic development effort were their responsibilities and honestly assessed the Commission's responsibility, resources, control and impact. By collectively considering all the possible options suggested by the various reports that have been created over the past 18 months, the Board identified the areas that they felt were their responsibility to work on.

These are all important efforts and while the PCDC expects to lead these efforts, they were clear that several of the efforts required multiple partner alignment and contribution. PCDC also acknowledges that in some cases, other agencies are the leaders.



How can both the actual and perceived collaboration between partners (stakeholders) be enhanced?

Many of the partners seem to be regularly, if not completely, aligned in Pitt County. The Development Commission, City of Greenville and the County appear to have close and regular communication. There is obvious connectivity and collaboration with the educational institutions, although due to the multiple points of contacts, this may not be as obvious to everyone involved. Three high ranking ECU faculty and staff are on the Development Commission Board, for instance, but even other University officials may not be aware.

Hardwiring connectivity through a fixed structure is one option. Many communities have leadership councils that meet regularly. The City of Greenville currently has a Mayor's Economic Development Advisory Council that includes multiple partners. I would recommend that as you work through a broader economic development effort over the next year that some type of temporary coordinating structure is established. The big group made up of members of various boards that convened early this year is a good big group to begin with, but a smaller group structured to engage the stakeholders could be a good idea. A good size for a working group is 10 – 15, If it were much smaller it would not represent all the groups, much larger and it would not function as a deliberative body as efficiently.

This type of group could also sponsor a forum or forums where broader economic develop efforts and a comprehensive look at economic progress and challenges are discussed. There is an obvious disconnect between the successful work and positive results of the PCDC and some community leaders. This disconnect could be due to a lack of



good information or storytelling, a lack of common expectations, or it could simply represent the general economic concern that is reflected across America. Whatever the case, now is the time for more working together and more sharing of information.

Each of the planning efforts that have taken place brings ideas to the stakeholders. As with all such documents, some ideas will be more possible and have more impact than others. Positively, the multiple efforts should be recognized as a broad desire across multiple groups to do better. Can these multiple plans be a source of frustration and could they be used to divide or undermine current activities? Sure, but only if the stakeholders choose to use them as such. They are a source of many ideas and choices and create a great opportunity to bring the community together and chart a “collective impact” action plan for the future. While one organization cannot make decisions for another, a collaborative approach with mutual support can produce positive outcomes.

One example worth trying to learn from is the Northwest Arkansas Leadership Council. Northwest Arkansas is made up of several smaller communities, but is home to the University of Arkansas and a robust group of corporate leaders. Several years back a leadership council was created to align their activities. A plan was created with over 50 actionable items and responsibility for implementation was assigned to various groups. There are regular meetings of both leaders to oversee the project and “implementers” that are carrying out the actions. Annually everyone comes together to look at the progress on the actions and economic impact of them for the region.

There are many examples of success, but aligning resources, strong, broad leadership and continuous monitoring and communication are usually components.



What are the pros and cons of Pitt County staying connected to the current Eastern Region (NCER) in its new form?

The Pitt County economy does not begin or end at its political borders. Regionalism is a real economic force in that worksheds, transportation access, and quality of life issues usually span multiple jurisdictions. It is obvious that workers at Pitt County businesses, patients at the health center or students at East Carolina or Pitt County Community College come from outside Pitt County. With all of that as a given, the pros and cons of participation should be analyzed in terms of expected Return on Investment of Resources.

I would recommend that the PCDC leadership consider the following questions. Since a major focus of the new organization is presumed to be marketing and branding, does association with the other members of this organization enhance Pitt County’s brand? Since the membership of the new organization is not fixed and Pitt County’s brand has already been identified as a source of concern this is a question that may not be able to be answered.

Second, if the new organization’s mission is to generate new prospects and visits, (this is also still a presumption since there is no program of work to evaluate) does PCDC believe that the organization can generate more activity than either PCDC acting independently or PCDC creating more and different alliances? These could be joint marketing with specific counties, the state of North Carolina, industry groups or even other regional groups.

How does the Eastern Region expect to fit in the new NC Commerce structure? While a final plan has not been announced, Secretary Decker and the interim Economic Development Board have provided some information on directions they expect to take.

Lastly, what are the opportunity costs of membership? Would PCDC be better served enhancing its product through the construction of a shell building, creating improved marketing materials, or providing additional services to entrepreneurs or existing Pitt County companies? Each of these areas was identified as a priority and each requires resources.

Affiliation with the new version of the Eastern Region is a decision with pros and cons to consider.



What is missing in Pitt County that would propel it into stronger economic growth?

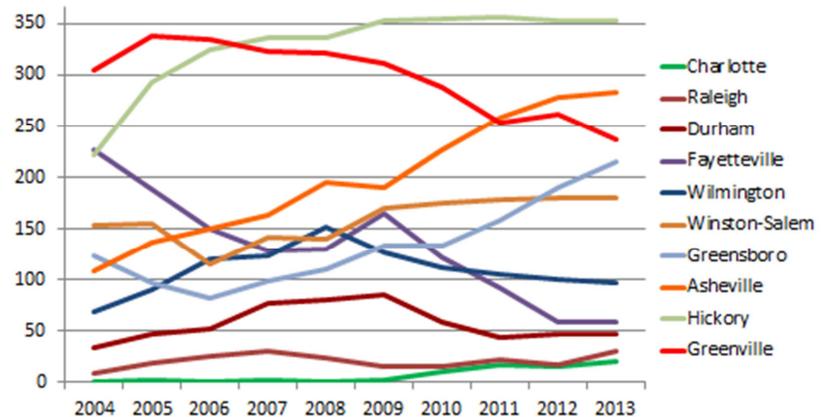
The **Biggins Lacy Shapiro & Company** competitive analysis from about a year ago lays out a competitive analysis of Pitt County for Life Sciences. I won't restate those findings other than to say that they are important to a broader potential investment community. In the 2013 **Insite** report the lack of available high quality product was highlighted. Good buildings and sites that are immediately available and fairly priced are an ante in the economic development world. Without them a community does not move forward in a selection process that is designed to weed out all but the perfect places.

In the Economic Assessment for the City of Greenville that **Creative Economic Development Consulting** completed in 2013, workforce skills, public education, air service, buildings and sites and crime were all mentioned as challenges. Like every community Pitt County has strengths and weaknesses. I would recommend that the assessments in each of the reports be examined and areas where the PCDC can have an impact in a short time frame be prioritized. Intuitively, or because they read and agreed with some of these plans, PCDC leadership has already identified items that address the shortage of product as a top priority.

As has been noted early, the Greenville and Pitt County brand can be problematic. In **North Stars'** April, 2013 presentation on the local brand it was very clear that the brand was not a strength among locals. While there was a widely mixed response, negative issues were identified and strengths such as East Carolina University and Vidant Medical Center were agreed upon.

One additional recommendation would be to develop a set of economic indicators that are broadly shared and discussed with all the

Economic Strength Rankings 2013 (SC)
(Annual Rank of the 366 Metro Areas)



Source: Policom Corporation, 2013

community stakeholders. The recession hit all of North Carolina hard especially in traditional industries, but there is a defeatist malaise among some Pitt County leaders that is not always backed up by the economic data. The first step for any community to aggressively improve is to understand the current reality. As the chart on the previous page shows the Greenville MSA is still ranked as having lower overall economic strength than many of North Carolina's metropolitan areas, but it has been improving dramatically. Each year **Policom** research ranks the economic strength of all 366 metropolitan areas. Ten years ago, in 2004, Greenville ranked 305th. In 2013, it has passed 69 metros and is now ranked 236th. Still not good enough, but Greenville's performance over the past decade is better than Asheville's. The latest rankings show movement in the right direction. The expectation of explosive growth, however, is not realistic.

Some of the local attitudes are shaped by misperceptions that are easily addressed.



What should PCDC do next?

This is obviously the big question. The leadership, through this process, has identified the 6-8 action items that will consume the majority of the organization's resources over the coming year. I recommend two additional priorities. The PCDC should assume the leadership role to develop a continuous monitoring and information curation program to monitor change. Part of this is self-serving. The evolution of the Department of Commerce and the Eastern region will continue and PCDC will need to stay involved. The broader community will continue to be impacted by ever accelerating change at the state, national, and global level and high-performance communities need to continuously monitor the change. PCDC should develop an inclusive structure, relying on the resources at hand to address this issue. It will be valuable to all and will serve to brand the PCDC as a thought leader in the community.

Second, much of the leadership discussion from this process and other gatherings in the community reflected a place in desperate need of more collaboration, communication and alignment. There is simply too much need and too few resources to have your local groups working at cross purposes. I recommend that PCDC extend the first hand and bring all the stakeholders together to agree on a set of actions that reflect the priorities and the talents of the various groups.

I understand that this will not be easy and that organizational and personal issues between stakeholders will need to be bridged. Nevertheless, it is time to initiate widespread collaboration and PCDC needs to take the first step. By subsequent steps PCDC will probably not be the leader, but one group among many equal organizations working to improve the economic opportunities for the citizens of Pitt County.