

Economic Development Insight

Five New Realities of Economic Development

In the Summer 2007 quarterly edition of *Economic Development America*, Sandy K. Baruah, head of the U.S. Economic Development Administration, authored an article on “The Five New Realities of Economic Development in the 21st Century.” In it, he stated, “I’m in the ‘what’s next’ business. What do E.D. leaders need to do today to be able to take advantage of the next big thing tomorrow?”

To do so, Sandy believes we must consider the following:

1. *We are in a Global Economy* - In the new global marketplace, our competition comes from any person in any corner of the globe with a good education, a good idea, and a good Internet connection. As we realize that both our potential markets and our competitors rest outside the confines of the United States, our development approaches must grow beyond the traditional notions of competing against the city or county next door for the next “smokestack” prize.

2. *The Pace of Change will Continue to Accelerate* – Competition is intense, and the pace of change will continue to accelerate. It took 55 years for the automobile to spread to one-quarter of the U.S. population. The personal computer accomplished the same level of market penetration in 16 years, the cell phone in 13 years, and the Internet in only seven years.

Even the nature of innovation itself is changing, becoming multidisciplinary as different technologies converge, creating fields that didn’t even exist just a few decades ago.

This new reality will require all institutions – public, private, educational and non-profit – to continually adapt and change. Those that don’t are at risk. Those that do have the opportunity for reward.

3. *The Components of Competitiveness Can No Longer be Pursued Separately* – The world becomes a bit more complicated every day and, to respond to this increased complexity, the components of competitiveness can no longer be pursued separately. This reality holds two important lessons at the local and regional level:

First, the idea of workforce development, community development, economic development and educational programs occurring in separate silos can no longer be tolerated. These interconnected challenges must be tackled in concert.

Second, we must acknowledge that we are stronger when we stand together than when we stand alone. We must look beyond traditional political jurisdictions – the city boundary, the county line, even the division between states – and work together.

4. *Public-Private Partnerships Become More Critical Every Day* – While governments at all levels, universities and other non-profit institutions are important players, we must not forget that the private sector is the most important element of any successful economic development strategy. Unless the private sector is ready, willing and able to invest in a community, economic growth simply will not occur, regardless of how much government spends.

5. *The Ability to Innovate is the Only Sustainable Competitive Advantage* – The ability to innovate is the only sustainable competitive advantage in the 21st century. It’s not location or even the cost of doing business. Factors such as these will continually shift in a dynamic worldwide economy. But if a nation can maintain its edge in innovation, it will grow and prosper.

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America is clearly the world's leader in innovation. The spirit of discovery is one of our national strengths. We have brought more technological breakthroughs to the marketplace than any other nation. This has made not just America, but the world, safer, healthier, more productive and more prosperous.

Companies, by necessity, must continually innovate to stay one step ahead of their global competitors. If they don't, they will cease to exist. Meanwhile, government and nonprofit leaders have the same responsibility to adapt their approach to fit the changing times.

Finally, if we can innovate as E.D. professionals to address the challenges and capitalize on the opportunities presented by these new realities, our regions will succeed in the worldwide marketplace, and our communities will prosper.

GCEDC Note: Our current initiatives of tourism industry development, entrepreneurship and comprehensive planning, plus our community and regional collaborations with the Chamber Coalition, HomeTown Competitiveness, WestGate tech-park and Crane Regional (CREDO), embrace these realities, help to lay a strong foundation from which to grow, and so position Greene County for effective 21st Century competition in the world marketplace.

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