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ED Now Feature: Common Traits of Successful Places

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Eli Dile on Monday, December 11, 2017 at 9:02:00 am

By Aaron N. Gruen and Debra L. Jeans

What makes a successful place? While definitions vary, successful place are typically associated with higher levels of prosperity, reported life satisfaction, and health. Places that experience growth in annual domestic product, jobs, household incomes, and direct investment are often successful.

In these places, firms develop capacities and networks to thrive in the provision of tradable goods and services. By contrast, in less competitive places, retail and the public sectors frequently comprise high shares of the economic base and employment. To spur economic growth, successful places typically focus on encouraging the expansion of existing firms and the creation and growth of new firms (as opposed to emphasizing the attraction of large firms from outside the market area).

According to Brookings, from 2005 to 2015, the top 10 cities in terms of growth in gross metropolitan product, number of jobs, and number of jobs at young firms include a variety of locations such as Austin, Nashville, Oklahoma City, Provo, Raleigh, San Antonio, and high-cost metros San Francisco and San Jose. Below are some insights into what places like these are doing right.

Successful places tailor policies to improve the competitiveness of local circumstances.

Successful places strategically select and implement policies to increase competitiveness. These policies commonly include land-use regulations and provision of infrastructure, education, and training that provide residents with knowledge and skills; and strong basic services, such as public safety. These actions are tailored to local economic and social conditions, the political culture, and the needs of firms. For proactive economic development initiatives, successful places focus on creating a favorable business climate and targeting economic sectors which derive comparative advantages from operating locally.

Consider the Phoenix region as an example. It boasts a favorable cost of living, affordable and diverse housing options, an attractive research and development tax credit, public-private technology coalitions, and Arizona State University, which has the largest engineering college in the nation.

Some cities within the Phoenix region also have made smart policy choices. In 2005, rather than heavily subsidize a proposed Arizona Coyotes hockey arena on the site of a 42-acre former mall, the City of Scottsdale entered into a redevelopment agreement with the Arizona State University Foundation. The resulting 1.2 million-square-foot mixed-use development – called Skysong, the ASU Scottsdale Innovation Center – is now a high-technology hub. It includes office buildings, apartments, retail, restaurant, and (soon)



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"Most people think of church as a building people go to once a week to pray. But we don't believe Sunday is the only day that counts."

Pastor John Cummings of Detroit's Grace in Action church, which doubles as a business incubator

Did You Know?

About one-third of U.S. workers do not have permanent jobs with a traditional employer-employee relationship (Governing).

What's Hot at IEDC

The Role of Community Colleges in Economic Diversification

A trio of reports explores how community colleges support economic diversification through workforce development, supporting community initiatives, and partnerships with EDOs. This project was done in partnership with the American Association of

hotel space, along with ASU's own innovation, research and educational activities, and tenants who collaborate with ASU. More than 50 companies with 2,000 workers are on site. Skysong has been a catalyst for further redevelopment of southern Scottsdale and increased residential property values.

The redevelopment project was facilitated by land use regulatory changes initiated by the city. The changes were based on market research and real estate economic analysis that were designed to encourage private investment in southern Scottsdale's revitalization.

Successful places consult members of the business community about their needs.

In successful places, business owners typically are consulted on a number of fronts. They are asked about their needs and any operational constraints that are within the ability of the municipality to influence. Infrastructure investments are made in consultation with the firms and industries that most depend on infrastructure assets. Training and skills programs are designed in partnership with local firms and institutions so that the programs are relevant and responsive to the needs of local employers. Finally, industries with significant staying power (or growing power) are supported by both the public and private sectors, rather than allocating scarce resources to prop up ailing firms or industries.

Successful places emphasize coalitions between public and private stakeholders in economic development. For example, in 1990, Nashville formed a partnership among government, business, and community leaders to market the region and work to retain existing businesses and foster entrepreneurship. Since the formation of the coalition, more than 850 companies have relocated to Nashville and the region has experienced significant job growth.^[1]

The partnership (originally P2000, now P2020) began by identifying industries for which the region already had competitive advantages, and then identified targets (in corporate operations, healthcare, advanced manufacturing, music and entertainment, and supply chain management) that benefit from those advantages. Another key to the partnership's success was its regional approach, including major employers, colleges and universities, and healthcare facilities spread throughout the region, as opposed to concentrating primarily on only one geographic area. The research-based action plans reflect extensive interviews with members of the business community, which also contributes significant funding to the partnership.

Successful places incorporate external ideas and talent.

Successful places are open-minded, incorporating foreign ideas and people. Interactions between people of different cultures tend to encourage tolerance, pluralism, and an ability to adapt to change. Classical Athens welcomed immigrants even during war time and became a center of learning, arts, philosophy, public works, architecture, and an early form of democracy. The Athenians borrowed the alphabet from the Phoenicians; medicine and sculpture from the Egyptians; mathematics from the Babylonians; and literature from the Sumerians. As attributed to Plato: "What the Greeks borrow from foreigners they perfect." In contrast, insular Sparta accepted only a small base of citizens with a civic culture focused on war and quashing internal rebellion.

According to the Brookings Metro Monitor 2017 Dashboard, the Houston metropolitan area was the second fastest-growing U.S. region between 2005 and 2015 in terms of gains in gross metropolitan product, number of jobs, and number of jobs at young firms. In contrast to major coastal metros, Houston (and Dallas and Atlanta) experienced large increases in both domestic migration and international immigration.^[2] One-third of business owners in the Houston metro are foreign-born; more than 100 languages are spoken by students attending Houston public schools; and immigrants are widely dispersed throughout the region.^[3]

Access to nature and acceptance of risk-taking culture are additional traits associated with successful places.

Successful places require connection to nature and green space. Think of New York's Central Park; Tokyo's Imperial Gardens; Chicago's lake front and the transformative effects of Millennium Park; or San Francisco's Golden Gate Park, which delight residents and visitors alike.

Successful places also require the ability to take risks and fail. It helps when places have enough jobs and enterprises that those who fail can reasonably expect to gain new employment or form another firm despite the failure. Silicon Valley is the prototypical example in which a risk-accepting culture contributes to its success. Venture capitalists and angel investors, however, are part of the highly competitive ecosystem that helps separate good ideas from bad and encourages innovation.

Community Colleges and with funding from the U.S. Economic Development Administration.

Resources

Community Investment Explorer

The Federal Reserve Bank of St. Louis has compiled more than 500,000 [community development transactions](#) dating back to 1987 to visualize investments made by Community Development Financial Institutions, New Market Tax Credits, and Low-Income Housing Tax Credits.

In another classical example, early political leaders and rulers in Rome originated from foreign lands and lower classes, or even were former slaves. The aristocracy did not have a monopoly on political rule and attainment of wealth. Places where foreigners or people from lower socio-economic circumstances can achieve upward mobility are likely to attract the best and brightest risk-takers.

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[1] <http://icic.org/works-cities-chamber-partnership-leads-catalytic-growth-10-county-nashville-metro/>

[2] <https://www.brookings.edu/blog/the-avenue/2017/05/02/where-immigrant-growth-matters-most/>

[3] <http://www.houstonchronicle.com/local/themillion/article/How-diversity-culture-demographics-of-Houston-6117301.php>

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