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# STRATEGIC THOUGHT AND THE ECONOMIC DEVELOPMENT PROFESSIONAL

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# Strategic Thought and the Economic Development Professional

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## Purpose of the Research

It has long been reflected in the literature that strategy development should be a primary focus of those at the highest levels of leadership in any organization. Conceptually, the President and CEO should thus devote a greater proportion of time to strategy development than should the Vice Presidents, line supervisors, and other employees.

The question for this research is whether that was, in fact, the case amongst economic development professionals. Do the more senior economic development professionals in an organization spend more of their time strategizing than do others? Do they consider the time they spend thinking strategically to be sufficient, or would they prefer to have more time to devote to strategic thought? How *do* economic development professionals spend their time and are there any discernable differences in the patterns that can be traced to the types or sizes of the economic development programs in localities?

The process of strategy development is comprised of two vital components. Strategic planning, as a process, has become just that- a process. It has evolved in most contexts to be an annual or bi-annual event which is surrounded by flurries of preparation and follow-up. The greatest value is in the thought process: before, during, and throughout the year after the actual planning meetings.

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Dr. Gordon has been the President and CEO of the Fairfax County (VA) Economic Development Authority for more than twenty years. He also has an extensive consulting background and is the author of nine books on economic development and strategic planning.

The essence of this research, and the conclusions drawn, addresses the matter of the extent to which economic development professionals do, and wish to, *think* strategically outside of formal periodic planning processes. Further insights were gained from an examination and cross-tabulation of the data to assess whether the time devoted to strategic planning and strategic thinking varies as a result of various factors. These include the job title and the size of the community, its locale (e.g., urban, suburban, rural), the size of staff and budget, and more.

The value that can be drawn from the conclusions of the research relates to the awareness of how we, as economic development professionals, spend our time, and whether we are so attuned to immediate issues that we are unable to devote sufficient time and energy to considerations of long-term direction and community evolution.

## An Overview of Respondents

Surveys were distributed electronically to professional members of the International Economic Development Council (IEDC). 325 individuals responded. These professionals can be characterized generally as follows:

- 24% of the respondents were from urban areas; 14% were from suburban communities; 19% were from rural areas; and, the remainder were from areas that combined one or more of the above.
- Only 10% of the respondents were from communities with fewer than 25,000 residents; 11% were from communities with 25,000 to 50,000; 17% from 50,000 to 100,000; 21% from 100,000 to 250,000; 10%

from 250,000 to a half million residents; 12% from a half million to one million; and, 19% with more than a million residents. This distribution ensures that the conclusions will be fully representative of communities throughout the United States.

- Staff sizes reported by respondents also were well distributed. More than half of the respondents (56%) reported having fewer than five people working on economic development in their communities. One-fourth reported having between 5 and 9 staff, while 7% have between 10 and 19, 6% between 20 and 49, and 6% 50 or more.
- Annual budgets for economic development were also fairly evenly distributed: 13% of the respondents reported that their annual budget was less than \$100,000; 37% reported their budgets to be between \$100,000 and one half million dollars; 19% reported annual budgets between one half million and one million dollars; and, 31% reported annual budgets for economic development that were in excess of \$1 million.

### Top-Level Trends

Nearly three quarters (73.8%) of all respondents reported that their communities do have strategic plans for economic development. While this much is encouraging, conversely, it also means that more than one in four of the communities from which responses were received do not have an explicit strategy for their future economic growth. Statistically insignificant variances are found between the types of community setting and the proportion that have plans for economic development. Whether in a rural, urban, suburban, or mixed community, the proportion remains relatively constant.

Of the communities that reported having strategic plans for economic development, nearly 44% reported that those plans were less than one year old, and a total of 71% reported their plans to have been prepared fewer than two years ago. At the other extreme, about one in six communities with an economic development strategic plan reported its preparation or last update to have been more than four years ago.

The general literature on strategic planning is clear that, as the scope of issues of concern becomes greater, the strategic planning process should be repeated on an increasingly regular basis. Given the scope and complexity of issues confronting America's communities today, as well as the inter-relationship of most things to a community's economic development, and the rapidity of change in today's world, it is reasonable to conclude that annual, or at least bi-annual planning cycles are appropriate for economic development programs. Certainly, most plans that are four years old or more run the risk of being outdated and of steering communities in less than optimal directions.

The age distribution for existing economic development strategic plans in urban settings was similar to the average: seventy percent reported the age to be less than two years. At the other extreme, 23% reported the age of their plans to be more than four years old. Similar distributions also exist in the data for rural communities as well as those with mixed settings (e.g., partially suburban and partially rural).

While the survey revealed a wealth of information regarding the proportion of time devoted to planning and thinking strategically, the top-level trends also reveal indicators of the extent to which there is a misalignment between the actual amount of time spent and the amount of time one would prefer to spend.

Those who identified themselves as either CEO's or Executive Directors indicated that they spend less time thinking strategically than they would like. Other titles responded with varying degrees a misalignment of actual and preferred time spent on strategic thinking. The following chart illustrates the differences and later detail will highlight whether variations occur in these responses based on the type or size of the community and other factors.

<b>Estimated % of Time</b>	<b>Actual Preferred</b>	<b>CEO/ Exec. Dir.</b>	<b>Vice Pres. Div. Mgr.</b>	<b>Mktg./ Bus. Mgr.</b>
< 20%	Actual	44%	30%	57%
	Preferred	19%	15%	23%
21 to 40%	Actual	29%	33%	17%
	Preferred	42%	33%	40%
41 to 60%	Actual	9%	17%	14%
	Preferred	19%	20%	23%
61 to 80%	Actual	13%	17%	6%
	Preferred	11%	22%	8%
81 to 100%	Actual	4%	4%	6%
	Preferred	9%	9%	6%

*\*This indicates that 73% of CEO's and Executive Directors spend less than forty percent of their time thinking strategically whereas, given the chance, 61% would prefer to spend between 20% and 60% of their time so engaged.*

Similar conclusions can be reached about the other job titles surveyed; variances between job titles are marginal. In sum, economic development professionals express a desire to spend more of their time engaged in thinking strategically than they are presently able to spend.

That having been said, however, there is a means of extrapolating median percentages for each category of position shown above. This is done by assigning the mid-point of each range to the total number of responses in each. By doing so, a general median can be identified for each position title. While not possessing exceptional statistical rigor, it is sufficient to set median points and to examine the comparisons between titles. The result of this (admittedly inexact) method is shown in the following table.

<b>Position Titles</b>	<b>Percentage of Time Spent by Job Title on Strategic Thinking</b>	
	<b>Median Percentage (Actual)</b>	<b>Median Percentage (Desired)</b>
CEO/Executive Director	24%	35%
VP/ Division Chief	34%	16%
Marketing Manager/ Attraction/Retention	14%	53%

There are some interesting findings that become evident as a result of this approach. First, it is curious that *the Vice Presidents and Division Chiefs who responded to the survey indicated spending more than 42% more of their time on strategic thinking than do the CEO/Executive Director respondents*. This is curious because the traditional literature on corporate, and even some public processes, suggests that at the highest level of organizations, the amount of time spent thinking strategically is the greatest and that the amount of time spent thusly diminishes as one moves down into the organizational structure. Whether this contrary finding indicates a basic underlying difference between the public and private sectors, or whether another explanation can be offered, cannot be assessed from this research.

Interestingly, there is an implied comprehension of this point of view that is reflected in the table. That is, the CEO respondents indicate a wish to devote more time to strategic thinking while the Vice Presidents who responded indicate an interest in spending a lesser percentage of their time so engaged. Were their collective desires be immediately affected, the proportional relationship between the two titles suggested in the literature

would be restored. That is, the most senior levels. It raises a question about whether Vice Presidents have *had* to spend more time strategizing because the Presidents/Executive Directors are not. Are economic development leaders becoming too involved in other, more immediate activities and therefore delegating this task? Would it benefit communities' economic development programs to have the top executives devote, or be able to devote, more time to such endeavors?

Respondents who were self-identified as Marketing Managers indicated a desire to be able to spend nearly four times more of their day in strategic thinking than they are able to do at present. In fact, the responses indicate that their interest is to spend 50% more of the day in thinking strategically than the CEO's indicate they would like. There is a very important issue here which, again, this research was neither intended to address nor does it reveal.

It poses some questions for the managers of these professionals. First, is this an expression of a sense of having inadequate input into decisions and operations? Secondly, is this an anomaly particular either to the private sector or to economic development professionals? What are other possible reasons for marketing managers to express a desire to spend more than half of their time thinking strategically rather than meeting with prospects? And, finally, would greater involvement by Marketing Managers, who presumably spend a large proportion of their time with business decision-makers, benefit the community planning process by serving as a conduit for the business intelligence they regularly gather?

The data also raises the rather interesting question of how those in the various job titles surveyed spend their time. Also of interest is whether there are differences that appear not only between job titles but also by job title versus the size of staff and budget or by type of community. Before considering community differences, however, it is instructive to review the data for each of the three job titles identified above: CEO's/Executive Directors, Vice Presidents and Division Chiefs, and Marketing Managers as well as Attraction and Retention Managers.

Using the same (imprecise) method described above to establish *general* median points in the data ranges, one can derive the following table to illustrate how each of the job titles spend a typical day or a typical year.

**Percentage of Time Spent on Various Functions by Job Title**

<b>Function</b>	<b>CEO/Executive Director</b>	<b>VP/ Division Chief</b>	<b>Marketing Manager</b>
Strategic Thinking	15.60%	17.60%	13.90%
Strategic Planning	8.8	10	6.2
Other Planning	8.8	9.4	9.3
Supervisory Responsibility	11.6	10	8.2
Prospect Meetings	11.6	9.4	14.4
Research	12.2	13.3	16.5
Meeting Strategic Partners	15	12.4	11.3
Meetings with Other Community Representatives	15	12.4	11.3
Board Meetings and Board Management	9.5	7.9	7.2

Interestingly, there is little (statistical) difference in how these job titles report spending their time. Marketing Managers spend a little less time on strategic thinking and planning and a little more with prospects and conducting research. And, the CEO

and Executive Director respondents spent a slightly greater proportion of their time in meetings with strategic partners, community representatives, and board members. Otherwise, there is a greater constancy across job titles than one might expect.

#### Cross-Tabulating the Data to Identify Variances by Factors

Each of the questions posed in the survey can be cross-tabulated with other data to identify variances on the basis of a variety of factors. In other words, do the responses differ due to population density, budget, or staff size?

The functions about which those surveyed were asked to respond included the following. (The full survey instrument is attached as an appendix).

- strategic thinking
- strategic planning
- other planning
- supervisory responsibilities
- prospect meetings
- research
- meetings with strategic partners
- meetings with other community representatives
- board meetings and board management

Each of these responses can be cross-tabulated against the responses to several identifying questions. These include:

- Does your community have a strategic plan for economic development?
- If so, in what year was it last updated?
- What is the population of the area you serve?
- How many staff members (full- and part-time) work in economic development, including support staff?
- What is your annual budget for economic development?
- What is your job title?
- Is the area you serve urban, suburban, or rural?

The original thesis of the research was that the responses would indeed vary from one community to the next. It seemed self-evident that the size of the community or the size of the local budget for economic development or the number of staff would proscribe the amount of time that is available to perform different functions.

For example, a smaller staff with relatively few people to perform more functions may allow less time for strategy development. Or, a larger budget may permit the staff to contract for strategic planning consultants to assist in the process. Smaller staffs would seem to require less time devoted to supervisory responsibilities. And, rural communities might have fewer strategic partners with whom to coordinate.

**None of those things are evident in the data. The cross-tabulations of the data indicate that, at least for this sample of (325) respondents, there is very little difference in the proportion of time that economic**

**development professionals spend on the various functions identified. Indeed, the one true differentiator was job title, as has been addressed.**

### **Conclusions**

When research disproves the hypothesis, it is the opposite, or the antithesis, that becomes the lesson. Given that result in this research, any conclusions must be drawn from a consideration of why that which initially appeared to be self-evident was not at all the case.

Other than a few minor, and rather obvious, differences in the responses, the over-riding conclusion must be that economic development professionals all spend their time doing roughly the same things. Furthermore, what they do on a daily basis is practically unaffected by the size or location of the community, or the budget or staff size of its economic development program.

Economic development is a process that involves research, strategy development, coordination with strategic partners, and prospect handling. These requirements do not change because the community is a large city or a small or rural community. Neither are they any different if you have more resources to apply to the process. In such locales, the resources may be greater, but so is the scope of the effort.

One conclusion that can therefore be reached is that professional economic development experience, at least in a functional sense, can be considered somewhat inter-changeable. Although the settings and the types of issues are different, a CEO or a Marketing Manager in a small community has the same demands and experiences as does his or her counterpart in larger communities.

This means that training, certification, and the sharing of common experiences through meetings and involvement in professional associations are valuable ways of further developing the cadre of economic development professionals. It also means that ongoing research into what is done, why, how, and with what results are important ways of improving ourselves, our profession, and the communities we represent.

# **APPENDIX**

## **Survey Questionnaire Results**



# Zoomerang Survey Results

## Strategic Thinking: Economic Development and the Art and Science of Vision

Response Status: Completes

Filter: No Filter Applied

October 17, 2006

Note: Open ended responses are not displayed.

### 1. What is your job title?

CEO/ Executive Director/ Top Level	162	49%
Vice President/ Division Manager	56	17%
CFO/ Comptroller	0	0%
Deputy/ Assistant Manager	9	3%
Marketing Executive	7	2%
Research Director/ Manager	2	1%
Business Recruitment Manager	23	7%
Business Retention Manager	5	2%
Loan Officer	3	1%
Specialist/ Field Position	6	2%
Consultant	9	3%
Other, please specify	50	15%
<b>Total</b>	<b>332</b>	<b>100%</b>

### 2. What is your annual budget for economic development?

< \$49,999	13	4%
\$50,000- \$99,999	29	9%
\$100,000- \$249,999	64	19%
\$250,000- \$499,999	60	18%
\$500,000- \$749,999	42	13%
\$750,000- \$999,999	20	6%
> \$1,000,000	90	27%
Other, please specify	14	4%
<b>Total</b>	<b>332</b>	<b>100%</b>

### 3. How many staff members (full- and part-time) work in economic development, including support staff?

	0	5	2%
4-Jan	179		54%
9-May	84		25%
19-Oct	23		7%
20-29		14	4%
30-49		6	2%
50 or more		21	6%
<b>Total</b>		<b>332</b>	<b>100%</b>

### 4. What is the population of the area you serve?

Less than 10,000	8	2%
10,000- 24,999	25	8%
25,000- 49,999	37	11%
50,000- 99,999	56	17%
100,000- 249,999	68	21%
250,000- 499,999	31	10%
500,000- 1,000,000	40	12%
Over 1,000,000	61	19%
<b>Total</b>	<b>326</b>	<b>100%</b>

**5. Is the area you serve urban, suburban, or rural?**

Urban	79	24%
Suburban	45	14%
Rural	70	21%
Mixed Urban Suburban	63	19%
Mixed Suburban Rural	62	19%
Other, please specify	41	12%

**6. Approximately what percentage of your work day do you spend on each of these following tasks? Please make a best estimate.**

Top number: # of respondents selecting the option.  
Bottom percent: % of total respondents selecting the option.

	1	2	3	4	5	6	7	8	9	10
	<10%	11%-20%	21%-30%	31%-40%	41%-50%	51%-60%	61%-70%	71%-80%	81%-90%	91%-100%
Strategic Planning	151 46%	90 28%	48 15%	24 7%	7 2%	3 1%	3 1%	1 0%	0 0%	0 0%
Other Planning	109 35%	124 40%	50 16%	14 4%	6 2%	4 1%	2 1%	2 1%	1 0%	0 0%
Supervisory Responsibilities	140 45%	80 26%	54 17%	18 6%	9 3%	5 2%	3 1%	3 1%	0 0%	1 0%
Prospect Meetings	116 37%	93 30%	51 16%	24 8%	15 5%	3 1%	6 2%	3 1%	3 1%	1 0%
Research	133 43%	93 30%	44 14%	13 4%	11 4%	5 2%	3 1%	1 0%	2 1%	2 1%
Meetings with Strategic Partners	85 26%	117 36%	66 20%	28 9%	10 3%	10 3%	2 1%	3 1%	2 1%	1 0%
Meetings with other Community Representatives	81 26%	118 38%	50 16%	22 7%	14 5%	12 4%	6 2%	4 1%	3 1%	1 0%
Board Meetings and Board Management	161 51%	96 30%	30 9%	9 3%	6 2%	5 2%	2 1%	2 1%	2 1%	3 1%

**7. Does your community have a strategic plan for economic development?**

Yes	240	74%
No	85	26%
<b>Total</b>	<b>325</b>	<b>100%</b>

**8. If so, in what year was it last updated?**

Before 1998	7	3%
1999	3	1%
2000	14	6%
2001	8	3%
2002	10	4%
2003	11	5%
2004	17	7%
2005	64	27%
2006	104	44%
<b>Total</b>	<b>238</b>	<b>100%</b>

**9. Approximately what percentage of your time do you spend thinking strategically?**

< 20%	133	41%
21%- 40%	98	30%
41%- 60%	37	11%
61%- 80%	39	12%
81%- 100%	17	5%
<b>Total</b>	<b>324</b>	<b>100%</b>

**10. Ideally, what percentage of your time would you like to devote to strategic thinking?**

<20%	53	16%
21%- 40%	137	42%
41%- 60%	69	21%
61%- 80%	44	13%
81%- 100%	24	7%
<b>Total</b>	<b>327</b>	<b>100%</b>