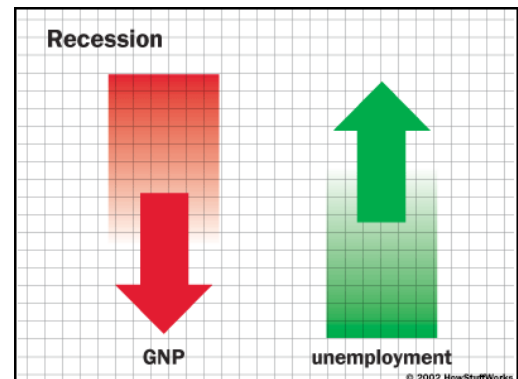


Economic Development Survival Planning Through a Recession “The Cure for *Recessionitus*” By InSite Consulting

Recessionitus (n) – A contagious, possibly chronic, and potentially life-threatening virus that often attacks economic development organizations during tough economic times. Symptoms include conducting business as usual, cutting key marketing programs, not focusing on the most strategically advantageous initiatives, waiting for the phone to ring, and dampening creativity.

With over two million jobs lost last year, companies are deleveraging on a scale more massive than ever before. As the economy approaches a historic downturn, the demand for new and innovative economic development initiatives is more prolific than ever. With many economic development organizations asking themselves, “what do we do now?,” efforts by these organizations need to be stronger than they have ever been before. “*Managing in any recession is difficult; managing through this one is especially hard because it’s different from previous ones – employment is plunging more steeply than in a long time*” (Colvin, 2009).¹

In our travels and exposure to the economic development community as a whole, we are warning all professionals to beware of the virus going around called *Recessionitus*. In this economy, “staying healthy” is the key. Now more than ever, it is critical that your organization develop a concise and articulated direction for your economic development efforts, combining new and old initiatives to reach greater successes. InSite Consulting offers a unique, valuable service that includes taking your current strategic plan and resetting the priorities to accommodate a volatile market and combat *Recessionitus*.



“When this recession ends, when the road levels off, and the world seems full of promise once more, your **position in the competitive pack** will depend on how skillfully you manage right now” (Colvin, 2009). In actuality, recession can equal opportunity. How you manage right **NOW** will determine how your organization fares when the economic climate improves. Managing economic development efforts as usual in an atypical and tumultuous economic period results in inefficient efforts – a symptom of *Recessionitus*.

Many organizations may find themselves following their current strategic plans with steps and strategies developed one or more years ago that may not be the best use of the limited resources available to these organizations at this point in time.

¹ Colvin, Geoff (2009, January 19). How to Manage Your Business in a Recession. *Fortune*, 88-93.

Implementing economic development initiatives without accommodating the changes occurring around us and cutting important parts of your program could harm your organization rather than prepare your team for the challenges that lie ahead. This new era requires a new mindset.

Another symptom of *Recessionitus* is *Paralization* – the propensity of economic development organizations towards inaction and riding out the storm.

Even during the toughest of economic times, clients and customers do not stop making decisions.

Those decisions are just made with more analysis and deliberation within their given budget constraints. InSite Consulting is working with organizations to focus on resetting their priorities due to the unusual nature of these impending challenges and teaching them how to resist the potentially deadly disease of *Recessionitus*. The good news about *Recessionitus* is that a cure does exist. The following tips below should be considered when your organization takes a step back to re-evaluate your current plans of action.

RESET YOUR PRIORITIES

STRATEGIC PLANNING

Needs to be just that - **STRATEGIC!** Concentrate on the fundamentals and re-prioritize your existing program of work. Develop a “survival plan” by selecting three to five key initiatives that you do extremely well and will give your community the greatest return. Simultaneously, make sure those initiatives address the current situation of your internal and external audiences.

Rather than following the steps prescribed years ago in your current strategic plan, take a step back and re-evaluate your program. Current plans that do not take into consideration the economic climate of today have quickly become outdated. Long term goals should be kept in mind, but a greater focus should be placed on short term goals to help your organization stay afloat.

CONCENTRATE ON THE FUNDAMENTALS AND INVEST IN YOUR CORE

STAFF PROFESSIONAL DEVELOPMENT / TRAINING

“For virtually all companies, a critical part of the core is and should be the continual development of their employees. Yet it is remarkable how many organizations cut training and development in a downturn. The best never do” (Colvin, 2009).

There is great, dimensional merit to continuous performance improvement. The return on the investment is exponential. Take the time that would have been dedicated to “working projects” and spend it wisely with training. Advance your employees’ knowledge in their field. *“In any economic environment, the training expense should be determined by the targeted business results you want, not other budget-related factors. Your employees are your principle business*

asset. Invest in them thoughtfully and strategically, and you'll reap rewards that pay off now and for years to come" (Sarvadi, 2005).²

Any organization that invests in their employees better their position for the future. With projects slowing down, it is important to keep your employees busy rather than allowing their skills to weaken, or worse yet, having them search for new jobs. Developing their skills through training is a great way to take advantage of this slow economy.

While focusing on professional development, save some time and money for training your board members as well. The board, potentially above all others, should have a keen understanding of what economic development is, and respectively, what role your organization plays in that regard. Take this time to align your goals with those of the board.

PRODUCT DEVELOPMENT

It is time to re-evaluate exactly what you are selling.

Be honest - does your community have quality product and the respective infrastructure to attract potential prospects?

This is an ideal time to position your community for the future economic expansion by planning and investing in product development initiatives now. Your organization can take advantage of this down-time when companies are not expanding, and prepare buildings and sites for when your targets are ready to relocate.

When the economy does improve, it is important to have product that is "client-ready." Focus on what every client needs – a "shovel-ready" site or viable, available building.

Realize the value of getting those existing buildings certified as "client-ready" because when the market does recover, they will be a hot commodity. *"Keep in mind that during a recession, people and companies sacrifice luxuries. What you should do is diversify your products to allow for more practical purposes"* (Daud, 2008).³

Current actions that economic development organizations and utilities alike are taking include certified building programs, certified site programs, and community readiness studies. By engaging in these programs and studies, your organization can receive pertinent information on the products you are selling along with recommendations for improvement.

WORKFORCE DEVELOPMENT

If your community has suffered significant job losses, has your organization initiated a workforce triage? Have you inventoried the job skills of recently laid off employees? Have you implemented a workforce component to your business retention efforts? Unemployment is

² Sarvadi, Paul (May 1, 2005). The Importance of Employee Development. Retrieved March 4, 2009, from <http://www.entrepreneur.com/humanresources/article77678.html>

³ Daud, Nazir (June 18, 2008). Managing Your Business Through a Recession. *Ezine Articles*, Retrieved March 13, 2009, from <http://ezinearticles.com/?Managing-Your-Business-Through-a-Recession&id=1257615>

nearing an all-time high at 8.1 percent. In just the past three months, more than 1.8 million jobs have been lost. Take this time to train your workforce for future jobs. Tough economic times call for innovative solutions.

In the article, *Economic Survivors: Training to the Rescue*, Eric Spanitz states, “People are being shifted around so much these days, or placed in new positions, and they’re expected to get more done than ever. But if you want people to get more done, you have to be able to show them how” (Taylor, 2003).⁴ In today’s job market, the jobs that workers in your area are losing are not necessarily the same jobs that will be created when the recession turns around. Training programs and workforce development are important ways to keep your skilled employees and maintain your area as a good candidate for future prospective companies and industries.

DON'T FALL OFF THE RADAR SCREEN MARKETING

Consistently keep your organization and its assets in front of your targeted decision makers. The question is not, “Does the organization stop marketing due to the recession?” but rather, “How do we market effectively in light of the recession?” Let’s be frank - most economic development organizations are underfunded even during great times, and many do not have a proactive marketing approach. It is time to sharpen our pencils.



With regard to economic development marketing, there are typically two schools of thought. One school of thought argues that marketing is an extraneous expense when compared to other budget items. This school of thought says that because businesses are cutting back or putting projects on hold, marketing serves little to no purpose. The truth is, the most successful companies and organizations never stop funding marketing no matter what the economy is doing because it is one of their most important, and if done correctly, effective competencies.

These successful companies who form the other school of thought see the opportunity to actively engage their target markets while their competitors are cutting back. In doing this, they position themselves as a leader in supporting and encouraging business expansions. The last thing a community needs to do during a recession is to be silent on the subject. Your stakeholders and businesses want to see leadership and how the community is proactively recruiting business. Decision makers will still listen to pertinent information from your community even if their plans to relocate have been placed on hold. By continuing communications with your target market, your community will be well positioned during the economic upswing.

The answer to efficient and less expensive means of communications lies in the sequencing of communication through effective email campaigns, direct mail, etc. Calling on decision makers

⁴ Taylor, Chris (2003, October). *Recession Survivors: Training to the Rescue*. TD, 28-34.

to get in their front doors to talk with them is an inefficient and ineffective means of communication during a recession. Think about it. The majority of corporate decision makers are processing downsizing, deleveraging, and debt. Right now is probably not the best time for a relocation pitch, but one day it will be. Keeping your message in front of these decision makers is critical, and how you do that is even more important.

Communicating effectively and marketing your community to prospective companies has never been more affordable than it is today if you know where to focus. Focusing your communications, delivering the best and most appropriate message in a way the audience will listen, will allow you to maximize the benefit from the resources you have. Even without a large marketing budget, you can still find effective ways to get your name out to targeted industries and decision makers. Keep lobbying for the marketing dollars, but be sure to spend them wisely.

“Facing the coming reality before your competitors do can make a big difference in which of you stays healthy or even survives” (Colvin, 2009).

Rather than cutting marketing initiatives like many of your competitors, face the facts that these efforts are more important than ever. Though an increase in marketing will not cure *Recessionitus* completely, it is proven to alleviate many of the symptoms.

RE-EVALUATE AND UNDERSTAND YOUR TARGETS

While it is important to know how to effectively market in a recession, it is equally important to know your audience. Within your revamped marketing plan, it is imperative to redefine and narrow your targets. The thriving industries of yesterday and the surviving ones today may not be the targets of tomorrow. When this recession ends, the target marketing plan you currently have will be outdated and antiquated. Industries will not return looking, operating, or relocating like they did in the past. Spend this time “programming your assets.” Make sure you know what sets your community apart from your competitors to determine who your new targets should be.

This is also a great time for your organization to “study up” on Domestic Sourcing – an alternative to offshore outsourcing – in which rural communities are the target. The rush to an urban market is no longer the case. Much attention needs to be paid to the fact that people today and in the future are and will be deciding where to live and then bringing their companies and jobs with them. Rural America is high on the list. Technology has changed how and where we do business. “Outsourcing” to the rural market is ever-increasing. Industries such as biofuels, advanced manufacturing, green energy, and product agriculture – to name a few – are great rural community targets.

It is very important during this recession to take time and do your homework. Re-evaluate, redefine, narrow and understand your select targets of the near future. Be prepared for what’s around the corner.

REDEFINE VALUE FOR YOUR EXISTING CUSTOMERS

EXISTING INDUSTRY AND RETENTION

Enhance communications with and develop a “Survival Guide” for existing companies. Business retention efforts tend to suffer during a recession due to *Recessionitis*. Your survival guide should include a mechanism to identify and assist local companies that may consider reducing their workforce or closing their operations. By identifying those companies early, you may be able to avoid or even diminish the impact to your community. Communicate any new legislation or incentive policy that may help your companies remain competitive. Another option is to develop or re-consider your local incentive policy for existing companies. Get creative on what your organization can deliver to help existing industries overcome challenges and remain in your location. Use this time to get closer to your customer!

Most importantly, be aware that if you have “attractive” industries, other communities are taking advantage of their time in the down-turn to contact them regarding relocation. It is imperative that you are in the ear of your existing customers and industry.

CULTIVATE CREATIVITY

INNOVATE WITH SMALL BUSINESS

Make small business a true priority. Many people start their own business during a recession because they have recently been laid off from their job. Small businesses often rely on untraditional sources for funding. When the more traditional sources of funding, such as from banks, are more scarce and difficult to obtain in this economy, small businesses are not as affected. Many entrepreneurs see this downturn as an opportunity to find great employees and pick up outsourced services from larger businesses. Leave it to the small business / entrepreneur to find opportunity in the most unlikely places – even a recession.

Rather than chasing large companies who are focused on downsizing, turn your attention to smaller businesses that are able and trying to thrive in this economy. Diversify your local economic situation by investing in these smaller businesses.

EMBRACE STRATEGIC ALLIANCES

Work with the state, the region, training institutes, key industries, and local colleges and universities in your area to develop stronger ties and true initiatives that will impact how you affect a client’s choice in location. Create a team that can impact the client’s decision from multiple angles, making your location more attractive, viable, and best yet – their final choice.

Fortune Magazine sums it up best: *“It’s hard to be upbeat about a recession, but it truly is an opportunity. Marathoners and Tour de France racers will tell you that a race’s hardest parts, the uphill stages, are where the lead changes hands. That’s where we all are. When this recession ends, when the road levels off and the world seems full of promise once more, your position in the competitive pack will depend on how skillfully you manage right now!”*
(Colvin, 2009).

Though *Recessionitus* is a virus that some organizations may not want to admit having contracted, it is very prevalent this day in time. Fortunately, the cure is obtainable for each and every organization. Making yourself and your organization aware of the issues plaguing economic development organizations today and taking effective control will put your organization in the forefront down the road and increase your competitive position. If you are doing some or all of these, rest assured that you are on the road to recovery from *Recessionitus*.

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