

## *Economic Development 101*

### **Defining Economic Development**

Economic development is fundamentally about enhancing the factors of productive capacity -- land, labor, capital and technology – of a national, state or local economy. By using its resources and powers to reduce the risks and costs which could prohibit investment, the public sector often has been responsible for setting the stage for employment-generating investment by the private sector.

The public sector generally seeks to increase incomes, the number of jobs, and the productivity of resources in regions, states, counties, cities, towns and neighborhoods. Its tools and strategies have often been effective in enhancing a community's **labor force** (workforce preparation, accessibility, cost); **infrastructure** (accessibility, capacity and service of basic utilities as well as transportation and telecommunications); **business and community facilities** (access, capacity and service to business incubators, industrial/technology/science parks, schools/community colleges/universities, sports/tourist facilities); **environment** (physical, psychological, cultural and entrepreneurial); **economic structure** (composition); and **institutional capacity** (leadership, knowledge, skills).

However, there can be trade-offs between economic development's goals and job creation and wealth generation. Increasing productivity, for instance, may eliminate some types of jobs in the short-run.

Overall, economic development encompasses a wide range of concerns and perspectives:

- To economists, economic development is an issue of more economic growth.
- To business leaders, economic development simply involves the wise application of public policy that will increase the competitiveness of the United States.
- To environmentalists, economic development should be sustainable development that harmonizes natural and social systems.
- To labor leaders, economic development is a vehicle for increasing wages, benefits, basic education and worker training.
- To community-based leaders and professionals, economic development is a way to strengthen inner city and rural economies in order to reduce poverty and inequality.
- To public officials, economic development embodies the range of job creation programs broadened since the 1980s in response to the decline of federal domestic assistance.

An increasing number of voices contend that economic development policies must incorporate concerns regarding issues of equity and environmental conservation. For example, are the policies, programs and practices generating a higher standard of living and more and better jobs? Are the programs becoming more accountable, cost-effective and user-friendly? Are they expanding opportunities for all Americans? And are they becoming more compatible with conserving our environmental assets and promoting a higher quality of life?

As in other communities, the definition of ED varies in Fond du Lac County. FCEDC provides services in major areas of concentration:

- Existing Business Development
- Business Attraction
- Entrepreneurial Services
- Community Services
- Workforce Initiatives

The vision of Fond du Lac County Economic Development Corporation includes:

- A Strong, Stable, Diversified Economy
- A Competitive, Dynamic Workforce
- Comprehensive, Proactive Infrastructure
- Environmentally Conscious Development
- Flexible, Prepared Community Partnerships
- Above Average Economic Well-being of Citizens and Businesses
- Regional Cooperation

The mission of Fond du Lac County Economic Development Corporation, a county-wide private/public partnership, is **to improve the economic well being of the businesses, communities, and residents of the county.**

FCEDC's organization mission is as follows: **FCEDC will be a premier public/private partnership that provides sustained leadership in economic development for the region that delivers exceptional results.**

### **Economic Development vs. Economic Growth**

Many people perceive economic development to mean growth, and this perception often leads to uncertainty regarding what outcomes should occur from economic development. As Economists Peter Bears and Roger Vaughan explain, "Development is a *qualitative* change which entails changes in the structure of the economy including innovations in institutions, behavior and technology. Growth is a *quantitative* change in the scale of the economy in terms of investment, output, consumption and income."

According to this view, economic development and economic growth are not necessarily the same thing.

- Development is both a prerequisite to and a result of growth.
- Development is prior to growth in the sense that growth cannot continue long without the sort of innovations and structural changes noted above.
- Growth will drive new changes in the economy, causing new products and firms to be created as well as countless small incremental innovations.
- Together, these advances allow an economy to increase its productivity.

Furthermore, environmental critics and sustainable development advocates often point out that development does not have to imply some types of growth. An economy, for instance, can be developing but not growing by certain indicators. Indeed, the measure of productivity should not be solely monetary; it should also represent and shed light on how effectively scarce natural resources are being used and how well pollution is being reduced or prevented.<sup>1</sup>

### **Why Economic Development is Important**

Economic development in the United States is a big deal. Many argue that:

- Economic development is necessary for sustaining the competitiveness of the United States economy and raising overall productivity and incomes.
- Additional development can help maintain a high level of employment and job quality for all Americans.
- Economic development can help create the jobs necessary for providing middle-class opportunities for the jobless and working poor.
- Economic development can provide the earnings needed to make further investments in education, government services, amenities, infrastructure and quality of life.

Moreover, economic development policy matters. Federal, state and local governments spend billions of dollars in its name. For example, in Wisconsin, the Department of Commerce provides millions of dollars to businesses through low interest loans, bonds and grants. In Fond du Lac County, funds have been accessed through the Wisconsin Department of Commerce to implement Revolving Loan Fund programs. Fond du Lac County businesses have also utilized the various grants available through both Wisconsin and the Federal government to provide additional training to their employees. So, the development policy choices affect taxpayers' pocketbooks. What's more, evidence suggests that many development programs actually work and do achieve the goals previously listed.

Economic development issues have a way of dominating most policy debates in state legislatures and city councils. Its prominence is due, in part, to citizens' tendency to evaluate public officials' success by how well their state or local economy is faring.

But there is another important twist on the significance of economic development. Almost every major state and local policy debate, whether it involves taxation, welfare, environmental regulations or workforce health and safety quickly becomes a debate over economic development. Indeed, most new social and regulatory policies are fought on the grounds that they will harm the area's business climate and cause private investment to dry up. Similarly, education reform and adult retraining are promoted for their potential impact on economic growth.<sup>2</sup>

### **What do Economic Developers Do?**

During the last 30-plus years, the field of economic development has changed significantly. Once an ad hoc art and practice, it is gradually becoming more of a science, and industry and a profession. Today, the field has its own journals and trade associations. It is taught in universities and colleges. Certifications are awarded to those who undergo appropriate training.

Many people mistakenly believe that economic development is simply a hands-on profession – that the economic developer promotes sites, visits existing industries, runs a revolving loan fund and so forth. But this is only the field's external face. Economic development activities and outcomes are also shaped by public policies. Funding for infrastructure, tax and regulatory policies, new workforce training grants and countless other examples influence the environment for investment and commerce.

The term "business climate" refers to the extent to which the political and policy environments of a particular state or locality are seen to be supportive or burdensome to business. Communities are often compared against one another regarding their business climate. The implication is that any area whose business climate is not "competitive" will be shunned by the corporate sector and will find it difficult to attract or grow new firms and the jobs they provide. The business climate is affected by major cost factors (i.e.: land, labor, taxes and regulations) and non-cost factors (i.e.: quality of life, attitudes toward business).

Government has a big impact on business climate. Services provided by the public sector such as education, infrastructure, taxation and regulation impacts how companies operate. Moreover, government delivers other direct programs to companies in the form of grants, low-interest loans, debt insurance mechanisms and business advisory services.

Today's economic development involves ranging from improving local amenities (ie: building a museum and aquarium) to reforming the K-12 education system, from retaining existing businesses to fostering minority ownership of business enterprises.

Indeed, a recent trade association publication that surveyed economic developers found them in general agreement that:

- The issue of educational quality and workforce preparation will become increasingly critical.
- Changes in information technology, communications technology and the growth of the Internet will have a major impact on the profession.
- Existing business development will be central to economic developers in the years ahead.
- Economic developers will have to know more about global markets.
- The ability to forge political consensus within a community will be critical to successful economic development efforts.
- Because of the scale of investments needed and the speed of economic change, the New Economy places a premium on collaboration. No one can afford to go it alone.<sup>3</sup>

## What does this mean to us?

There are 561 economic development organizations in Wisconsin<sup>4</sup>. FCEDC is the only accredited economic development organization in that group (and one of only 23 in the nation). Many smaller economic development organizations are choosing to become parts of larger entities, either county-wide (such as FCEDC) or regional organizations. This allows small organizations to leverage themselves.

Fond du Lac County Economic Development Corporation is a county-wide program that assists businesses and entrepreneurs and attracts new businesses to improve the economic well-being of the residents and businesses of the county. There are five core services offered by FCEDC to the people and businesses of Fond du Lac County:

**Existing Business Development:** FCEDC provides access to workforce and job training programs and funding; productivity and environmental solutions; expansion and project planning; access to local, state and federal assistance; aid in structuring or restructuring company finances; strategic planning; international business and export development; assistance in regulatory matters, and a variety of other consulting services.

**Business Attraction:** FCEDC provides site and facilities location and site visit coordination; thorough community, economic and demographic profiles; employee relocation assistance; incentive programs that match your needs; liaisons with referral networks; direct prospect interface; permitting assistance and public relations coordination and additional necessary services.

**Entrepreneurial and Emerging Business Services:** FCEDC provides start-up business assessment; assistance with business plan development; professional network referrals; assistance with locating site or facilities and financing assistance.

**International Opportunities:** As a partner in the Northeast Wisconsin International Development Program, FCEDC offers services that assist our clients to compete in a global marketplace. From small businesses interested in exporting to global companies looking to do business in Northeast Wisconsin, expert consulting services are available.

**Community Services:** FCEDC offers professional economic development assistance and training; community economic strategic planning; business retention programs; economic impact assessment; design and administration of assistance and incentive programs; access to state and federal funds; connecting business, community and individual resources; physical infrastructure development; and marketing plan assistance for business attraction.

**Talent Attraction:** In conjunction with our organizational partners, FCEDC provides assistance with workforce retention, education and customized training programs for workforce development.

## Endnotes

<sup>1</sup>Roger Vaughan and Peter Bearse, "Federal Economic Development Programs: A Framework for Design and Evaluation," in Robert Friedman and William Schweke (editors), *Expanding the Opportunity to Produce: Revitalizing the American Economy Through New Enterprise Development* (Washington: DC, 1981), 309.

<sup>2</sup>For strong examples, see Timothy Bartik, *Who Benefits from State and Local Economic Development Policies?*; Michael Luger and Harvey Goldstein, *Technology in the Garden*, Avis Vidal, *Rebuilding Communities: A National Study of Urban Community Development Corporations*; and Richard Bingham and Rober Mier (editors), *Dilemmas of Urban Economic Development*.

<sup>3</sup>American Economic Development Council, *Economic Development in Today's Economy: A Toolbox Publication from AEDC*, 1998, pp. 12, 15.

<sup>4</sup>A Short History of Economic Development in Wisconsin, and the Rise of Professional Economic Development, Roger M. Nacker, Ph.D., President, Wisconsin Economic Development Association, president, Wisconsin Economic Development Institute, Inc., November 2000.

## Economic Development Glossary

**Angel Investors:** Individuals of high net worth who invest in privately-held companies. Along with family and friends, angels often participate in the earliest rounds of financing in growth business, often preceding institutional venture capital. Angels tend to invest smaller dollar amounts than venture capitalists, often prefer to invest "close to home," and are generally approached through a network of contacts.

**Angel Networks:** A group of private investors in a geographical area who will evaluate business deals and make investments. Angel networks vary in their organizational structures, due diligence and deal-making procedures.

**Area Development Managers (ADMs):** Wisconsin Department of Commerce Area Development Managers assist business expansions, promote business retention and help local development organizations in their respective territories. Area development managers (ADM) use their knowledge of federal, state, and regional resources to provide a variety of information to expanding or relocating firms. They also mobilize resources to help struggling businesses. Local economic development practitioners can turn to area development managers for assistance with long-term marketing and planning strategies.

**Brownfields:** Commercial or industrial sites that are abandoned or under-utilized and have some degree of environmental contamination, whether real or perceived. Brownfields remediation adds new developable land to a community's inventory, uses existing infrastructure, and adds new construction, investment and jobs to the community.

**Business Attraction** (also referred to as Business Recruitment): Once considered a main approach to economic development, business attraction programs use marketing to promote an area's favorable business climate and other location factors important to specific businesses. Business attraction is the most publicized and visible economic development tool because it creates many jobs at one time and because of the use of incentives and marketing. However, because of the high costs of economic development marketing, attraction is often the most expensive approach to economic development.

**Business Climate:** Indicates how state, regional and local policies, relationships and local communities support business development. Ultimately, a good business climate allows businesses to conduct their affairs with minimal interference while accessing quality high inputs and customers at low costs. While no business climate is perfect for every kind of company, certain attributes of the regional or local economy allow investors to find fewer risks and higher returns when compared to other places.

**Business Employees' Skills Training (BEST):** The Business Employees' Skills Training (BEST) program was established by the Wisconsin Legislature to help small businesses (less than 25 employees) upgrade the skills of their workforce. Under the BEST program, Commerce can provide applicants with a grant to cover a portion of the course fees or tuition costs associated with employee training. To be eligible, the training must have a direct and positive impact upon the employees ability to carry out his or her work assignment.

**Business Improvement District (BID):** Wisconsin Act 184, signed into law in 1984, gives Wisconsin cities, villages and towns the power to establish one or more Business Improvement Districts (BID) within their community and as assessment methodology that allows business properties within that geographic area to contribute to programs aimed at promotion, management, maintenance and development of that district. BIDs are restricted to commercial and industrial properties within a municipality that are subject to real estate tax.

**Business Incubation:** Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts. A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies. Critical to the definition of an incubator is the provision of management guidance, technical assistance and consulting tailored to young, growing companies. Incubators usually also provide clients access to appropriate rental space and flexible leases, shared basic business services and equipment, technology support services and assistance in obtaining the financing necessary for company growth. Incubators vary in the way they deliver their services, in their organizational structure and in the types of clients they serve.

**Business Retention:** Business retention programs assist small businesses to prevent their relocation and to help them survive in difficult times. Retention programs typically involve partnerships among public and private organizations that assess the assets and opportunities of individual companies through periodic surveys, interviews and visitations. The purpose is to establish relationships between community businesses and economic developers to strengthen existing companies, establish early warning systems to flag at-risk businesses that require assistance, and ensure that public programs meet local business needs.

**Community Development Authority (CDA):** A Wisconsin village or city may adopt an ordinance or resolution creating a community development authority (CDA). The CDA is a separate body politic for the purpose of carrying out blight elimination, slum clearance, urban renewal programs and projects and housing projects. The ordinance or resolution creating a housing and CDA may also authorize the CDA to act as the agent of the city in planning and carrying out community development programs and activities approved by the mayor and common council under the federal housing and community development act of 1974 and as agent to perform all acts, except the development of the general plan of the city, which may be otherwise performed by the planning commission.

**Community Development Block Grant – Economic Development (CDBG-ED):** Designed to assist businesses that will invest private funds and create jobs as they expand or relocate to Wisconsin. The Wisconsin Department of Commerce awards funds to a general-purpose unit of government (community) which then loans the funds to a business. When the business repays the loan, the community may retain the funds to capitalize a local revolving loan fund, which can be utilized to finance additional economic development projects within the community.

**Comprehensive Planning:** All Wisconsin local, county, and regional governments must complete a comprehensive plan by January 1, 2010. All land-use related ordinances, programs and actions of the government must be consistent with the comprehensive plan. There are nine elements of the plan: Issues and opportunities; housing; transportation; utilities and community facilities; agricultural, natural and cultural resources; economic development; intergovernmental cooperation; land use; implementation.

**Customized Labor Training (CLT):** First authorized in 1983, the CLT program can provide grants to help cover a portion of the costs associated with training employees on new technologies, industrial skills or manufacturing processes. Given the high demand for these grant funds, eligibility is typically limited to those companies that are making capital investments new technologies that subsequently necessitate the training of existing or new employees. To be eligible, the training must be provided in a classroom setting or on the shop floor during periods of non-production. Costs associated with orientation, basic skills, and on-the-job training are not eligible.

**Diversification:** Companies producing different goods, encouraging additional business sectors that may not exist in a community, and so forth so that a failure in or an economic slump affecting one will not be as disastrous.

**Downtown Development:** The promotion of development, redevelopment and revitalization of the central business districts and adjacent areas in a city. Because downtowns have traditionally been at the center of both business and cultural activities, developing downtowns involve a range of activities, including marketing both business and tourist attraction, building or improving infrastructure, clean-up initiatives, property redevelopment and reuse, and retention programs.

**Early Planning Grant (EPG) Program:** For entrepreneurs that would rather prepare their business plan in a more formal setting and for those businesses that fall outside the identified Industrial Clusters, Commerce offers the ETP program. Under this program, applicants are provided with a grant to cover up to 75% of the tuition costs associated with enrolling in an approved course at their local Small Business Development Center (SBDC). This program represents a partnership between the SBDC and Commerce and was developed in recognition of the need to support all types of entrepreneurial development. Meeting once-a-week over an 8-10 week period, participants will be provided instruction on how to prepare a comprehensive business plan. The goal is for participants to "graduate" with a professional plan that can be used to pursue start-up capital.

**Early Stage Investment Tax Credits:** The Angel Investment and Venture Capital Tax Credit programs are designed to encourage investment in small, high-technology businesses that have high growth potential. Early-stage businesses conducting pre-commercialization activities related to proprietary technology may be designated as Qualified New Business Ventures. Angel investors, angel investment networks and venture capital seed funds may qualify for Wisconsin tax credits by investing in these designated companies.

**E-commerce:** Electronic commerce (e-commerce) allows commercial business transactions with the assistance of electronic-based tools. Today, the majority of e-commerce takes place over the Internet, however it also includes fax and telephone transactions.

**Economic Development Finance:** Meets the capital needs of businesses that are not addressed by traditional lending and investment institutions. Financial capital can translate a good business or development idea into products, services and places that create and retain jobs and wealth in a community. In addition, financial capital helps existing businesses expand and stay competitive. Economic development finance programs meet the following economic development objectives: job creation and retention; business creation, retention and expansion; support for distressed communities and those in the process of economic adjustment; economic diversification and stability; support for disadvantaged and underserved businesses.

**Economic Development Marketing:** Communities market to achieve multiple economic development objectives including: attraction, retention and expansion of businesses; attraction and retention of residents and tourists; improvement of the community's image locally, nationally and internationally; promotion of policies and programs. Many organizations contribute to a community's marketing activities – state and local governments, chambers of commerce, utility companies, regional organizations, community development corporations, property developers, hospitals, universities, and hotel, convention and tourist bureaus. The degree to which these organizations coordinate their activities around a common vision is a critical determinant in marketing success.

**ED Consortium:** The ED Consortium is a Fond du Lac County initiative in which all economic development organizations, partners and communities get together to discuss key issues in the community and with each organization. The ED Consortium meets quarterly.

**Entrepreneurial Training:** Entrepreneurship training series -- such as E-Seed, Fast Trac, etc., -- assist start up and early-stage entrepreneurs in developing management and planning tools for their new business ventures. Both start-up and growing businesses benefit from the hands-on, interactive sessions that provide practical tools to prepare a useful business plan that can be applied immediately to business ventures. The programs are typically offered through local technical colleges.

**Entrepreneurial Training Grant (ETG) Program:** For entrepreneurs that would rather prepare their business plan in a more formal setting and for those businesses that fall outside the identified Industrial Clusters, Commerce offers the ETP program. Under this program, applicants are provided with a grant to cover up to 75% of the tuition costs associated with enrolling in an approved course at their local Small Business Development Center (SBDC). This program represents a partnership between the SBDC and Commerce and was developed in recognition of the need to support all types of entrepreneurial development. Meeting once-a-week over an 8 to 10 week period, participants will be provided instruction on how to prepare a comprehensive business plan. The goal is for participants to "graduate" with a professional plan that can be used to pursue start-up capital.

**Entrepreneurship:** The process of creating a business idea and turning it into a real business. Entrepreneurs create new goods and services based on new technologies or demands. They are extremely motivated and focused, typically spending long, unpaid hours working on their ideas in attempts to turn them into profitable businesses. Entrepreneurs are the engines of the economy in every generation. Entrepreneurs create approximately 600,000 to 800,000 businesses each year.

**Entrepreneurship Development Programs:** Provide potential entrepreneurs with the capital, training and technical assistance they need to start-up and grow their business. Incubators are one of the many initiatives used for entrepreneurship development, but programs also include technical assistance, financing, legislation, marketing, accounting and networking.

**ExecutivePulse Business Intelligence System:** A web-based business and retention database system that will be utilized by 22 counties in Northeast Wisconsin starting in July 2006. The ExecutivePulse Business Intelligence System is a powerful platform for business retention and is customized to meet the needs of the region. The web-based tool will help economic development organizations and their partners to manage private-sector customers as well as the entire economic, community and workforce development process within the region. (See Full Circle Program.)

**Export:** To send product, merchandise, services and so forth someplace else, typically to a foreign country.

**Export/Trade Development:** Enables firms to expand their market area and possibly extend the life cycle of products or services that have exhausted their existing markets. Typically, firms do not have the resources to explore or develop an export-marketing plan. Exporting can contribute to a firm's sales volume and create new jobs for the local economy. Businesses often need information about the export process, potential opportunities such as agents and distributors, patent copyright and intellectual property right regulations, technical assistance and financing programs and country-specific information related to exporting. The export process is not necessarily linear or systematic, however firms usually become: aware of exporting in general; determine whether to make in initial investment; identify marketing opportunities; assess competitive challenges.

**Foreign Trade Zones (FTZ) Program:** The Foreign-Trade Zone (FTZ) Program was created by the U.S. government to facilitate international trade and increase the global competitiveness of U.S.-based companies. The program, which has existed since the 1930s, continues to thrive and change to better meet the needs of American companies in the global economy. An FTZ is an area within the United States, in or near a U.S. Customs port of entry, where foreign and domestic merchandise is considered to be outside the country, or at least, outside of U.S. Customs territory. Certain types of merchandise can be imported into a Zone without going through formal Customs entry procedures or paying import duties. Customs duties and excise taxes are due only at the time of transfer from the FTZ for U.S. consumption. If the merchandise never enters the U.S. commerce, then no duties or taxes are paid on those items. Wisconsin has two FTZs – Milwaukee and Brown County – with Mercury Marine in Fond du Lac located in a sub-zone of the Milwaukee FTZ.

**Full Circle Existing Business Development Program:** Several economic development partner organizations in Fond du Lac County as well as volunteers from vast business backgrounds are cooperating to carry out this important existing business development program. Together, we work with the area's existing businesses to help them thrive and grow, uncover specific challenges which might impede growth and gather information to develop new programs to address business needs. The program is coordinated by FCEDC. The ExecutivePulse web-based business retention tool is used to gather information about the general business climate and identify referrals or assistance needed. This system is currently being used throughout Northeast Wisconsin. After a business meets with a Full Circle volunteer and dialogues about things such as positive trends, challenges, potential growth and development opportunities, this confidential information is entered into the ExecutivePulse system. This allows for important business trend tracking and reports (always output in aggregate form). In addition, it allows for stronger relationships between the businesses and all of the resources available to them. Referrals can be made based on input received during the discussion.

**Geographical Information Systems (GIS):** A computerized system to collect, enhance, store, analyze and present geographic data. GIS is used to combine and spatially relate data to solve geographic problems.

**Grow Wisconsin:** Gov. Jim Doyle to eight strategic goals to grow the state's economy by retaining and creating high wage jobs; preparing workers for tomorrow's economy; adding value in Wisconsin's economic base; creating and unleashing knowledge to build emerging industries; tapping Wisconsin's full urban potential; implementing strategies regionally; lowering regulatory burdens and keeping standards high; and building a world-class infrastructure.

**Highway 41 Corridor Proactive Marketing** The economic development professionals from the Hwy 41 Corridor, who have been meeting in some capacity for several years, began the implementation process for a target market program during 2005. This program includes the counties of Brown, Outagamie, Calumet, Winnebago and Fond du Lac and is aimed at producing economic benefits to the region by focusing on recruitment and development of the target markets (clusters). The specific focus of the target market program is the long-term relationship development with site selectors, consultants, and corporate executives. The efforts in 2005 involved the development of collateral material, the identification of Midwest contacts, and a visit to Milwaukee area contacts.

**Import:** To bring in product, merchandise, services, and so forth from someplace else, typically from a foreign country.

**Incentives:** Tools utilized to influence business decisions about where new investment will take place. Economic development incentives can be either financial or non-financial, such as tax exemptions and credits or workforce training and public infrastructure improvements. The kind of incentives offered depends both on the community and the business with which it is bargaining. The role of incentives in economic development has and continues to be controversial.

**Incubators:** Provide entrepreneurs with affordable space, and on-site available technical assistance and management support. Incubators strive to accelerate the successful development of new ventures through low start-up costs. Incubators may serve a specific objective such as technology development or neighborhood revitalization.

**Industry Clusters:** Geographic concentrations of interdependent, complementary and/or competing businesses in related industries that trade with each other. Clusters develop and change over time stemming from the long-term economic history, companies and demand for products and services locally. Clusters act as a powerful magnet for business location and create diverse pools of skilled workers. They also attract new suppliers that congregate nearby for increased efficiency. Clusters thrive on a steady stream of skilled workers, finance, infrastructure and a good business climate.

**Industrial Revenue Bonds (IRBs):** The Wisconsin Department of Commerce's program allows all Wisconsin cities, villages and towns to support industrial development through the sale of tax-exempt bonds. The proceeds from the bond sale are loaned to businesses to finance capital investment projects at, primarily, manufacturing facilities. Even though IRBs are municipal bonds, they are not general obligations of the municipality. The company or business that will use the facilities provides the interest and principal payments of the loan. The local government in partnership with the business, lends its name, but not its real credit, to the bond issue.

**Infrastructure:** Encompasses existing transportation, communication and utility networks. Infrastructure gets people to their jobs and goods and services to their markets. Transportation infrastructure includes: roads; light transit rail networks, inter city, state passenger railways; airports; waterways and ports; bus services. Communication infrastructure includes: copper wire for telecommunications, installed by telecommunications companies; high bandwidth and fiber optic cable capable for carrying voice, data and video streams; satellite communications and microwave antenna; mobile phone networks; the Internet; local area networks (LAN). Utility infrastructure includes: electric power; water and sewage treatment; natural gas lines.

**Metropolitan Statistical Area (MSA):** A metropolitan statistical area (MSA) is a core-based statistical area associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting. Fond du Lac County became a MSA in 2003.

**Micro-Enterprise Finance:** Because micro-enterprise finance assists individuals with little or no credit rating, and often with insufficient business experience, effective programs tend to couple finance with various types of technical assistance efforts (business plan development, accountancy, marketing plans). Costs and failure rates may tend to be higher than in larger, less targeted business finance initiatives. Micro-finance is predominately about entrepreneurship development and new, small business formation. These programs, therefore, tend to create fewer jobs than other business finance initiatives.

**Mixed-Use Land Use:** Land use that has a variety of different land uses – housing, retail space, offices and other services – within walking distance of one another. This allows people to perform daily tasks without having to drive.

**Neighborhood Economic Development:** Neighborhood revitalization seeks to improve a neighborhood's physical, economic and social conditions to improve the overall quality of life and economic opportunities for neighborhood residents. It includes a range of initiatives that target multiple, but complementary development goals including business development, infrastructure improvements, workforce training, façade improvements, amenity development and property reuse. Critical to this process is the revitalization of commercial areas, because it creates jobs for local residents, provides goods and services to the local market thereby keeping local dollars in the community, and improves the overall image of the neighborhood by signaling that business can succeed there.

**New North, Inc.:** The New North is the 18 county region in Northeast Wisconsin. The New North brand unites the region both internally and externally, signifying the collective economic power behind our 18 counties. The counties include Outagamie, Winnebago, Calumet, Waupaca, Brown, Shawano, Oconto, Marinette, Door, Kewaunee, Sheboygan, Manitowoc, **Fond du Lac**, Green Lake, Marquette, Florence, Menominee, and Waushara. In addition to working together to promote and help expand existing economic development efforts, New North, Inc. will concentrate on fostering regional collaboration; focusing on targeted growth opportunities; supporting an entrepreneurial climate; encouraging educational attainment; encouraging and embracing diverse talents and promoting the regional brand.

**Northeast Wisconsin International Development Program:** Established in September 2005, the Northeast Wisconsin International Development Program is focused on promoting development of international trade and investment throughout Northeast Wisconsin by providing the business community a broad and comprehensive range of programs, services, and information from both private and public sources to enable them to successfully enter or enhance their position in the global marketplace. Accordingly, the consortium facilitates and offers assistance to those small-to-medium companies who are interested in expanding their business to international markets by offering an array of services in three primary service areas: international market research; commercial assistance services; and networking opportunities. The Northeast Wisconsin International Development Program partners include Green Bay Area Chamber of Commerce, Advance Business Development Center, Fox Cities Chamber of Commerce & Industry, Fox Cities Economic Development Partnership, Oshkosh Chamber of Commerce, Oshkosh Area Economic Development Corporation, Economic Development Corporation of Manitowoc County, Fond du Lac Area Association of Commerce, and Fond du Lac County Economic Development Corporation.

**Northeast Wisconsin Regional Economic Partnership (NEWREP):** NEWREP was created in 2002 to administer one of eight multi-county Technology Zones. NEWREP is comprised of 15 northeast Wisconsin counties (including Fond du Lac County) plus the Menominee Tribe. While NEWREP's focus is on businesses engaged in research and the development of advanced products, NEWREP also assists businesses that use advanced technology in their production, operations or manufacturing processes. NEWREP's members have also elected to pursue initiatives outside the scope of the Technology Zone designation and are dedicated to seeking solutions in a collaborative manner that will have a regional impact. NEWREP members believe that by working collaboratively will achieve broader economic and business development objectives that will enhance the entire region's economic and business development environment and the quality of life of people living and working throughout the NEWREP area. NEWREP members work in partnership to provide community-specific economic development programs; access to workforce and training programs; information about local buildings, sites, industrial/commercial parks; financing program support and technical direction; technical support for business development projects; local advocacy and liaison for resident and new business investment; and community and state program liaison

**Northeast Wisconsin Chamber Coalition (NEWCC)** The Northeast Wisconsin Chamber Coalition (NEWCC), including the chambers for Fond du Lac, Fox Cities, Green Bay area and Oshkosh, positions Northeastern Wisconsin as a regional market place, provides a unified voice for area businesses, and seeks to strengthen the business climate through coordinated efforts.

**Public-Private Partnerships:** Public and private organizations often come together, forming non-profit organizations with the aim of: undertaking economic development efforts; promoting sustainable business; improving workforce development; diversifying the economic base of a region; improving the quality of life. Both the public and private organizations who form these non-profits contribute either financially or "in kind" support. Public-Private partnerships act as a strong voice for the interests of local businesses, while also possessing immediate access to the highest levels of local government.

**Qualified New Business Venture:** Early-stage businesses conducting pre-commercialization activity related to proprietary technology may be designated as Qualified New Business Ventures. This designation is designed to assist businesses in their efforts to attract investors by making state tax credits available to individuals and groups investing in these businesses.

**Quality of Life:** The economic well being, life style, and environment an area offers. Improving the quality of life is the ultimate aim of economic development programs and initiatives. A balance has to be maintained between encouraging the growth of the local economy, whilst limiting impacts upon the quality of life. In this post-industrial/new economy people are increasingly seeking better quality of life including well paid jobs; quality education/life long learning; medical facilities; quality and affordable housing; low pollution/environmental damage; public amenities; low crime; recreation, entertainment and intellectual stimuli; low cost of living/low taxation; aesthetic build and natural environment.

**Real Estate Development Finance:** Fills gaps in the commercial market for real estate development projects such as the construction of a parking garage or redevelopment of a key historic property. Though these projects may contribute over the long-term to the revitalization and development of at-risk communities and commercial areas, private financiers may consider them too risky to support alone.

**Real Estate Redevelopment:** Redevelopment and reuse refers to the process of taking previously developed property or areas to a higher, more productive use. Redevelopment consists of demolition with new construction or the process of improving an area through both new construction and property reuse. Property reuse is the renovation or rehabilitation of an existing building. Reuse and redevelopment projects, often located in distressed neighborhoods, are usually high-risk development projects from a private sector point of view, and require public action to leverage private activity.

**Revolving Loan Funds (RLF):** Similar to general business finance programs, results vary for different types of financial projects and lending institutions. For example, loans to target populations and smaller borrowers tend to create jobs at higher costs than loans to the more general business population and larger businesses.

**Rural Economic Development:** Typically described in terms of objectives, which are most commonly described as the creation of jobs and wealth, and the improvement of the quality of life in rural areas. Rural economic development can also be described as a process that influences the growth and restructuring of an economy to enhance the economic well being of rural communities. For rural communities, the challenges are very different from those in urban areas. Small-scale, low-density settlement patterns make it more costly for rural communities and businesses to provide critical services.

**Service Corp. of Retired Executives (SCORE):** The SCORE Association (Service Corps of Retired Executives) is a nonprofit association dedicated to entrepreneur education and the formation, growth and success of small business nationwide. SCORE is a resource partner with the Small Business Administration (SBA). SCORE Association volunteers serve as "Counselors to America's Small Business." Working and retired executives and business owners donate their time and expertise as volunteer business counselors and provide confidential counseling and mentoring free of charge.

**Site Selection:** The process by which firms find new locations for business facilities or expansions of their operations. During location, businesses look to minimize start-up and operating costs while maintaining close proximity to their suppliers and customers. Site selection factor ratings depend on the type of facility, the company size, product and industry, and thus the kind of physical infrastructure and workforce skills that are necessary. Each year, 15,000 localities seek to attract the estimated 100-200 locations that take place because new facilities often mean new jobs, new investment and an enhanced tax base.

**Small Business Development:** According to the U.S. Small Business Administration, a small business is any business with fewer than 500 employees and can vary widely in size and character. America's 25 million small businesses employ more than 50 percent of the private work force, generate more than half the nation's gross domestic product, and are the principal sources of new jobs in the U.S. economy.

**Small Business Development Center (SBDC):** A federal/state program offered in Wisconsin. The goal of the SBDC is to provide counseling to help small business owners or managers to improve their business. SBDC provides guidance and counseling, and increases the chances for a successful small business.

**Small Business Innovation Research (SBIR):** The U.S. Small Business Administration (SBA) Office of Technology administers the SBIR Program. Through this competitive program, SBA ensures that the nation's small, high-tech, innovative businesses are a significant part of the federal government's research and development efforts. Eleven federal departments participate in the SBIR program; five departments participate in the STTR program awarding \$2billion to small high-tech businesses. The U.S National Science Foundation administers the SBIR.GOV site on behalf of the federal government.

**Smart Growth:** Describes the efforts of communities across the United States to manage and direct growth in a way that minimize damage to the environment, reduces sprawl, and builds livable towns and cities. Livability suggests, among other things, that the quality of our built environment and how well we preserve the natural environment directly affect our quality of life. Smart growth demands comprehensive planning – driven by input from affected people on real outcomes cast in terms of the needs of both present and future people.

**Social Equity:** Inclusion and consideration for all types/groups of people in policy and planning decisions. Challenges may include rapid decline in available housing (affordable housing), growing disparity between lowest income and median income populations, lack of living-wage jobs for lowest-income populations, growing disparity in educational opportunities between disadvantaged and other populations, and under utilization of resources and land in older areas.

**Sustainable Development:** The process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations. Building sustainable communities considers how to encourage employment; decent housing; good health; access to services and recreation. Communities establish those goals while making good use of natural resources, protecting the environment, promote social cohesion and contributing to local, regional and national prosperity. Sustainable development brings together matters such as land use planning, an integrated transport policy, housing and construction, and regeneration of cities, towns and rural areas. Decisions on matters like planning, transport or housing are ultimately about the quality of life of communities and individuals.

**Tax Credits:** There are tax credits available at both the Federal and State level. For example, the Wisconsin Department of Commerce manages multiple tax credit programs. Recent legislation consolidated Wisconsin's Airport Development Zone, Agricultural Development Zone, Community Development Zone, Enterprise Development Zone and Technology Zone programs into one new program. Other tax credit programs administered by the Department of Commerce include Dairy Manufacturing Facility Investment Credits; Film Industry; Investor Tax Credits; and Manufacturing Investment Credit.

**Tax Increment Financing (TIF):** Helps cities or villages in Wisconsin attract industrial and commercial growth in underdeveloped and blighted areas. A city or village can designate a specific area within its boundaries as a TIF district and develop a plan to improve its property values. Taxes generated by the increased property values pay for improvements within the district. TIF is currently used in 46 states for site-specific economic development.

**Technology Assistance Grants (TAG):** The TAG program provides grants for early-stage Wisconsin high-technology companies to offset some of the costs of hiring qualified, independent third parties to perform services that assist businesses in securing private or federal funding.

**Technology Bridge Grants:** These grants provide funding to small businesses that have received Phase I R&D awards and are struggling to maintain operations while they await a Phase II or other follow-on funding decision. Funds may only be applied to reasonable and necessary costs directly attributable to maintaining the research and funding basic operations until the applicant's follow-on funding or federal grant application is approved or denied. Only those companies that can demonstrate severe financial hardship will be considered for bridge grant funds.

**Technology Development Fund (TDF):** A program established in 1984 by the Wisconsin Department of Commerce to assist Wisconsin businesses research and develop technological innovations that have the potential to provide significant economic benefit to the state.

**Technology Development Loan (TDL):** A program established in 1994 by the Wisconsin Department of Commerce to assist Wisconsin businesses that have developed technological innovations that have the potential to provide significant economic benefit to the state. This program is designed to assist the businesses in bringing the new technology to commercialization.

**Technology-Led Development:** Fosters the development of new technology-based products and encourages the deployment of technologies to the private sector. Technology businesses have distinct needs which include creating a business climate attractive to technology industries with technology infrastructure, skilled workers, research institutions, and economic development financing; supporting entrepreneurship and the emergence of locally generated technology business; the presence of other technology firms; a strong local research and development (R&D) base that transfers technology into the marketplace; policies and programs that deploy technology to traditional and small businesses.

**Technology Matching Grants:** This program provides state dollars to enhance a small business's federal R&D funding application (i.e., where match is required by the federal agency solicitation to secure a Phase II SBIR or Advanced Technology Program award). Applicants approved under this program will not actually receive funding until approval of their federal application. Phase I applications are not eligible for funding under this program.

**Technology Venture Fund Loans:** The Wisconsin Department of Commerce's Technology Venture Fund Loan program provides low-interest loans to assist small Wisconsin high-technology businesses in searching for angel or other seed capital investment.

**Transportation:** Moves people and goods from one place to another. The mode – train, truck, airplane or ship – moves within a medium of transportation - - land, sea or air. Transportation enables the trade of goods and the movement of workers to occur; thus it is vital for economic development. Transportation is a key component of business climate and quality of life.

**U.S. Small Business Administration (SBA):** Provides loan guarantees that are used in conjunction with bank financing to improve loan terms. The SBA can provide information on authorized micro-lenders that make loans of \$35,000 or less, and certified development corporations that make fixed-rate, long-term loans for acquisition of business assets. The SBA offers a simplified application loan guarantee program called SBA Low Doc and SBA Express to small businesses.

**Venture Capital (VC):** Professionally managed equity money (money for stock), that is repaid by capital gains through the sale of stock. Investors are typically short- to intermediate-term investors. With average investments well over \$1 million, venture capitalists seek high rates of return by investing in high-risk early stage businesses. These businesses must demonstrate the possibility of extremely rapid growth. Typical investee companies have demonstrated sales, but are not yet profitable. Venture capital promotes economic development because it allows new ideas and technologies to become profitable, creating wealth and jobs.

**Venture Center:** The Venture Center, a collaboration between Fox Valley Technical College and the University of Wisconsin-Oshkosh, was established in 2005 to address the unique needs of entrepreneurs and small businesses and to support job creation in the region. Working in cooperation with many community partners in the region, the Venture Center is to focus on educational programming and training in entrepreneurship, business support services, assessment services, networking facilitation, and referrals to financial management resources.

**Wisconsin Entrepreneurs' Network (WEN):** WEN's mission is to provide seamless access to the statewide network of entrepreneurial resources and expertise to create new ventures; help grow existing business, and move forward high potential entrepreneurs to enable Wisconsin to be competitive in a global economic environment.

**Wisconsin Innovation Network (WIN):** The Wisconsin Innovation Network (WIN) is a community-based economic development organization dedicated to fostering innovation and entrepreneurship. In association with the Wisconsin Technology Council, WIN programs focus on the needs and challenges faced by new and growing technology-based businesses in Wisconsin.

**Workforce Development:** Community efforts to train individuals for specific jobs or industries. Training may cover everything from soft skills (work ethic, attitude, getting to work on time) to basic skills (literacy, numeracy) to specific job skills (carpentry or web site development). Community workforce efforts may also include job placement assistance, resume writing, interview skills and retention services such as legal advice and child care, that help people stay

in a job once placed there. The goal of workforce training programs is to improve the quality and skill sets of individuals, to place them in jobs and help businesses find an employee base in line with their needs. A good workforce training program, therefore, serves two customers: individuals and businesses.

#### **Sources:**

Individual organization web sites were utilized for specific program information and/or organizational information. May 2008.

Citizens for a Better Environment. "Livable Communities Fact Sheet" Date Unknown.

International Economic Development Council. "Economic Development Reference Guide" [www.iedconline.org/hotlinks/ecorefcontents.html](http://www.iedconline.org/hotlinks/ecorefcontents.html). January, 2002.

U.S. Department of Commerce, Economic Development Administration  
[http://www.osec.doc.gov/eda/html/2a1\\_whatised.htm](http://www.osec.doc.gov/eda/html/2a1_whatised.htm) and  
[http://www.osec.doc.gov/eda/html/2a2\\_challenges\\_opport.htm](http://www.osec.doc.gov/eda/html/2a2_challenges_opport.htm). June, 2002.

Washington County Planning and Parks Department staff: Eric Damkot, GIS Administrator; Debora Sielski, Assistant Administrator for Planning; and Brenda Hicks-Sorensen, Economic Development Coordinator. June/July, 2002.

Wisconsin Department of Commerce. [www.commerce.state.wi.us](http://www.commerce.state.wi.us). June, 2002 and January - March, 2006.

Wisconsin Department of Commerce. "Wisconsin Capital Marketplace: Resources for Technology and Rapid Growth Firms" March, 2002.