Growing Community Economies with Innovation and Entrepreneurship

NACIE Recommendation, April 2015

1. RECOMMENDATION

The U.S. Economic Development Administration (EDA) should fund a multipart, multiyear program (1) that compiles existing research on ecosystem- and cluster-focused development into a Best Practices Playbook; (2) that provides and markets the playbook to communities nationwide; and (3) that provides on-the-ground implementation support to communities that use the playbook to create and then execute the most promising economic development plans.

2. CHALLENGES

While innovation and entrepreneurship have been shown to foster increased economic growth, many communities are ill-equipped to develop and implement innovation- and entrepreneurship-based economic development (IEBED) plans. There is no dearth of best practices for such a plan—IEBED plans have long been researched and implemented, and there are municipalities, regions, and ecosystems (collectively, "communities") that have flourished or are beginning to flourish under such plans—yet most communities neither have ready access to these best practices nor the means to identify which best practices make sense (and, perhaps more importantly, which *do not* make sense) in any given community. Finally, communities may not have access to or understand the resources necessary for IEBED in general.

Thus, communities struggle with three primary challenges in the development and implementation of IEBED plans:

1. the transformation of public and private sector (i.e. political and business) cultures or norms that fail to recognize the potentially transformative economic value of innovation and entrepreneurship;
2. the determination of the concrete actions that the community should include in its IEBED plan to match its unique attributes—its industry sectors, industry diversity, socio-political structure, socio-economic makeup, demographics, geography, knowledge concentration, workforce, etc.; and
3. the public and private expertise and resources necessary to successfully implement and sustain a long-term, complex IEBED plan.

3. SOLUTIONS

a. Overview

In order to help solve the aforementioned problems without duplicating prior work, EDA should fund a comprehensive review and compilation of

1. the existing research on community-focused best practices;
2. the range of metrics necessary for communities to evaluate their current statuses and to measure progress and successes;
3. the outputs and outcomes of communities that have executed one or more of these best practices;
4. the attributes and the degrees of success of the communities that executed the best practices; and
5. strategies, methods, and measurement tools that enable communities (a) to create an IEBED plan by identifying sets of best practices most relevant to each of those communities and (b) to implement that IEBED plan.

The comprehensive review and compilation of these data may be accomplished via one or more avenues, including but not limited to a review of academic papers or a physical or virtual convening of community-building stakeholders and leaders.

b. The Best Practices Playbook (BPP)

The resultant data should be used to create a Best Practices Playbook (BPP)—preferably both as a static document and a dynamic planning tool—that empowers communities leaders to create an IEBED plan that recognizes the communities' unique ecosystem by complementing its strengths and addressing its weaknesses. While the BPP should enable communities to create an IEBED plan and must therefore focus on usability and accessibility, it should not allow communities to avoid the potentially difficult processes of self-reflection—e.g. an assessment of each community's ecosystem and of each community's desire and drive to pursue an IEBED—and gap-analysis during the creation of the IEBED plans.

c. Outreach

Many communities may not understand the benefits of IEBED or may not think that they have the wherewithal or resources to execute or even create such a plan. Upon the release of the BPP, a coordinated effort to reach out to a wide array of communities to encourage use of the BPP should be made. Part of this outreach should focus on the BPP Competition Pilot Program, *infra.* §3(d), which will provide experienced, on-the-ground technical assistance to communities that develop the most compelling IEBED plans.

d. BPP Competition Pilot Program

EDA should subsequently fund a BPP Competition Pilot Program to put expertise on the ground in three to five communities that have used the BPP to develop compelling IEBED plans. This pilot program should leverage the expertise of one or more successful community building organizations—including, perhaps, the organization(s) that created the BPP—both to educate public and private community leaders and to design and implement programs and projects to execute the IEBED plan.

In order to maximize the efficacy of the pilot program, the pilot may focus on communities that fall within certain categories, such as communities with especially rural or diverse demographics or communities that exhibit economic distress.

e. Future Iterations

Future growth of the pilot program into a larger, national program should be considered in light of the program's performance with respect to relevant metrics that are collected as part of the BPP's development, *see supra.* §3(a)(2), and that are included as an essential element of the funding opportunity.

4. OUTPUTS AND OUTCOMES

The placement of a successful, experienced community builder in a community that has developed a comprehensive IEBED plan will not only increase the chances of the community's successful implementation of the plan but will also strongly connect the community to other IEBED communities, increasing both the sustainability of the IEBED and the likelihood that the community will disseminate the best practices and expertise that it develops.

Outputs of the program should include

1. direct IEBED education for public and private (i.e. political and business) leaders;
2. a comprehensive Best Practices Playbook (in both static and dynamic forms); and
3. experienced, on-the-ground resources (i.e. humans) deployed in communities with the best IEBED plans.

Outcomes of the program should include

1. increased acceptance of IEBED as a powerful economic development component;
2. a diverse set of IEBED plans created by communities with the BPP;

3. a more connected, more diverse network of public and private community leaders who are committed to IEBED;
4. a vetted method to employ public and private investments to expand and scale proven best practices; and
5. impactful programs and projects based on IEBED best practices implemented in three to five pilot communities.

Furthermore, by developing, collecting, and analyzing a detailed and relevant set of metrics from communities, the BPP can be iteratively updated and the pilot program iteratively refined.