


Giving Effective Leadership to Local Economic Development

June 20, 2005

Pacific-Northwest Economic Development Council

**By Don Iannone, Managing Director
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Starting Self-Test

- **Who are your economic development leaders?**
 - Business executives/owners.
 - Government officials.
 - Educators.
 - Community representatives.
 - Other?

- **When you think about leadership, do you include yourself as a leader?**



Leadership Theory

-Which is Your Favorite?-

Most definitions of leadership are based on three theories:

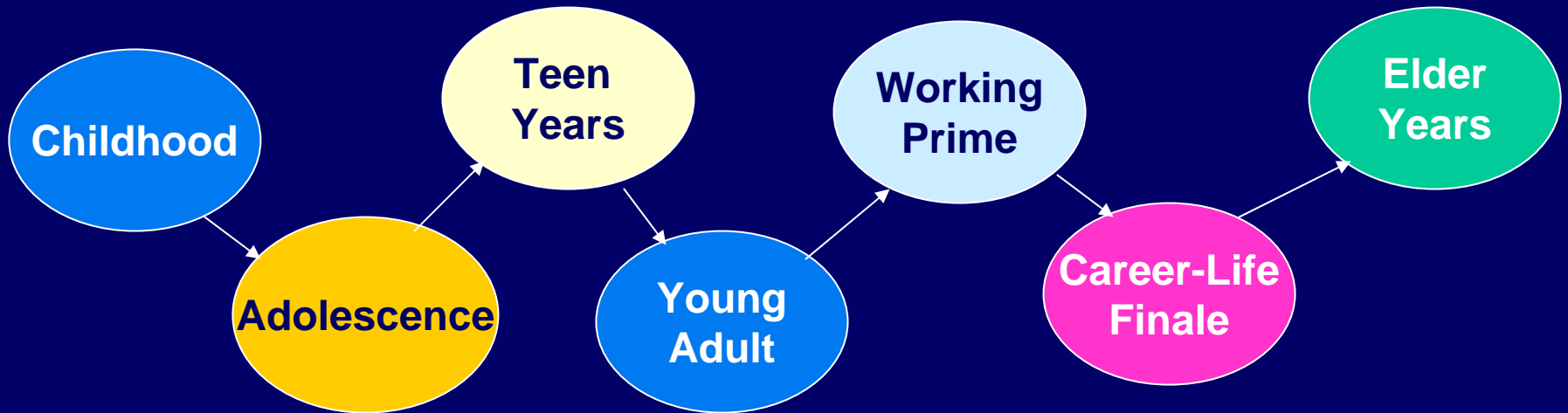
1. **Trait theory**, which suggests leaders are born not made.
2. **Situational theory**, which suggests that situations dictate and give rise to leadership.
3. **Leadership style theory**, which suggests that values, personality, and behavioral patterns give rise to leadership.

Perhaps all three theories come into play in shaping leaders and leadership, and one or more are more influential for certain people.

Which theory best accounts for the rise of leadership in your life and career?

Which theory best accounts for the rise of leadership in your organization and community?

Your Growth as a Leader





Key Leadership Influences in My Life

Life Phase	Key Leadership Influences
Childhood	1. Family, 2. Church, 3. School
Adolescence	1. Family, 2. School, 3. Church, 4. Friends, 5. Sports
Teen Years	1. School, 2. Friends, 3. Sports, 4. Family, Church, and, 5. Work.
Early Adult (20's-Early 30's)	1. School, Work, 2. Family/Children, 3. Friends.
Middle Adult/ Working Prime (Mid-30's-Early 50's)	1. Work and Family, 2. Friends, 3. Community/Civic.
Late Working Years (Late 50's-Mid-60's)	1. Work and Family, 2. Friends, Spiritual/Creative, 3. Community/Civic.
Elder/Retirement Years (Mid-60's Beyond)	1. Family and Friends, Spiritual/Creative, and 2. Work

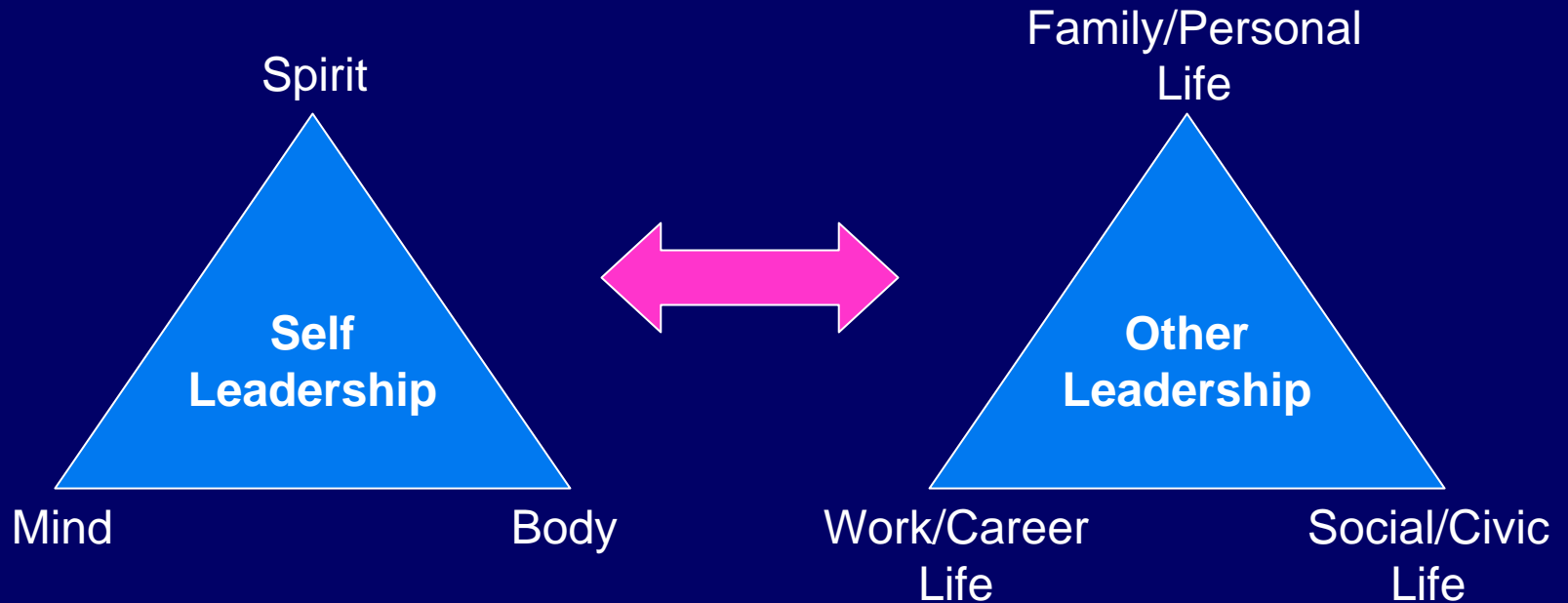


Leadership...

“Is the lifting of people’s vision to a higher sight, the raising of their performance to a higher standard, the building of their personality beyond its normal limitations.” (Peter Drucker, 1985).

This definition has great personal meaning to me.

Leadership as Ongoing Balance and Evolution





An Integrated Leadership Model for Economic Development





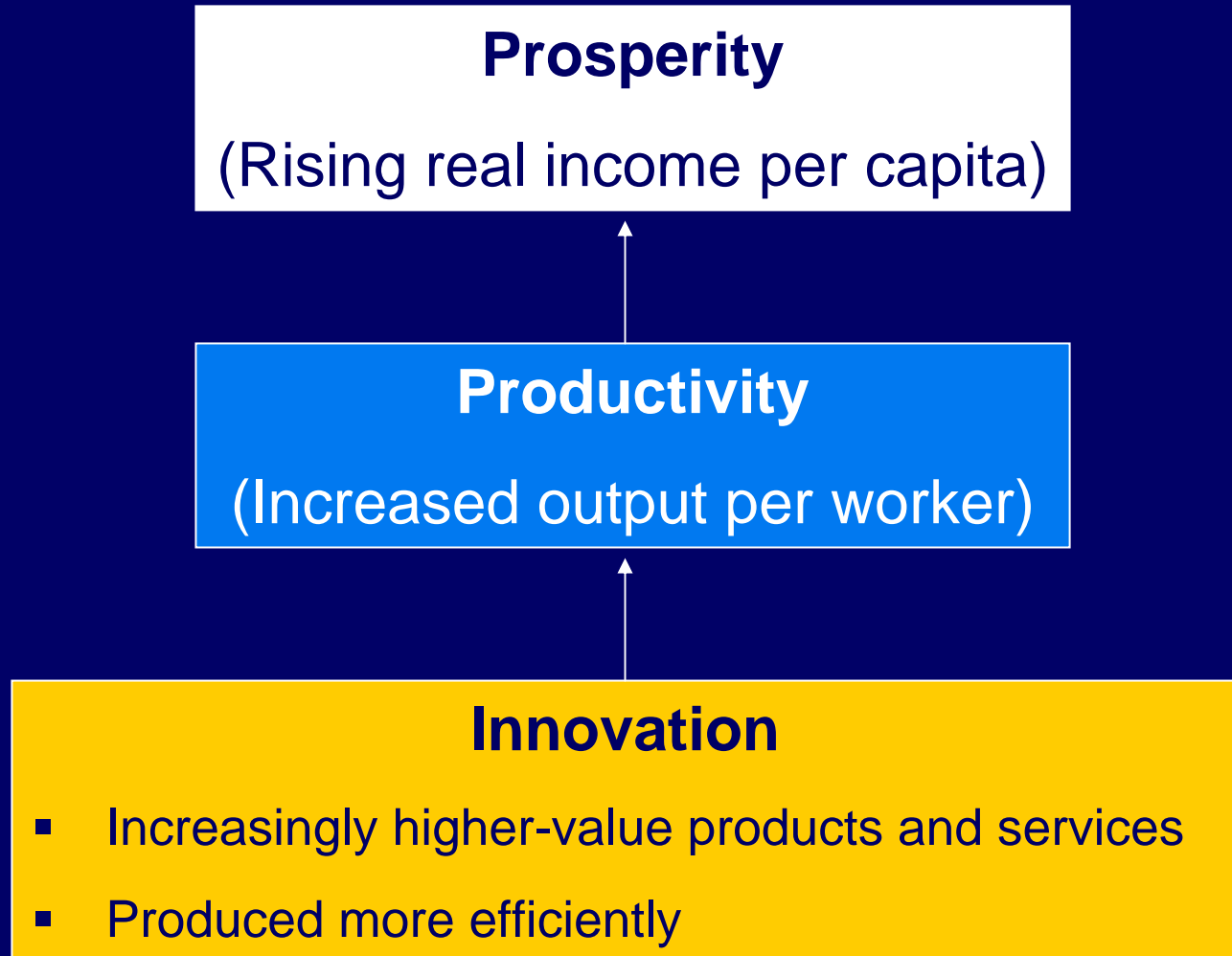
Economic Development

According to the International Economic Development Council (IEDC):

“There is no single, widely accepted definition of economic development. However, there is considerable agreement that the main goal of economic development is improving the economic well being of a community through efforts focused on job development and quality of life improvement.”



New Model of Economic Development





Economic Development Leadership Today

- Every economic development organization (EDO) across America has some type of leadership body that is responsible for the governance and direction of its activities.
- Typically, an EDO's leaders are representatives from business, government, education, agriculture, labor, arts & culture, and community interest groups.
- Most EDO's today follow fairly traditional models of leadership and governance. Business and government leadership styles are dominant.



Quick Review of National ED Leadership Trends

During the past month, my firm conducted two surveys of economic development leadership trends:



Now

1. **National Survey:** 612 responses from 45 states and 7 countries. (Will share some insights with you at this time.)

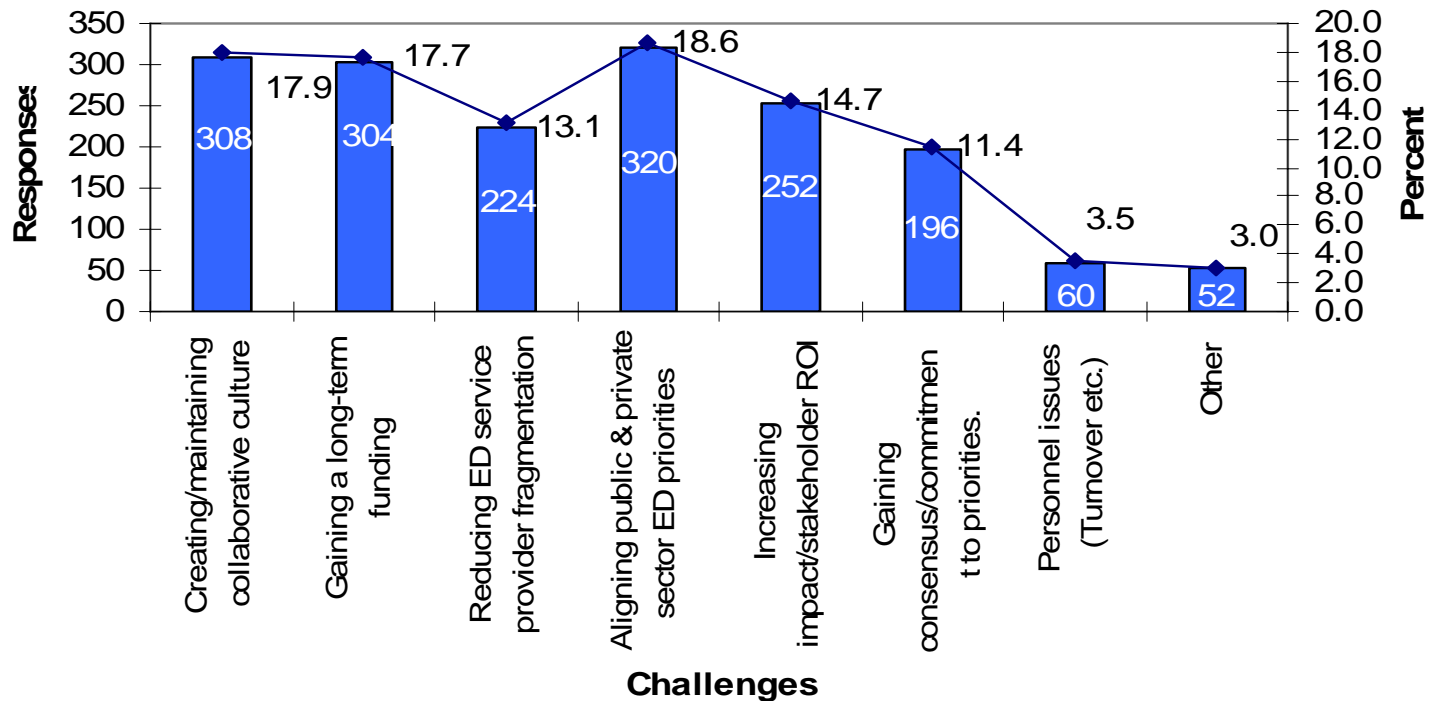


Later

2. **Pacific-Northwest Survey:** 200 responses from 6 U.S. states and 4 Canadian provinces/territories.

Top Leadership Challenges

National Results: Top Challenges Facing Leadership



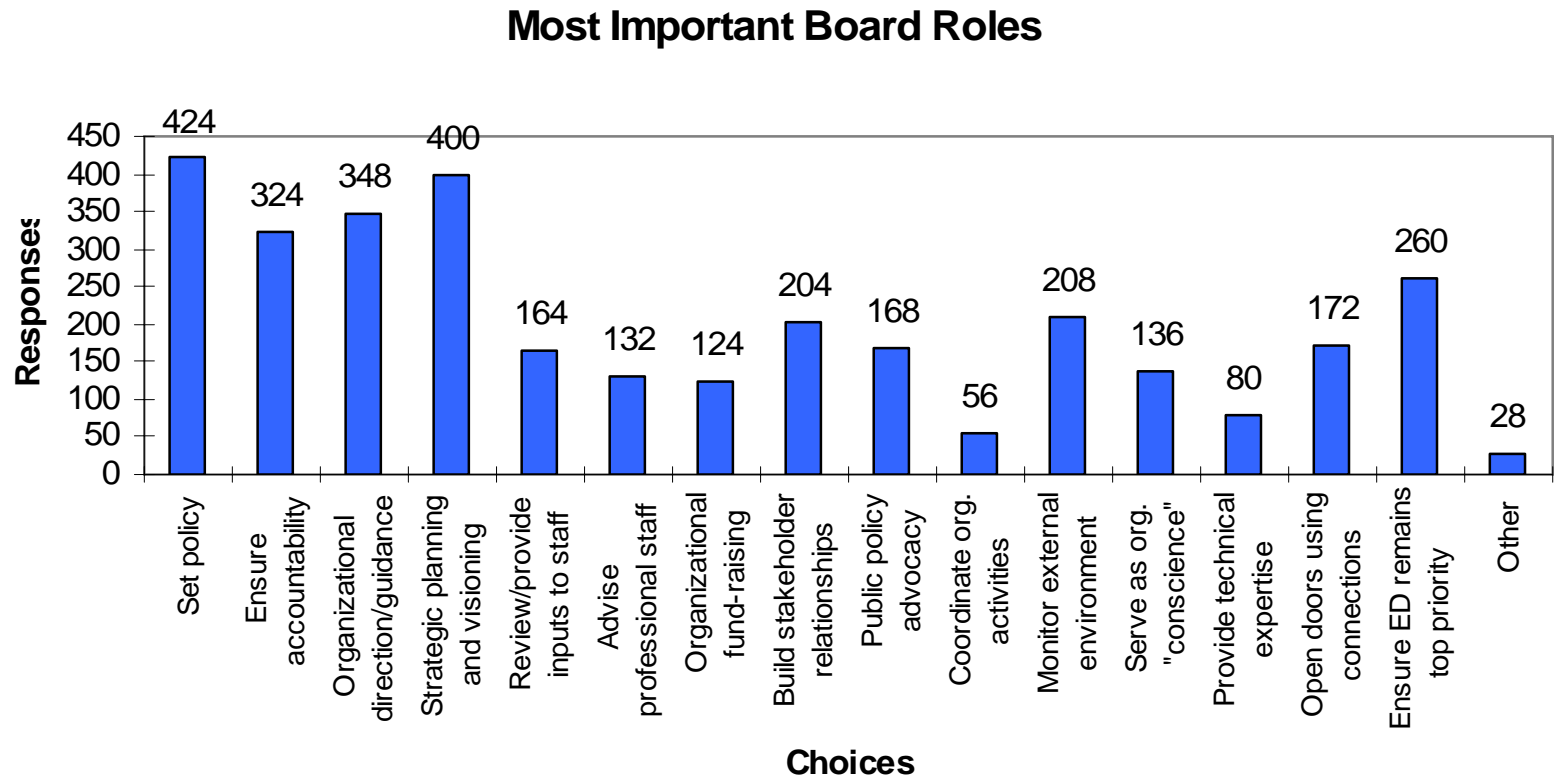
Most Important Economic Development Functions

-National Survey Results-

Most Important Economic Development Functions	Number	%
Existing business retention/expansion	404	15.3
New business recruitment	308	11.7
Marketing/promotion	268	10.2
Real estate/site location assistance	188	7.1
Entrepreneurial assistance	184	7.0
Industry cluster/target industry development	184	7.0
Business advocacy/public policy	152	5.8
Development project financing	140	5.3
Workforce development services	140	5.3
Business networking	108	4.1
Community development	108	4.1
Infrastructure services	96	3.6
Technology assistance services	72	2.7
Downtown development	64	2.4
International trade development	56	2.1
Rural development	48	1.8
Other	44	1.7
Travel and tourism development	36	1.4
Commercial revitalization	32	1.2
Total Responses	2,632	100.0

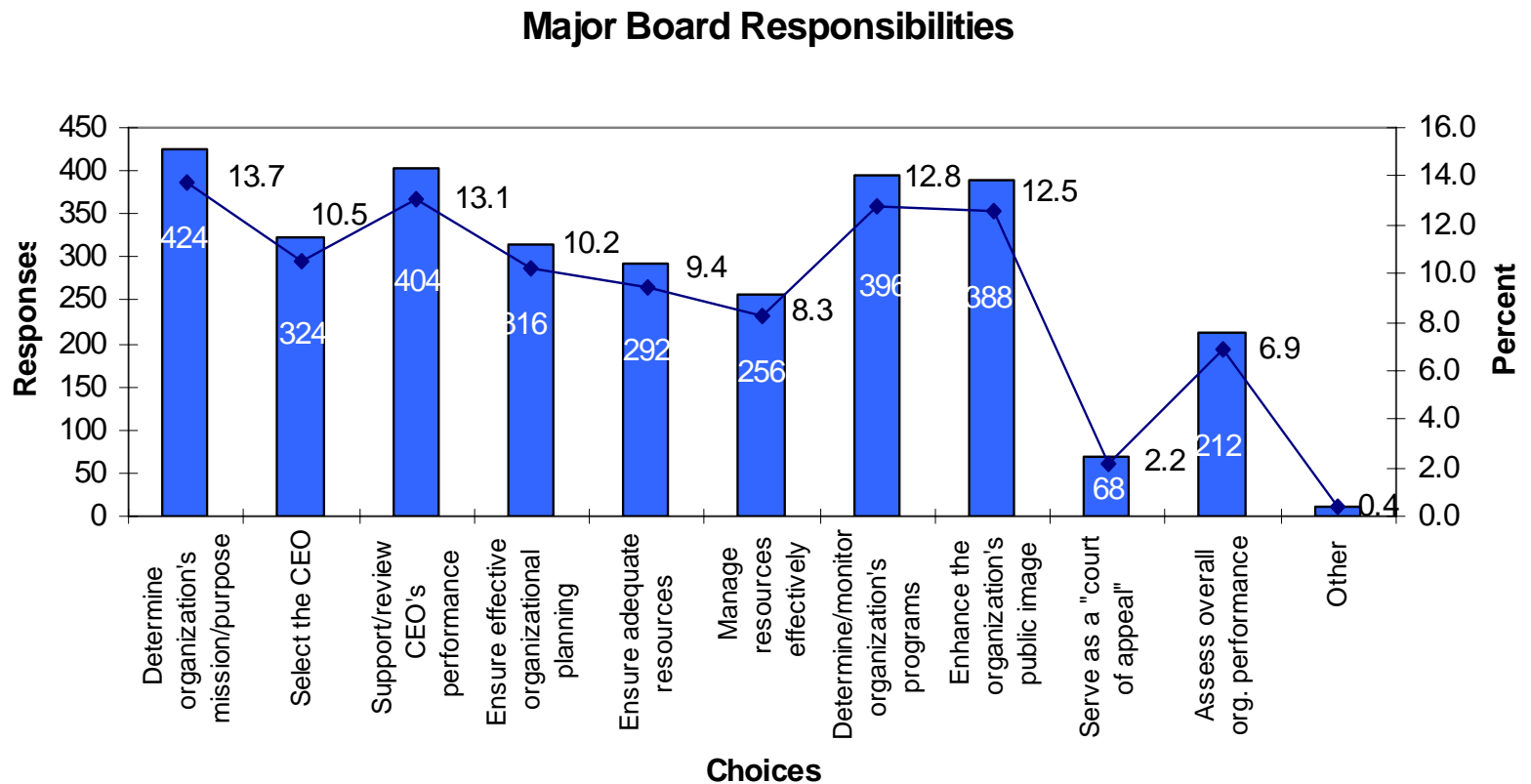
Most Important Board Roles

-National Survey Results-



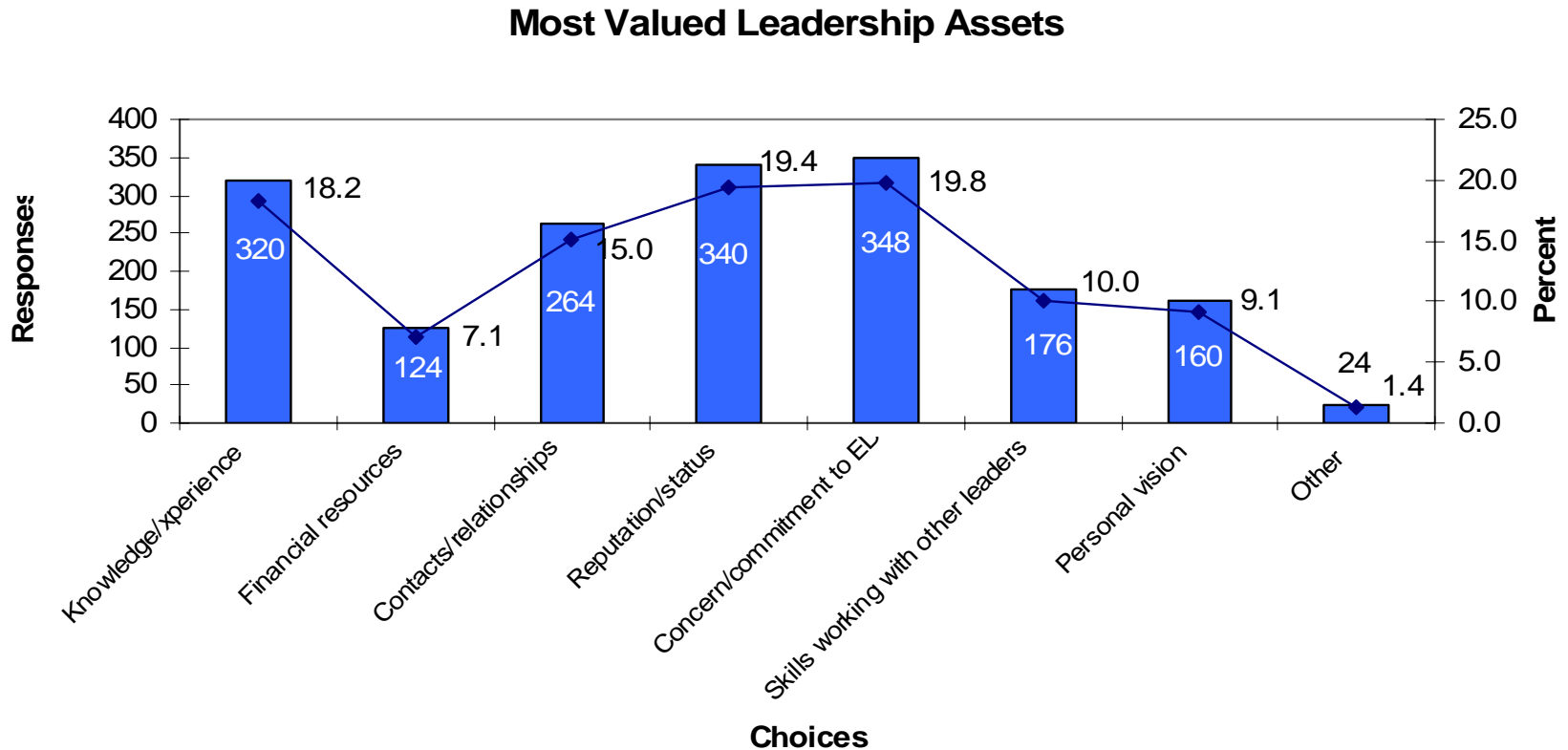
Major Board Responsibilities

-National Survey Results-



Most Valued Leadership Assets

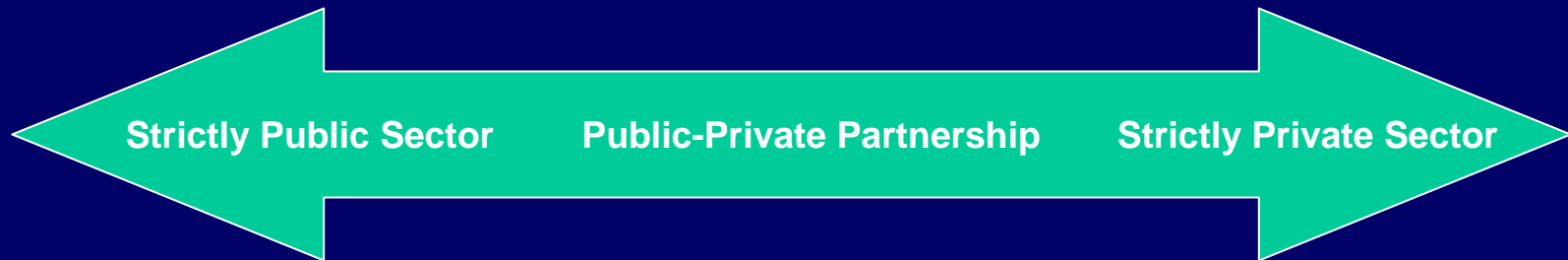
-National Survey Results-



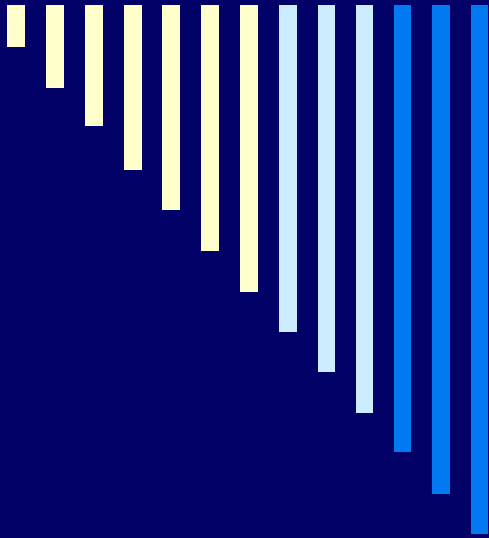


ED Organization Forms

ED organizations fall along a continuum



The form of organization is a major determinant
of who its leaders are.



“Leadership can be thought of as a capacity to define oneself to others in a way that clarifies and expands a vision of the future.”

– *Edwin H. Friedman*



Major ED Organization Leadership Drivers

1. Mission, goals, outcomes.
2. Functions, or services, performed.
3. Organizational legal form.
4. Historical leadership pattern (Founding fathers or mothers.)
5. Strategic plan priorities.
6. Funding source requirements.
7. Board-staff relations.



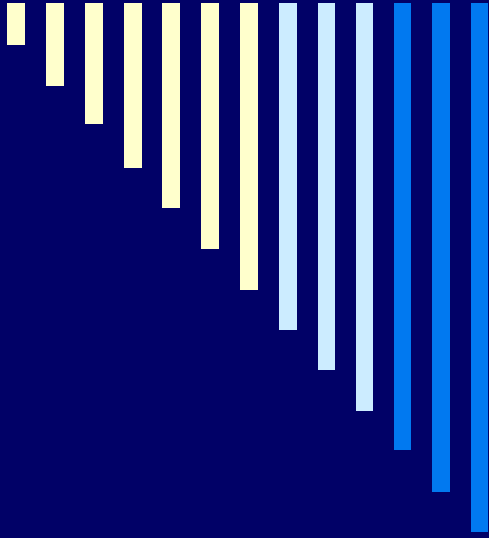
ED Leadership Roles

1. Mentorship.
2. Vision giver/keeper.
3. Steward of change.
4. Formal decision-making/legal.
5. Accountability.
6. Advisory/guidance.
7. Expert input/Technical role.
8. Consensus builder/Negotiator.
9. Relationship builder.
10. Stakeholder representation.
11. Issue, task, or initiative-based leadership.
12. Fund-raising/Strategic investment.
13. Support/constituency development.



Some EDO Leadership Examples

Organization	Organizational Form	Board	Funding	Board Size	Leadership Model
Greater Phoenix Economic Council, AZ (Urban)	Private nonprofit	Private-public mix	Private and public	55	Innovative, engaged
Tulare County EDC, CA (Rural)	Private nonprofit	Private-public mix	Private and public	25	Innovative, engaged
Wayne Development Council, OH (Rural)	Private nonprofit	Private-public mix	Private and public	21	Traditional, representational
Fort Wayne-Allen County ED Alliance (Urban)	Private nonprofit	Private-public mix	Private and public	21	Traditional, representational
Crawford County, PA (CCVT) (Rural)	Private nonprofit	Private-public mix	Private and public	23	Transitioning to innovative, engaged
Clarion County, PA (Rural)	Private nonprofit	Private-public mix	Private and public	15	Transitioning from traditional, representational



“The key to successful leadership today is influence, not authority.”

– Ken Blanchard



Community Economic Stewardship Model

Stewardship means: Taking responsibility for the survival and well-being of something that is valued.

Stewardship is an appropriate way to give **leadership to economic change** in a community.



Why a New ED Leadership Model is Needed

Current Model = Reactive-Opportunism

- Individual places.
- Business-oriented.
- Win-Lose competition.
- Jobs oriented.
- Pieces & parts.
- Improvisational.
- Fragmented.
- Operate on the margins.
- Local/regional.
- Pragmatic.
- Short term oriented.
- Favors 'status quo.'



Future Model = Proactive-Leading Change

- Networks of places.
- Business network-oriented.
- Win-Win collaboration.
- Human potential.
- More holistic/systems-oriented.
- Strategic.
- Connected/integrated.
- Mainstream focused.
- Local/regional/global.
- Performance-based.
- Short/intermediate/long-term.
- Promotes 'change.'



The Economic Development Value Proposition is Changing...

Strategic Dimensions	Current Value Proposition	Future Value Proposition
Final Outcomes	Competing for jobs, business investment, taxes, quality of life	Helping businesses, communities & institutions create economic value globally
Organizational Model/Approach	Local, regional and state EDO's	Inter-organizational networks & teams with national & global reach
EDO Key Roles	Catalyst, deal-maker, climate-shaper, individual organizational strategist	Change leader, team builder, network manager and strategist, system solution builder
Service Intervention Focus	Facilities, workforce, financing, physical infrastructure.	Human capital, technology & knowledge infrastructure, investment capital.
Geographic Focus	Within communities, regions, states.	Within & between communities, regions, states, nations.



4 New Community Economic Stewardship Roles

- **Change-Makers:** Promote proactive changes that are needed to better economic results.
- **Integrators:** Share perspective about linked economic, environmental, social objectives.
- **Connectors:** Bring people together across worlds, “boundary-spanners.”
- **Communicators of Possibility:** Raise aspirations, articulate potential, persuade.



New ED Leadership Jobs

1. Link leadership to the EDO's intended primary organizational outcomes.
2. Go beyond leadership as a “rite of passage” for leaders.
3. Link leadership development to organizational development goals.



Good Leadership

1. Leadership is defined by what we do, not by the role we have been assigned. Good leadership is firmly guided by values, and it embodies a vision of what is really important.
2. Who you are comes before what you do. Good leadership begs the question: “What is the stuff I am truly made of?”
3. Good leadership is best demonstrated when you are at your worst, not your best.



Good Leaders...

1. Have high expectations of themselves and other people.
2. Develop relationships and believe in people.
3. Understand their ability to influence the performance of others.
4. Convey an energy and passion that encourages other people.
5. Do not blame others for problems, but rather look for solutions.



Why ED Leaders Fail

1. **Mindset Failures:** *Breakdowns occur in how leaders perceive reality for the community. Too much “trying to keep up with the Joneses.”*
2. **Whims and Fancies:** *Personal agendas get in the way of what’s good for the community.*
3. **Lack of Guiding Values and Vision:** *Tactics and the short-term sabotage what is really important.*
4. **Individual-Centered Leadership:** *Undermines the role of competency-based teamwork.*



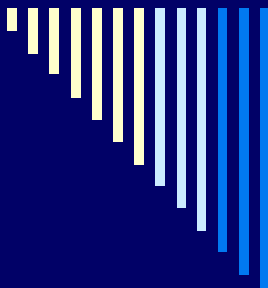
Key Challenges Facing Community ED Leaders

1. Determine what are the “right” things to do and who should do them.
2. Create a positive, collaborative, results-oriented environment.
3. Create a unifying economic vision.
4. Embody that vision in a realistic plan or strategy.
5. Gain commitment to the vision and plan.
6. Secure the resources (including the “right” leadership) to make the “right” things happen.
7. Reflect new community demographics in leadership.
8. Be a steward of place versus issue leadership.
9. Build bridges and relationships.
10. Engage citizens about their economy and help them prepare for economic future.



Practical Advice for Economic Development Leaders

1. Know when it's time to engage and get involved.
2. Know when it's time to step aside.
3. Understand what the organization does, why it does these things, and how it does them.
4. Remember that form should always follow function.
5. Focus on outcomes, goals, and objectives first.
6. Don't be afraid to change how the organization does its work. Innovate to better serve your customers.
7. Adopt a strategic frame of mind. Don't get lost in the details.
8. Hold yourself, other board members, and staff accountable for upholding the organization's values, vision, and intended outcomes.
9. Be a bridge-builder to resources, people, networks,
10. Lead in a performance-based way.

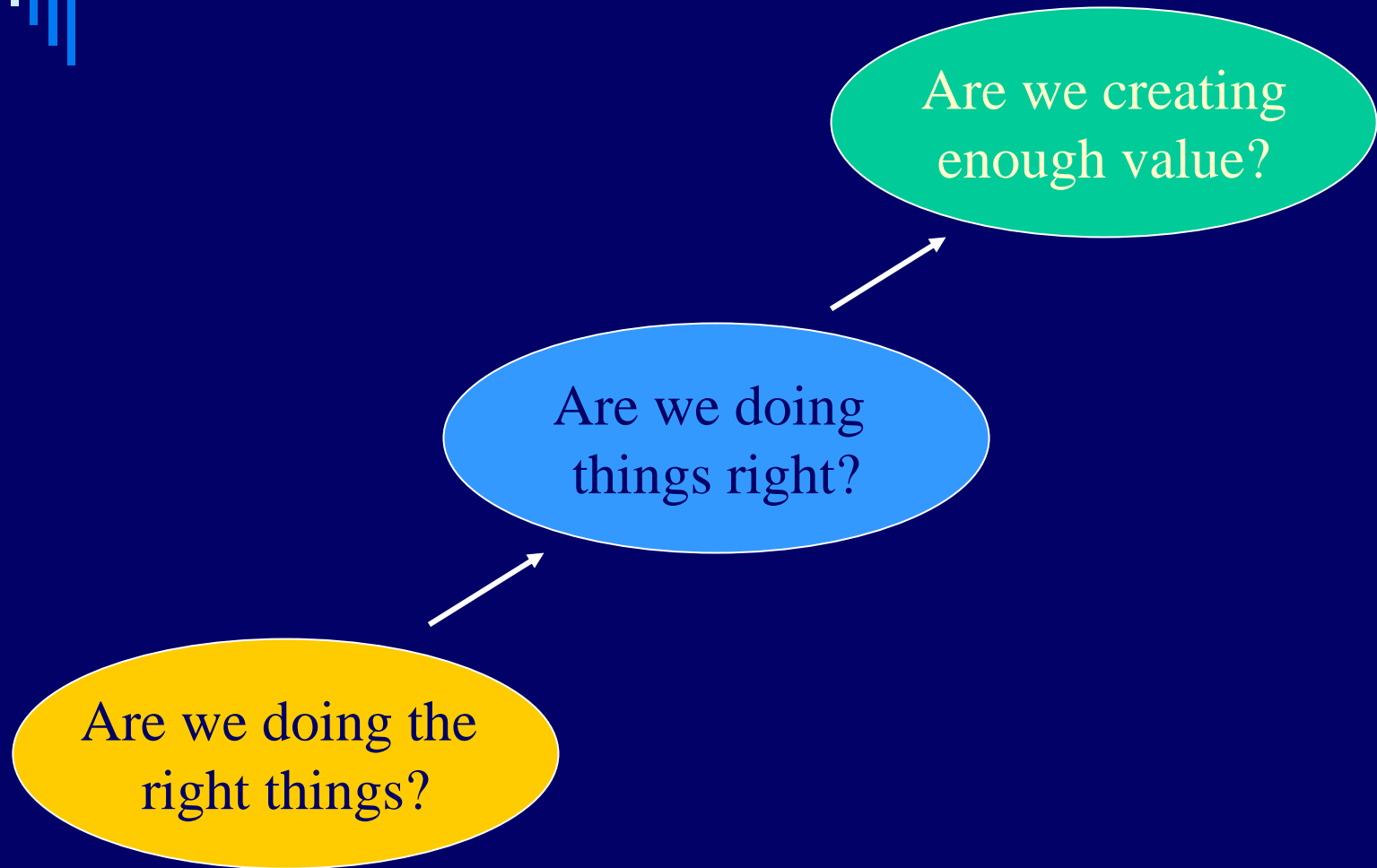


“Leadership is not magnetic personality—that can just as well be a glib tongue. It is not “making friends and influencing people”—that is flattery. Leadership is lifting a person's vision to higher sights, the raising of a person's performance to a higher standard, the building of a personality beyond its normal limitations.”

– Peter F. Drucker



Top 3 ED Leadership Questions





Fundamental Shift Underway in Economic Development

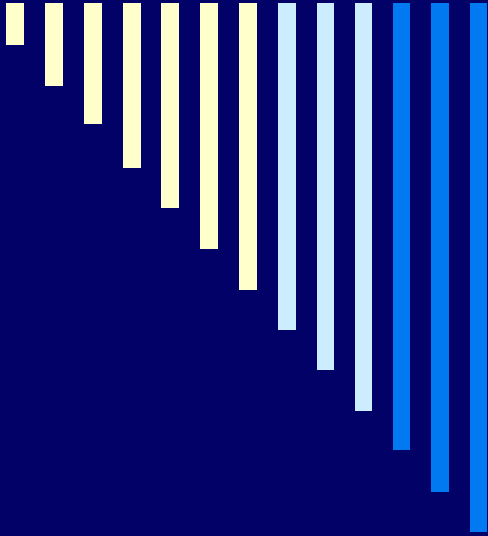
From: **Developing Competitive
Businesses and Jobs**

*“This shift has been
underway now since
the early 1990’s.”*



To: **Creating & Managing
Economic Value for
Communities
and Businesses**

*“You will continue to
develop businesses
and jobs, but in a larger
economic value
management framework.”*



The job of economic development will not get any easier in the future, especially for those places with more competitive disadvantages than advantages in the global economy.

Most EDO's are **not** ready for what the global economy has in store for local economies in the years ahead.

This means the job of leading ED organizations will grow even more challenging!



ED Leaders Must Be Ready To Tackle These Issues

1. Corporate outsourcing/off-shoring.
2. Business consolidations, mergers and acquisitions.
3. Weak U.S. job growth, even during economic booms.
4. Competitive threats from China, India, elsewhere.
5. Lingering world risk/uncertainty.
6. ED strategy misaligned with global business strategy.
7. Technology and knowledge clusters.
8. Talent, creativity, innovation
9. Balanced growth/sustainability.
10. Performance and accountability concerns.
11. State and local government resources are scarce.
12. Incentives and tax policy shifts ahead.
13. Collaborative and visionary leadership.
14. Regional networking/regionalism.
15. Next generation partnerships (national & global).



Leading Versus Managing

CATEGORY

LEADERSHIP

MANAGEMENT

Thinking Process

Originates
Focuses on people
Looks outward

Initiates
Focuses on things
Looks inward

Direction Setting

Vision
Creates the future
Sees forest

Operational plans
Improves the present
Sees trees

Employee Relations

Empowers
Associates
Trusts and develops

Tightly controls
Subordinates
Directs and coordinates

Method of Operation

Effectiveness (does
the right things)
Creates change
Serves clients/customers

Efficiency (does
things right)
Manages change
Serves top managers

Source: Robinson, G. Leadership versus management. *British Journal of Administrative Management*, January/February 1999.



Leader Development

“We define leader development as the expansion of a person’s capacity to be effective in leadership roles and processes. Leadership roles and processes are those that facilitate setting direction, creating alignment, and maintaining commitment in groups of people who share common work.”

Source: The Center for Creative Leadership Handbook of Leadership Development



Five Basic Requirements to Become an ED Leader

1. Interest in (passion for) economic development.
2. Willing (desire) to give leadership.
3. Ability (skills and competencies) to give leadership.
4. Need within the community for what you have to offer.
5. Match between your leadership assets and what the community needs.



Most Important ED Leadership Skills Required

1. **Self-Knowledge:** Know your interests, abilities, attitudes, needs, values, how you learn, and personal habits.
2. **Collaborative Work Skills:** Teamwork, ability to work well with others, and trust.
3. **Communications Skills:** Strategic listening, strategic conversation/dialogue skills, understanding others, storytelling ability, speaking and presenting skills.
4. **Motivational Skills:** Encourage others to take action.
5. **Board/Governing Skills:** Roles & responsibilities of board, especially a “service attitude.”
6. **Consensus-Building and Negotiation Skills:** Navigate people in the desired direction.
7. **Global/Strategic Perspective:** Know what is most important.
8. **Planning and Organization Skills:** Strategic planning, organization development and change.



Some ED Leaders Close-Up

- **Crawford County, PA (Rural):**
 - Morris Waid (Govt.)
 - Tom Lang (Business)
- **Clarion County, PA (Rural):**
 - Donna Oberlander (Govt.)
 - Randy Rice (Education)
 - Eric Funk (Business)
- **Wayne County, OH (Rural):**
 - Steve Matthews (Business)
 - Dick Seaman (Business)
 - Chris Schmid (Business)
- **Greater Phoenix Economic Council, AZ (Urban):**
 - Sally Harper (Business)
 - Dr. Kathleen Goeppinger (Education)
 - Dr. Michael Crow (Education)



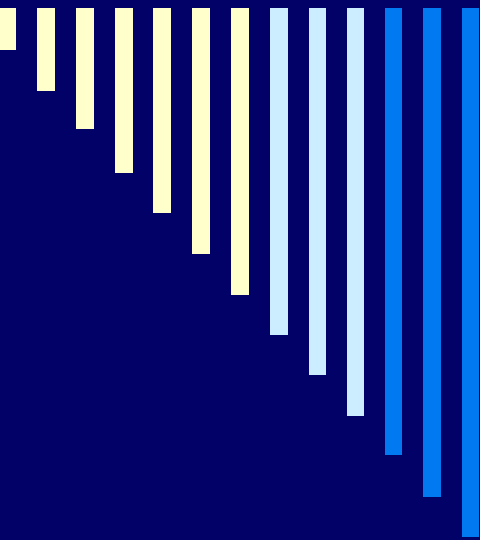
PNEDC Member Economic Development Leadership Survey Results

200 responses to the web-based survey during the last two weeks of May 2005.



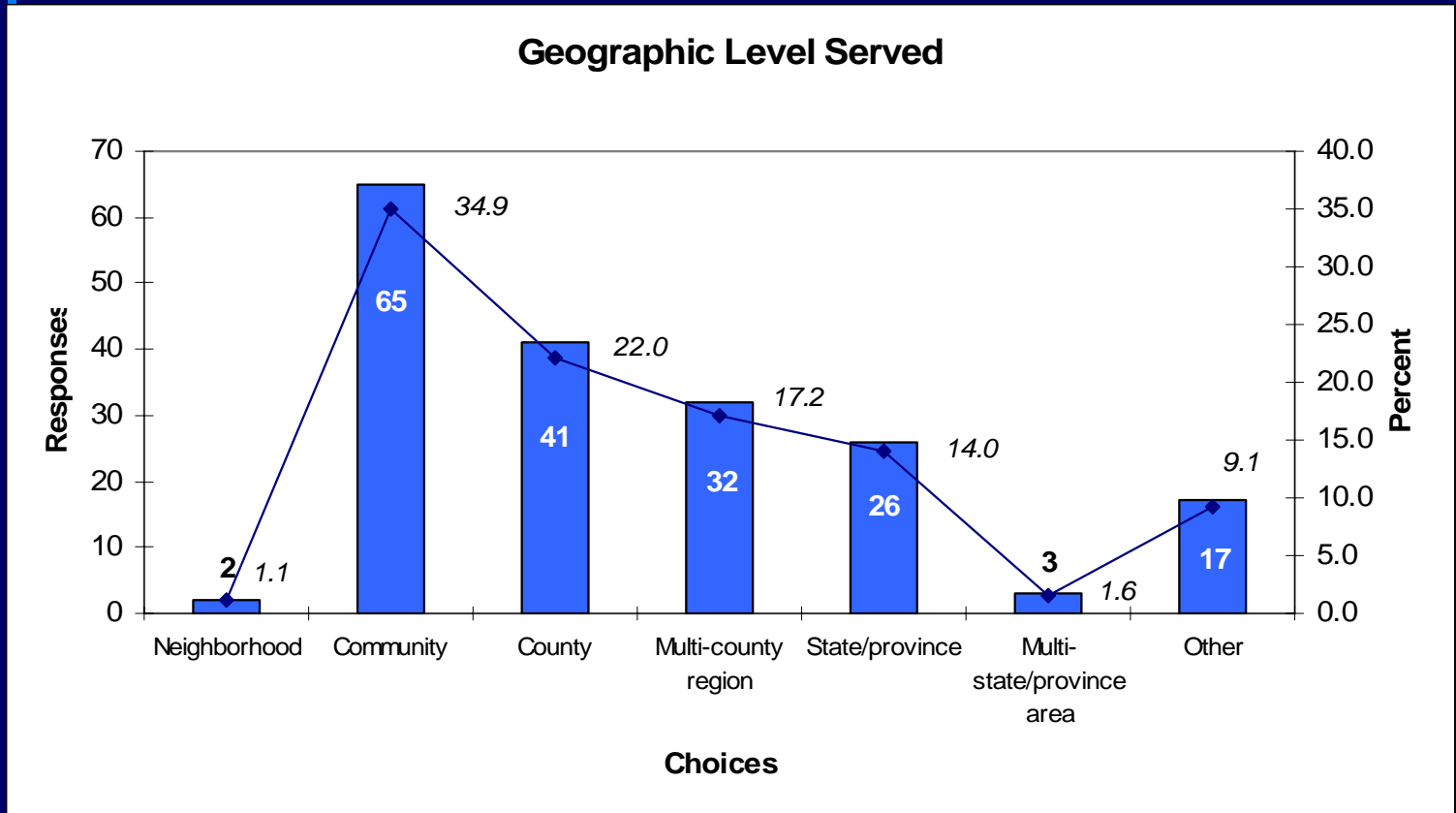
Survey Results

- Section 1: Respondent demographics.
- Section 2: Organization and policies.
- Section 3: Roles, issues, responsibilities.
- Section 4: Leadership development activities.
- Section 5: Recommendations.

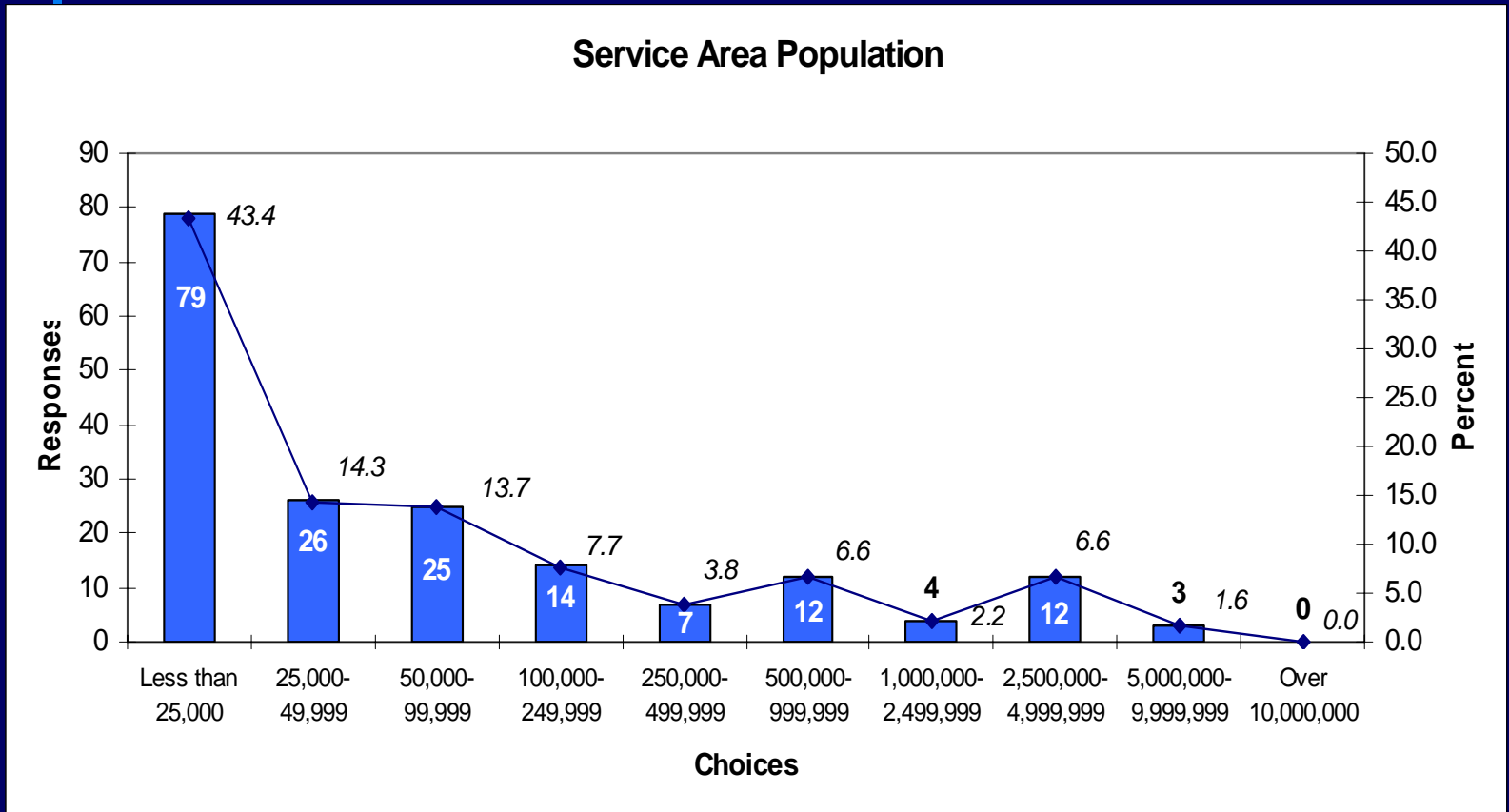


1. Respondent Demographics

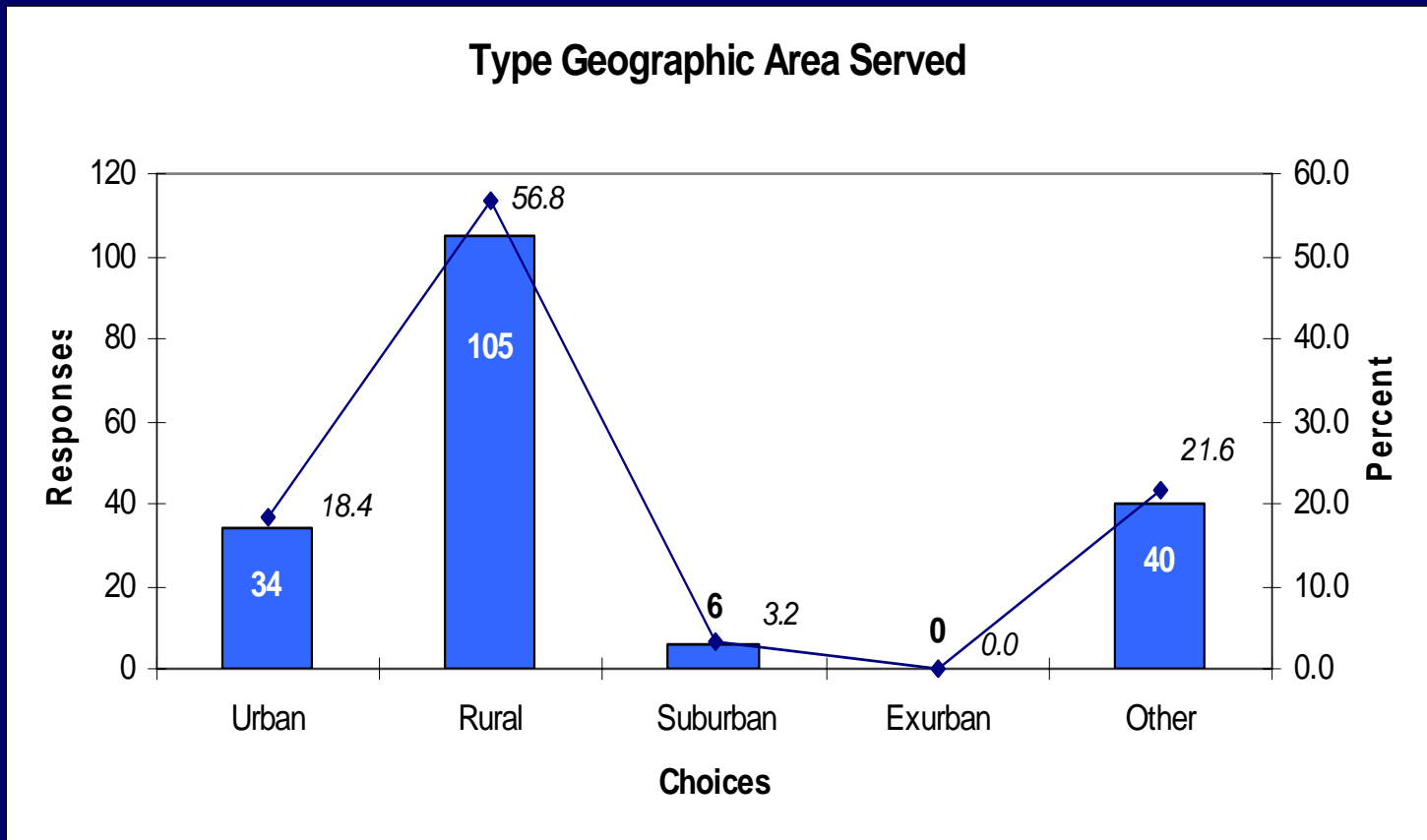
Geographic Level Served



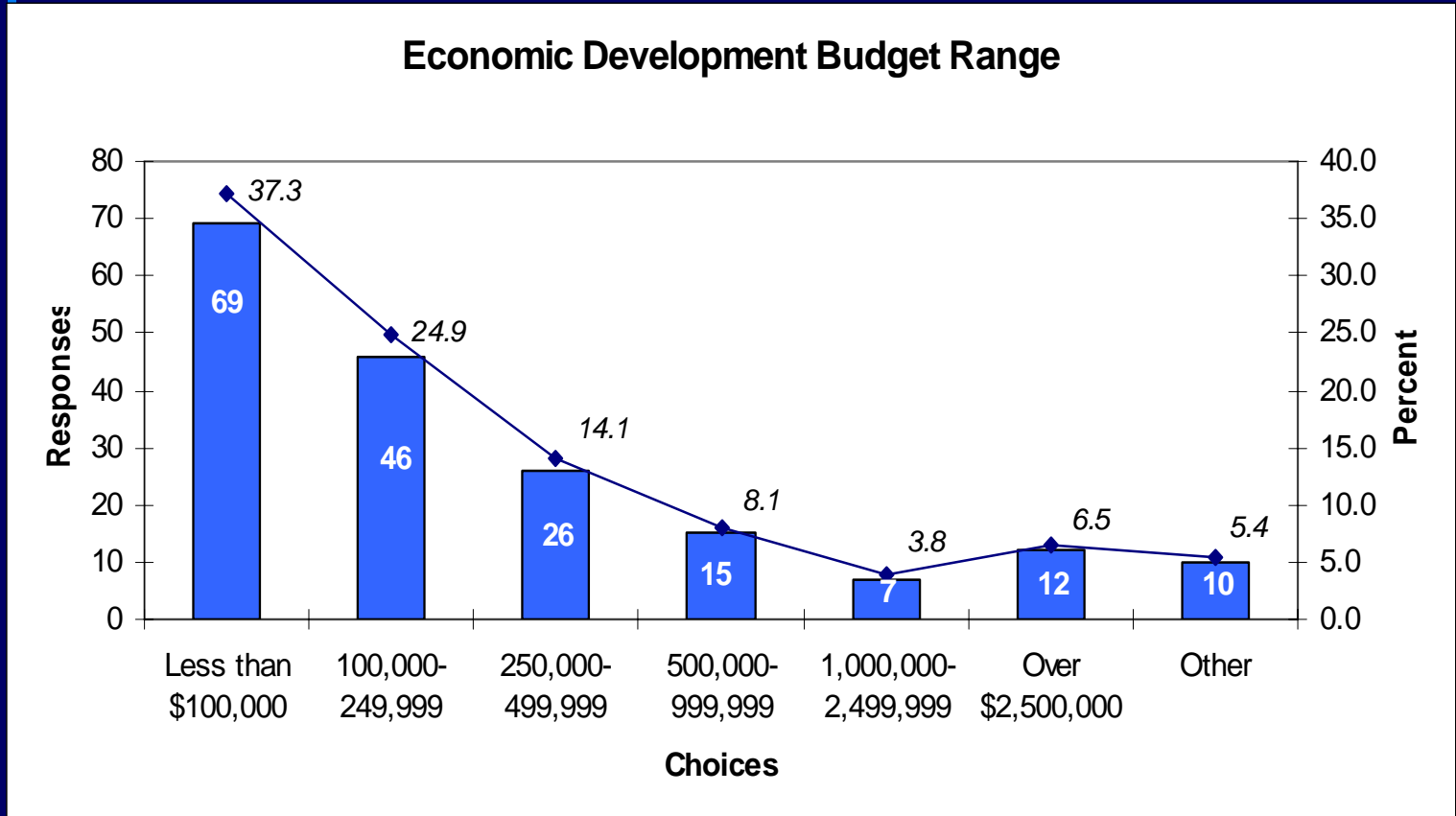
Service Area Population



Type Geographic Area Served



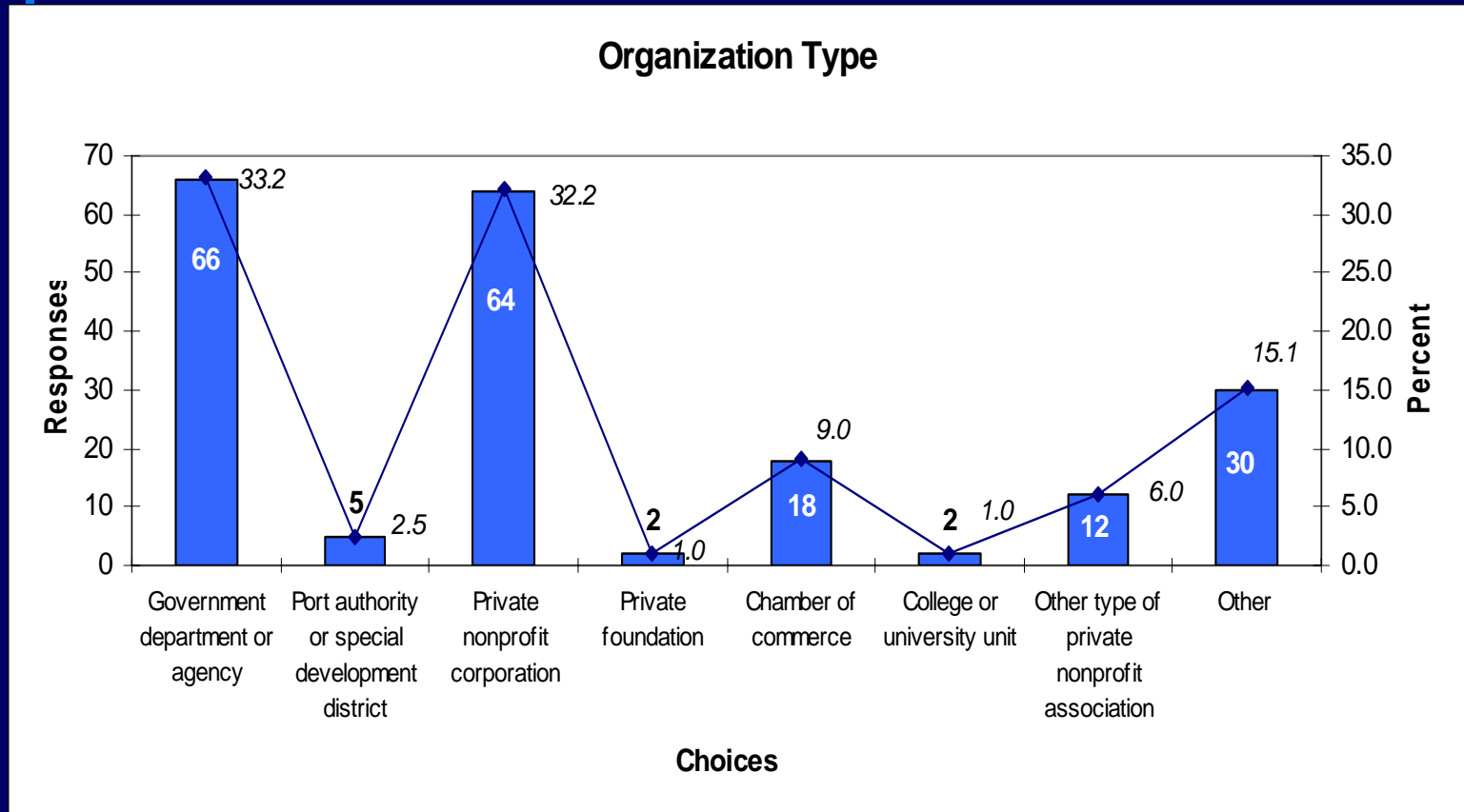
ED Budget Size



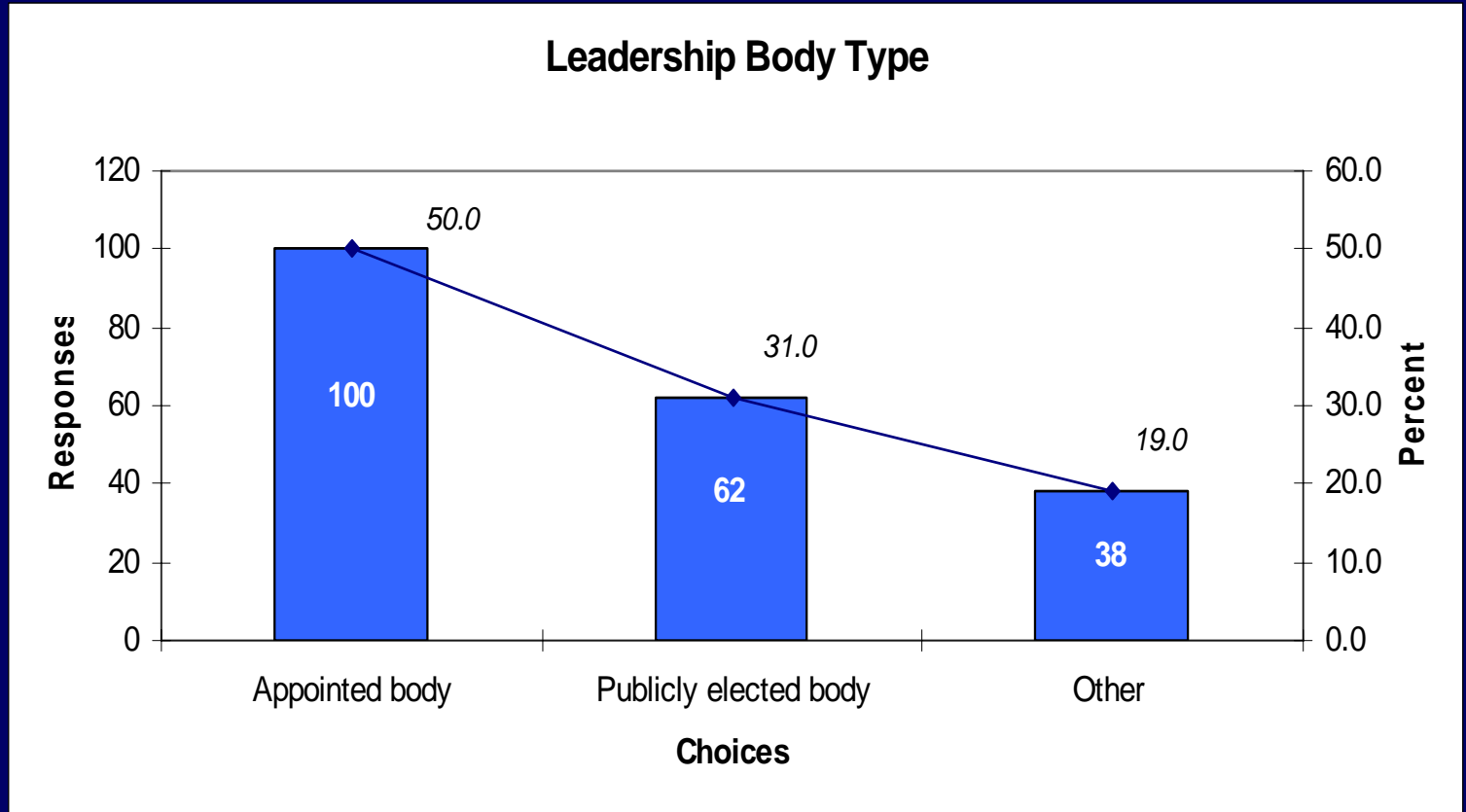


2. Organization and Policy

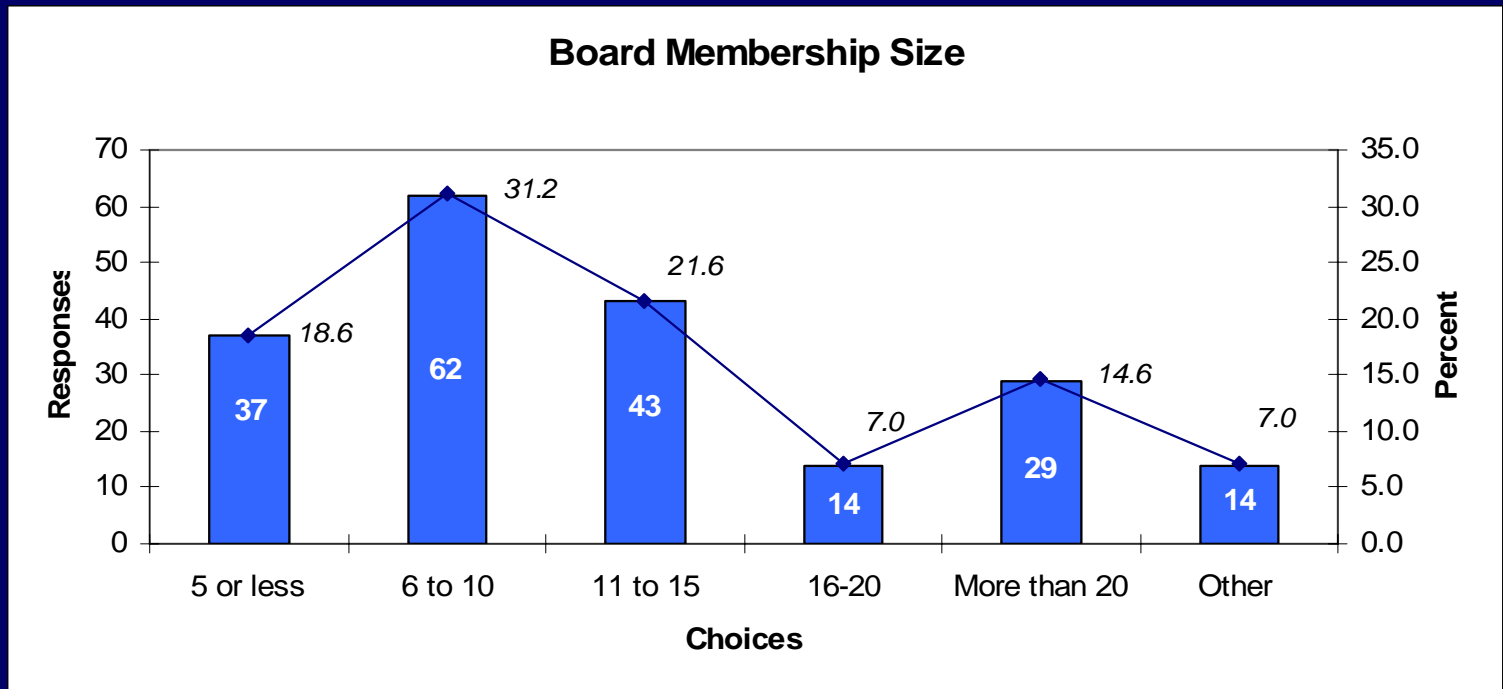
Organization Type



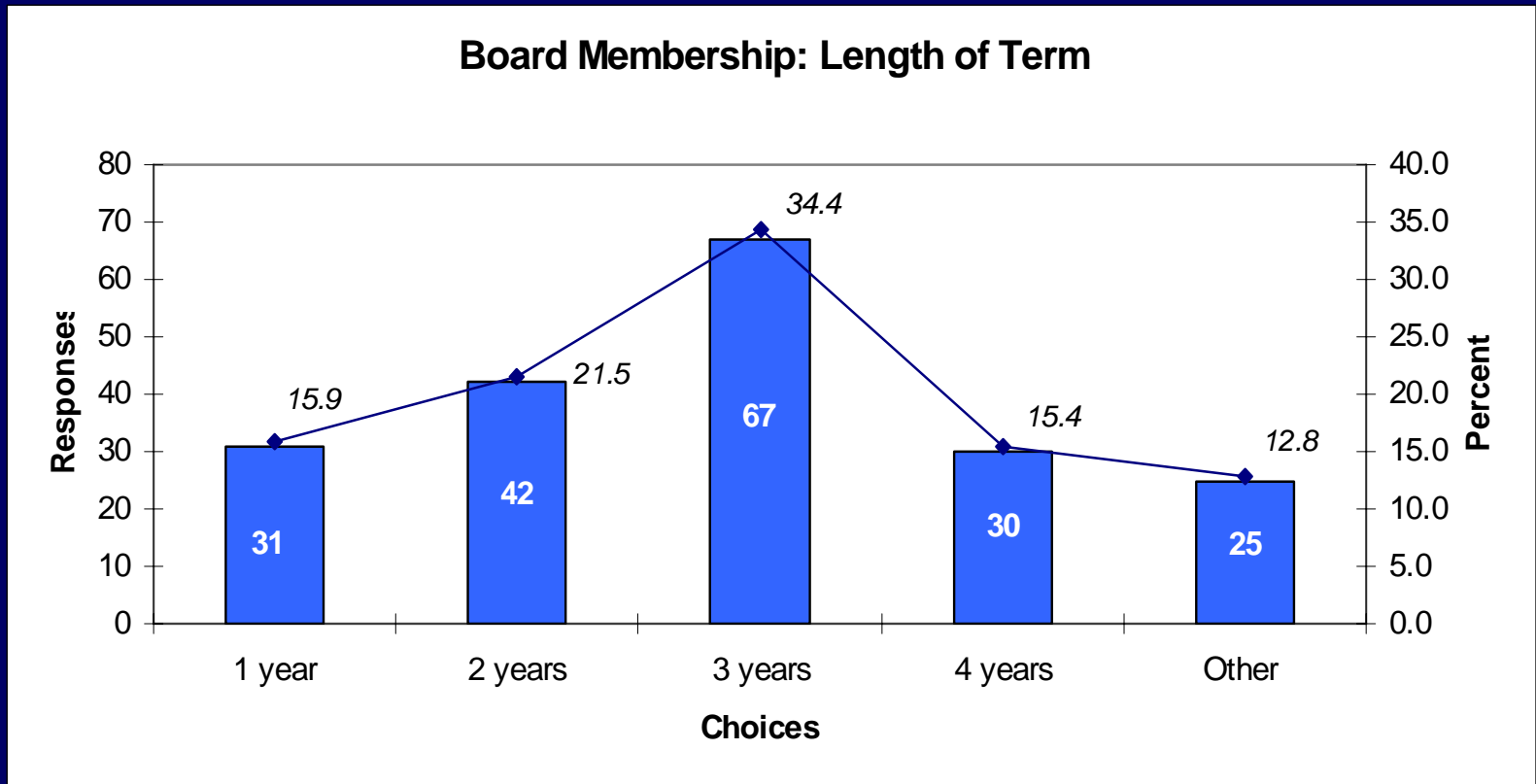
Leadership Body Type



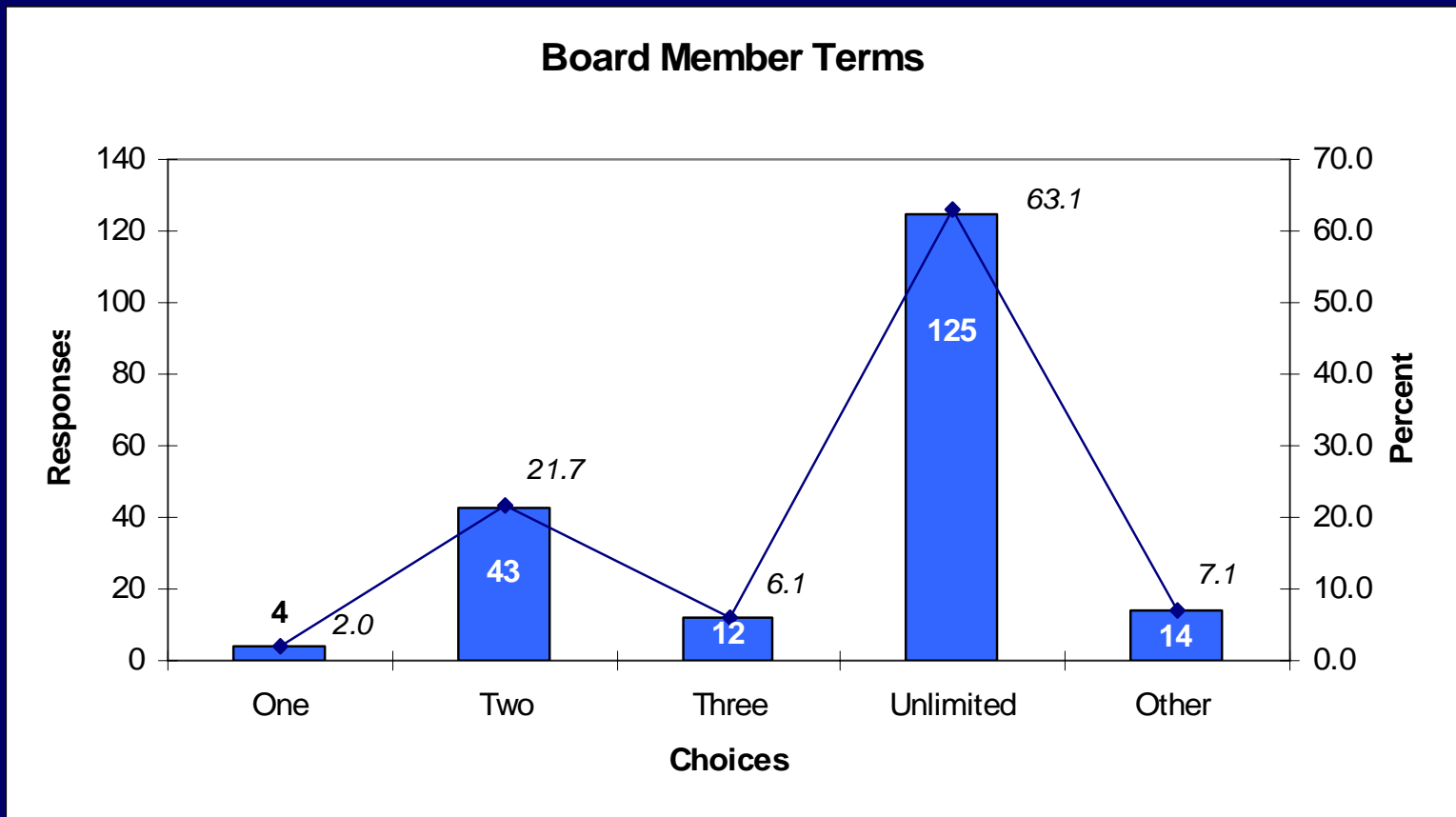
Board Membership Size



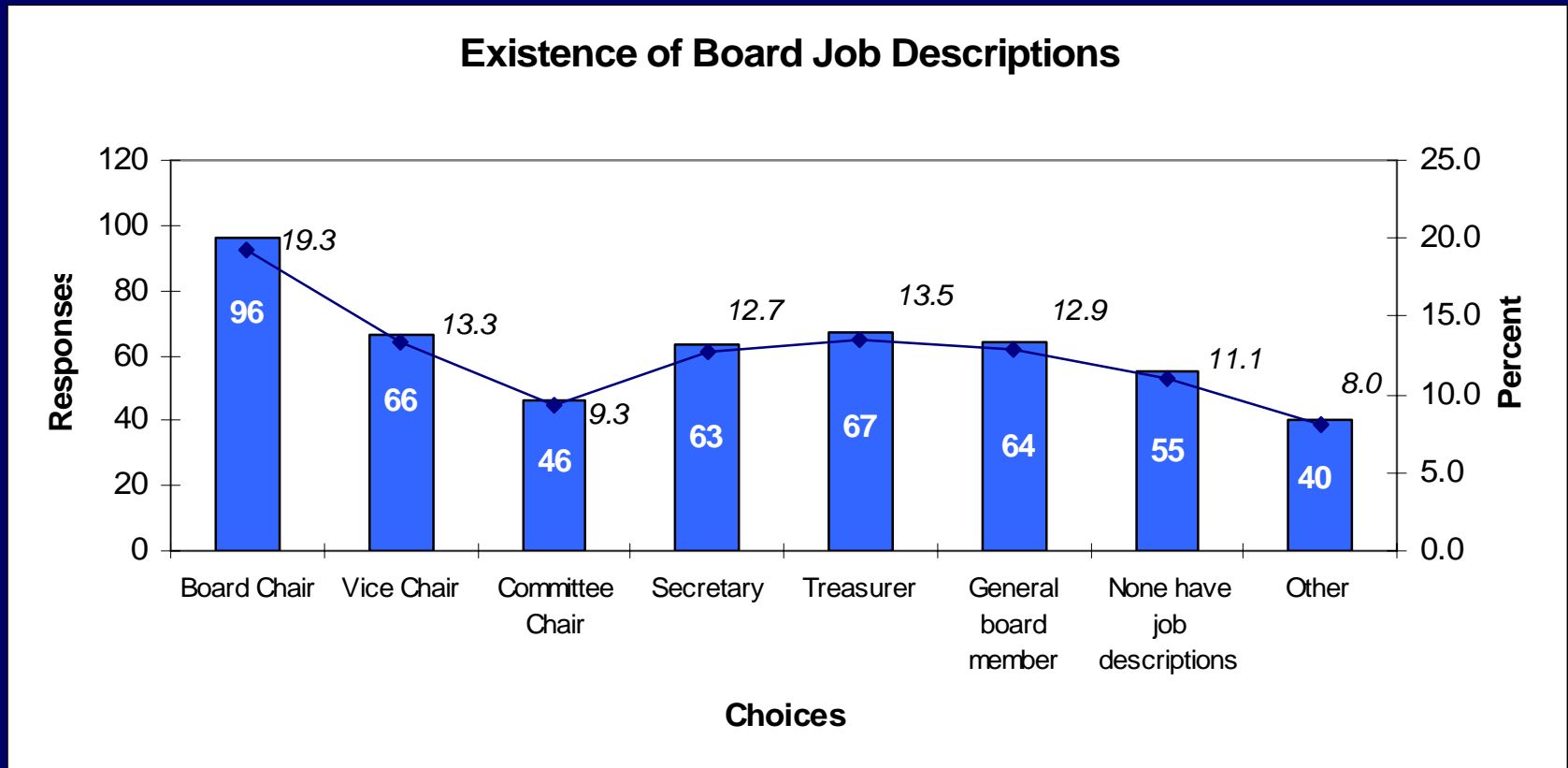
Board Membership Length of Term



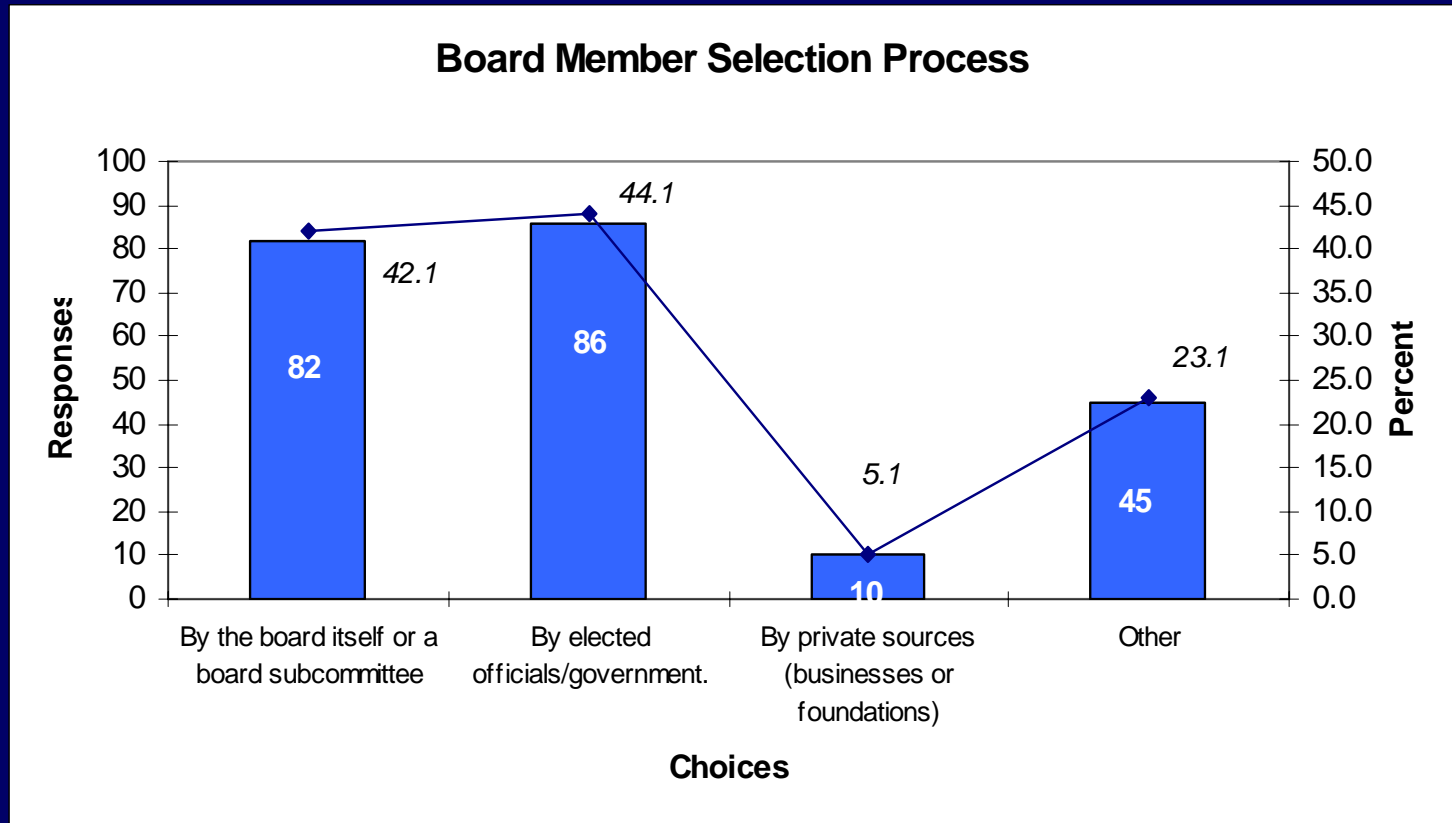
Board Member Terms



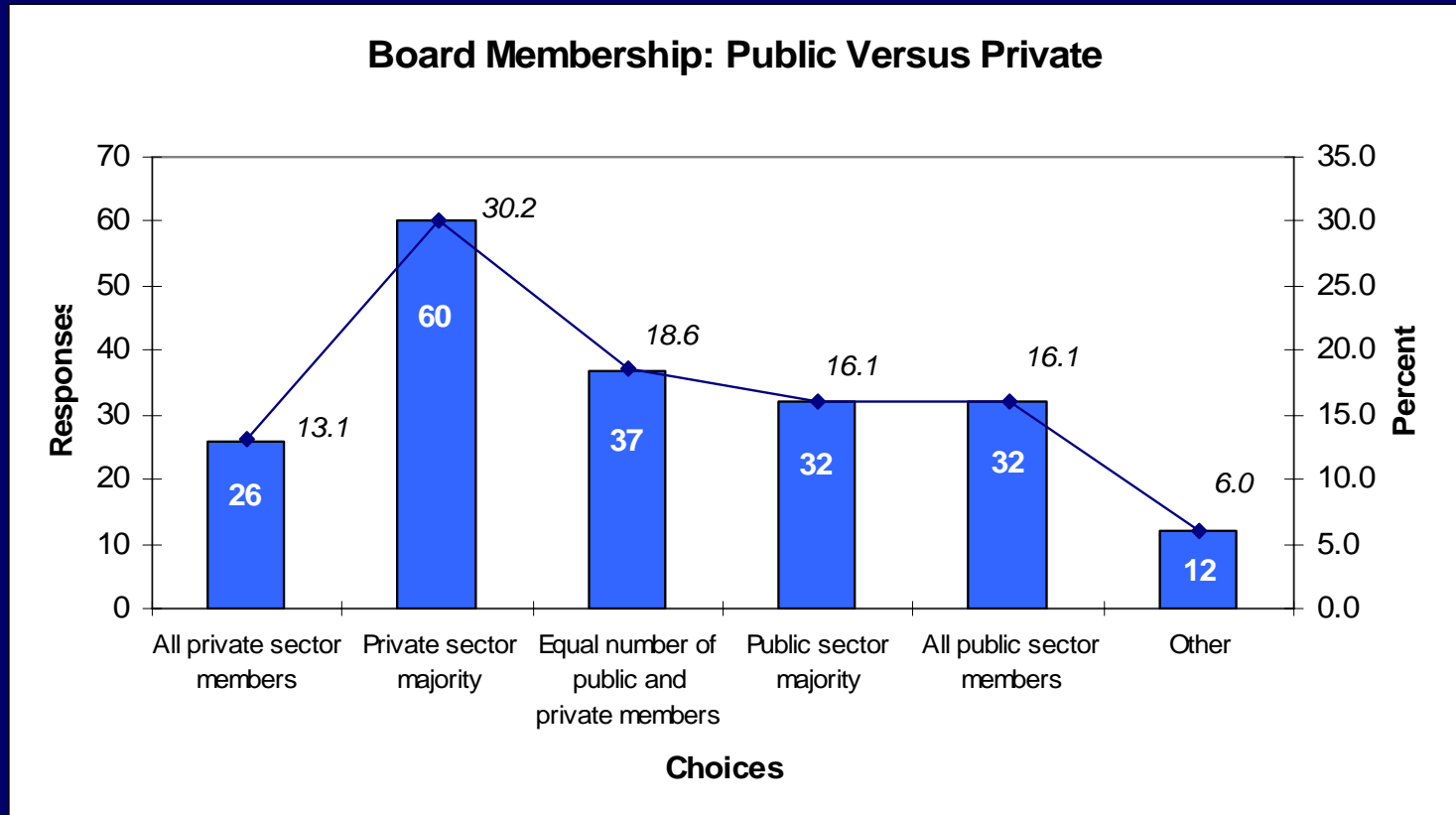
Existence of Board Job Descriptions



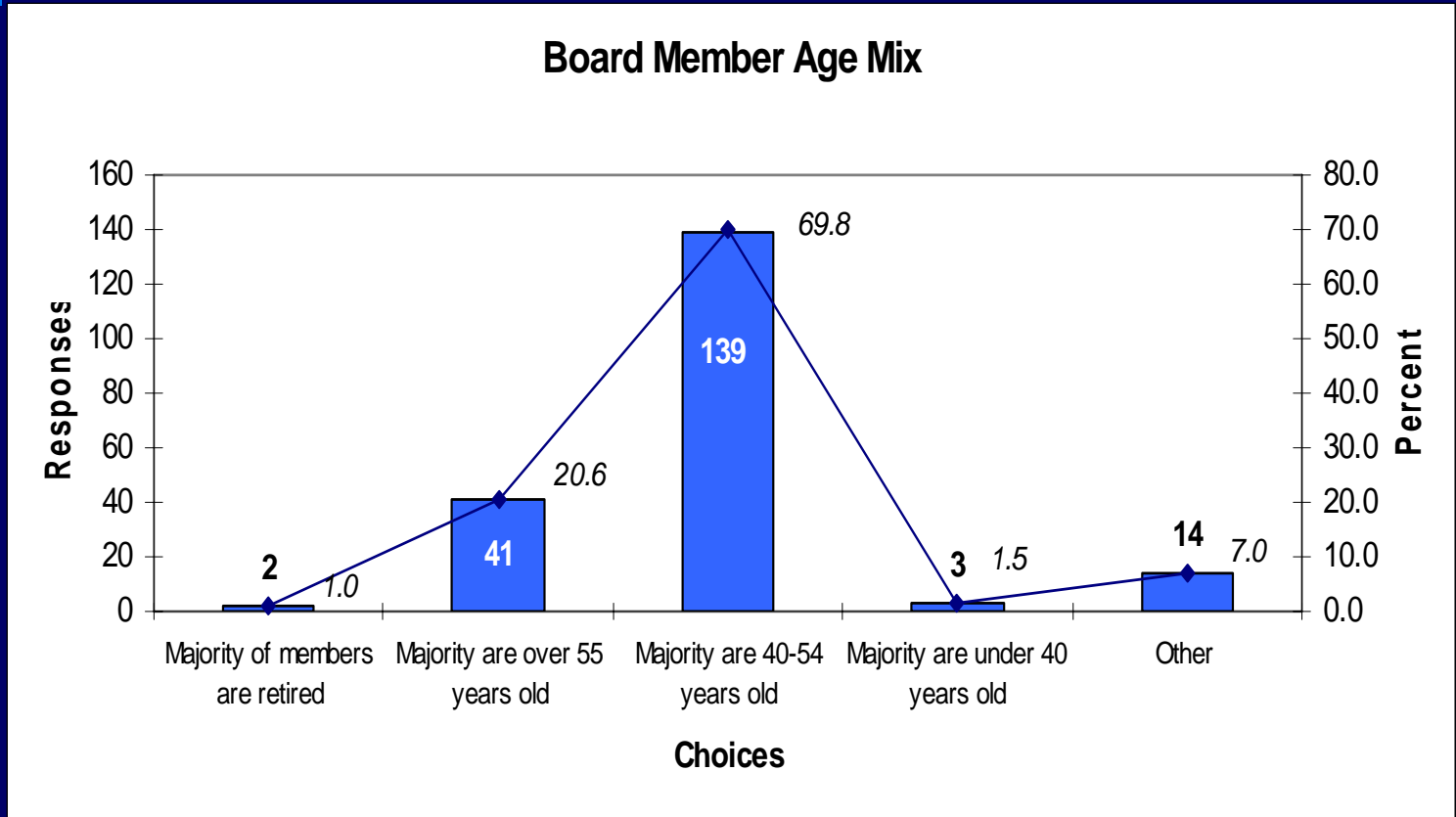
Board Member Selection Process



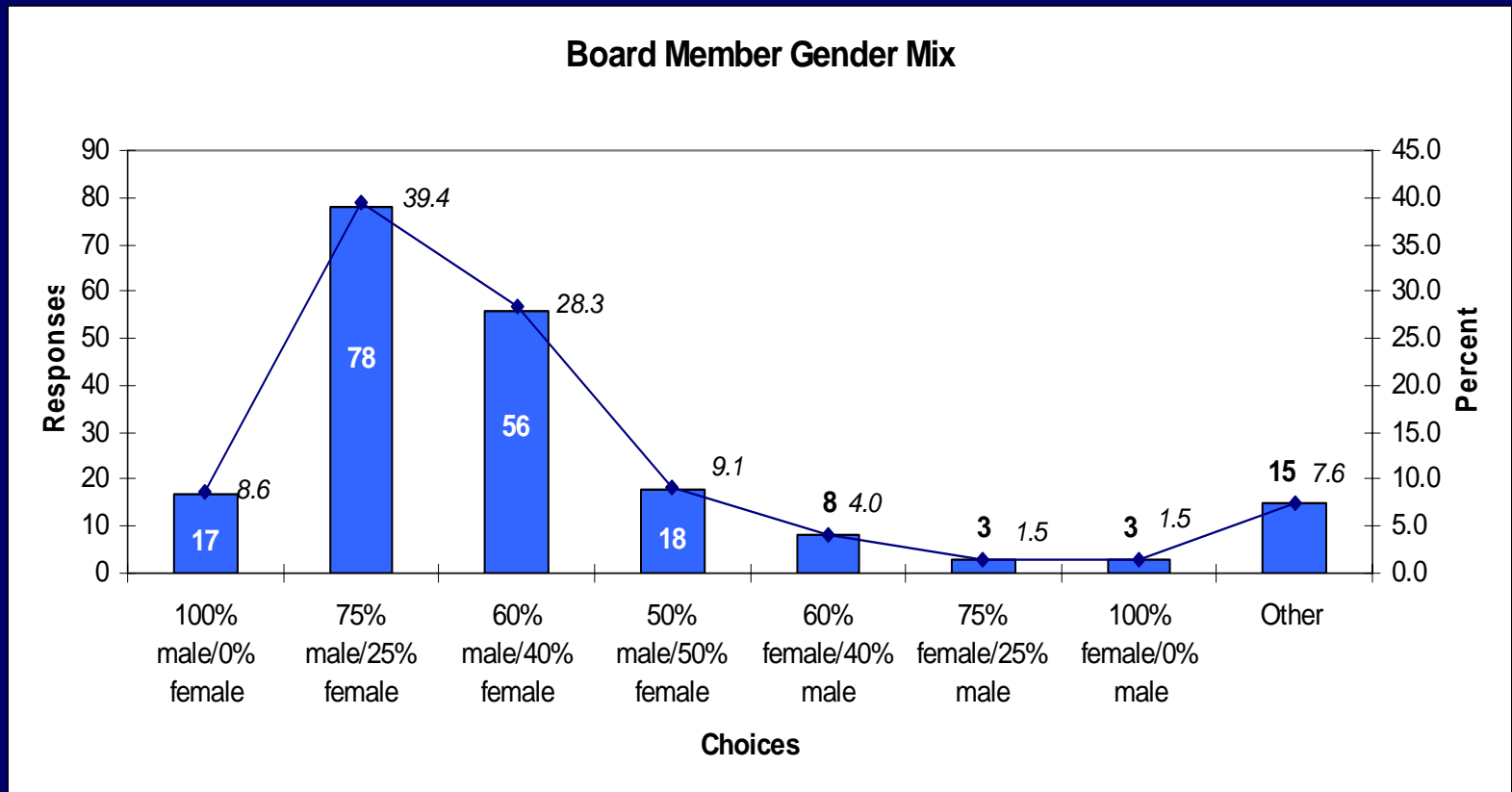
Board Membership: Public Versus Private



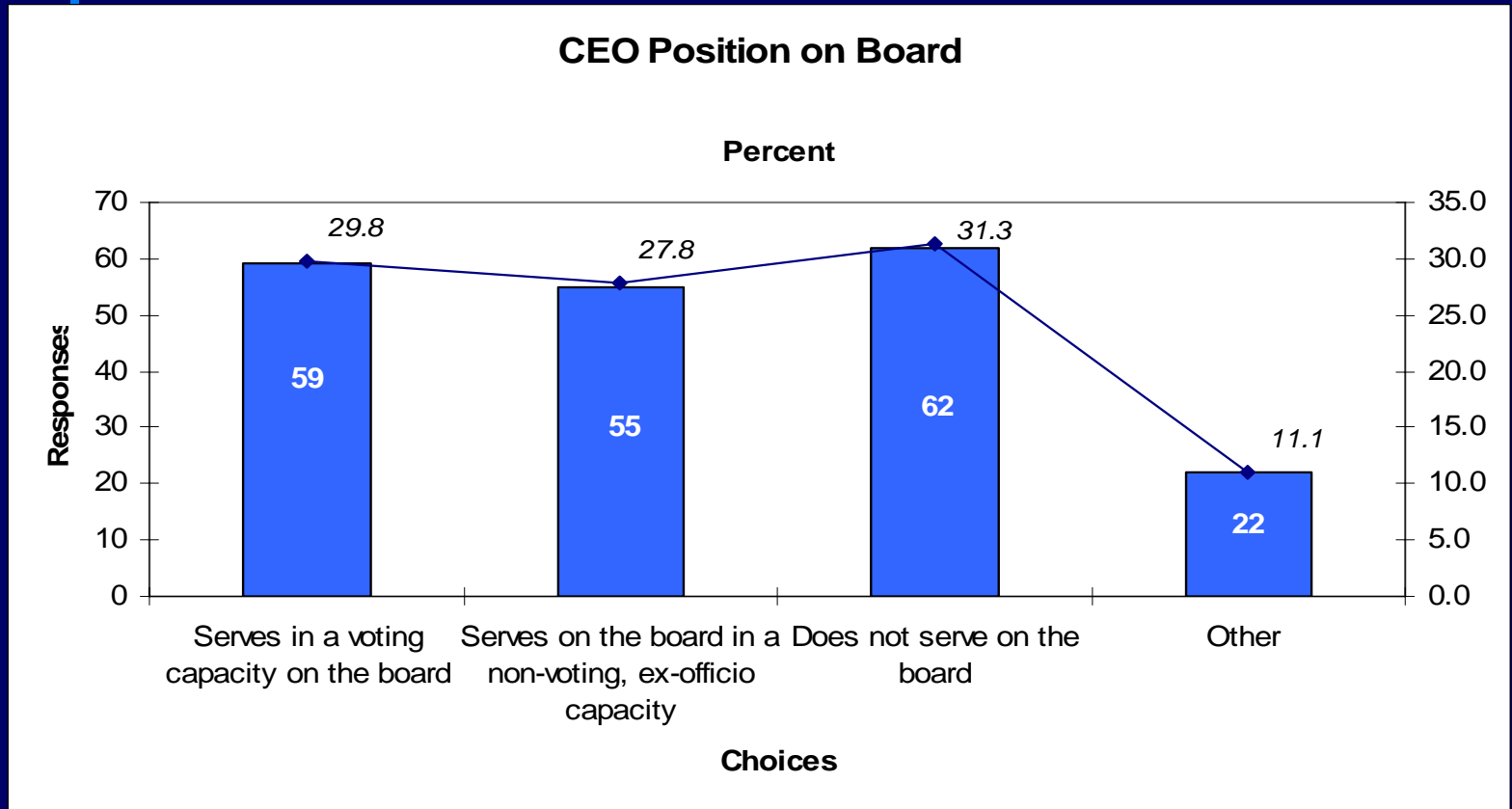
Board Member Age Mix



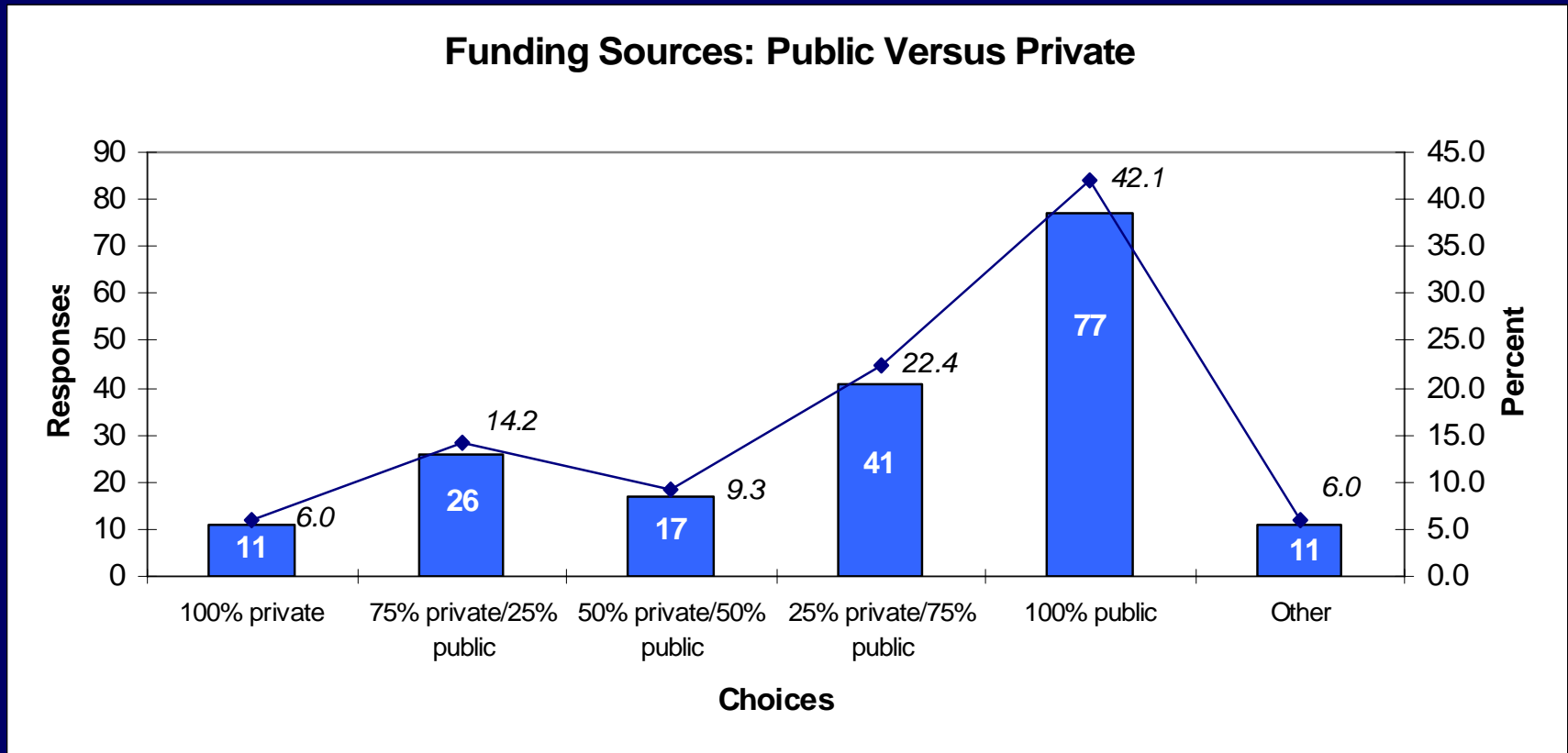
Board Member Gender Mix



CEO Position on Board

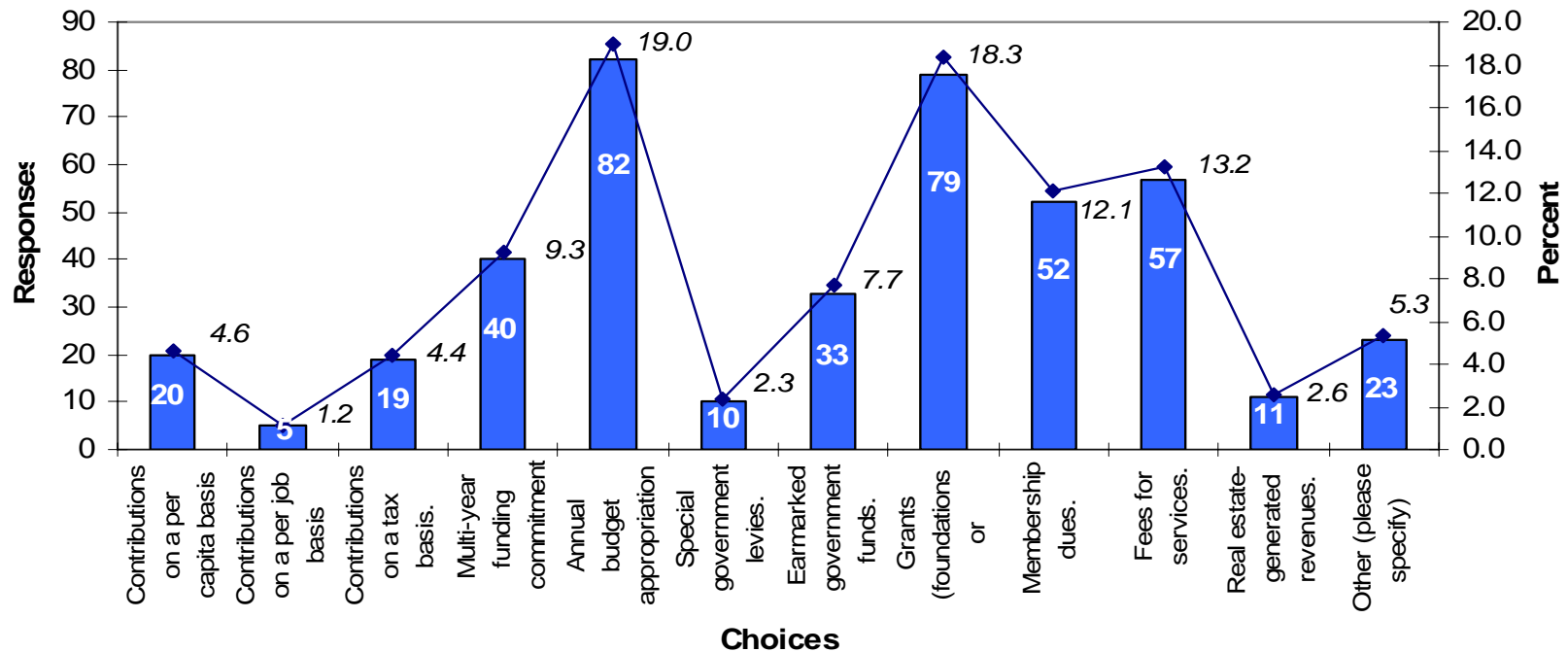


Funding Sources: Public Versus Private



Specific Funding Strategies and Sources

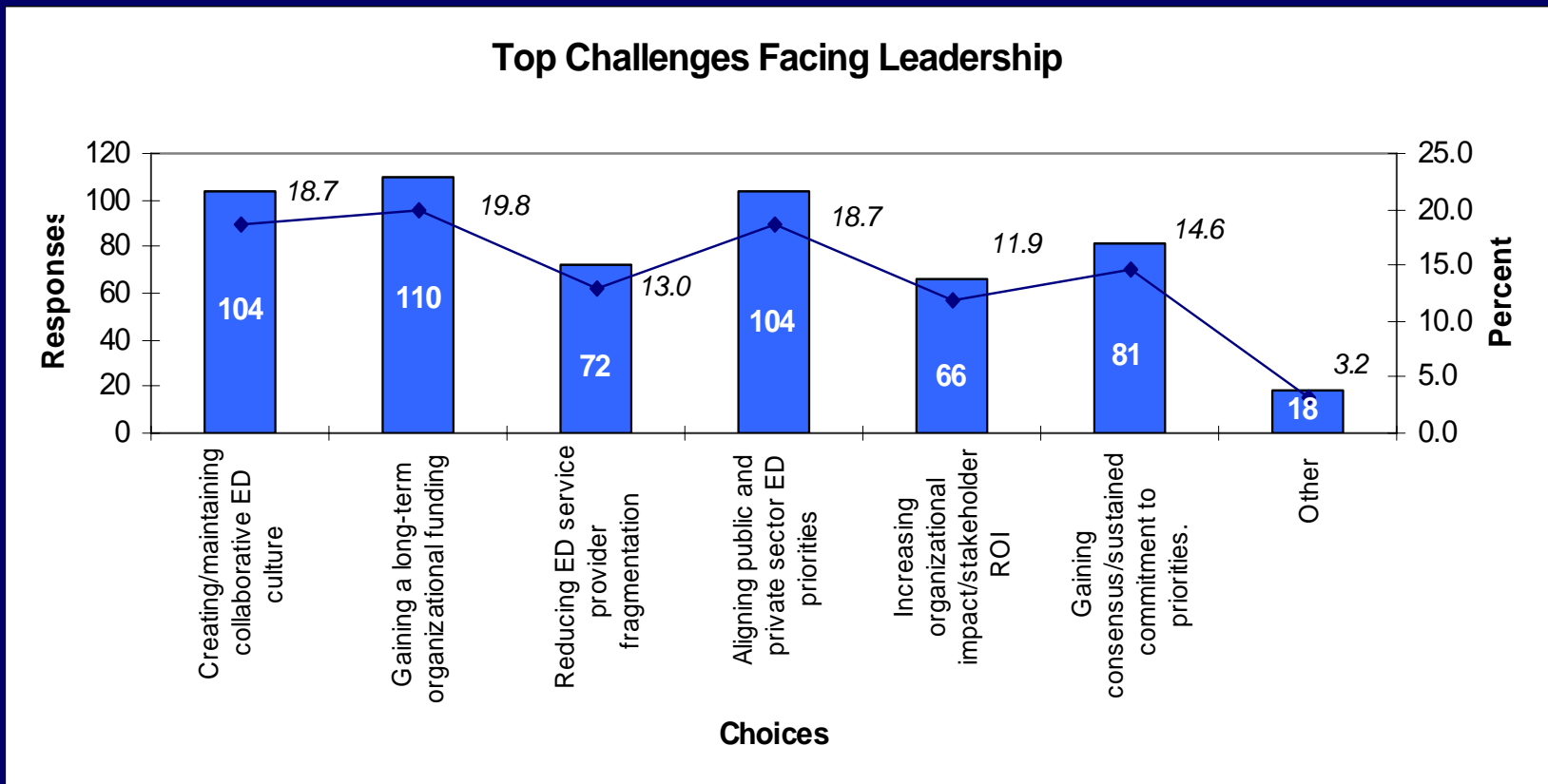
Specific Funding Strategies and Sources





3. Roles, Issues, and Responsibilities

Top Challenges Facing Leadership



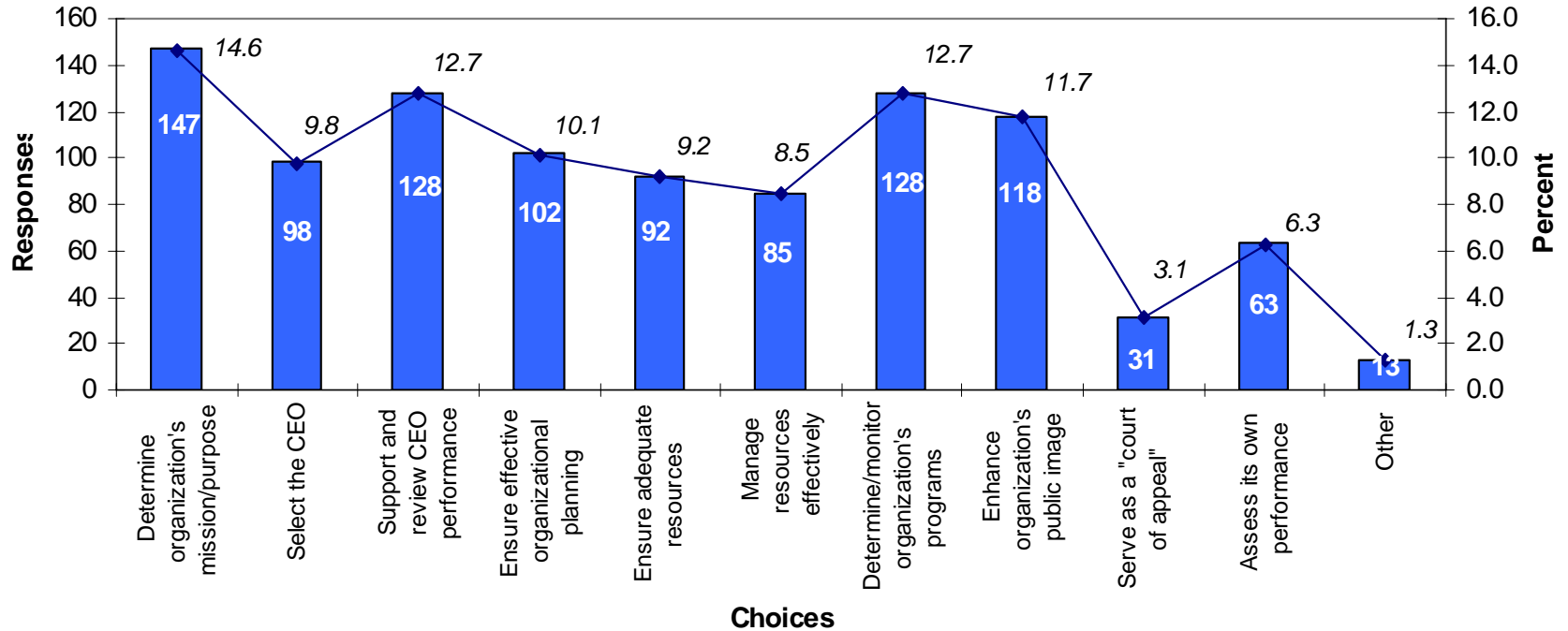


Most Important ED Functions

Most Important Economic Development Functions	Number	%
Existing business retention/expansion	122	20.5
New business recruitment	105	17.6
Community development	82	13.8
Marketing/promotion	77	12.9
Entrepreneurial assistance	53	8.9
Travel and tourism development	52	8.7
Rural development	51	8.6
Real estate/site location assistance	49	8.2
Business advocacy/public policy	40	6.7
Industry cluster/target industry development	39	6.5
Infrastructure services	35	5.9
Development project financing	34	5.7
Business networking	34	5.7
Downtown development	33	5.5
Workforce development services	22	3.7
Commercial revitalization	20	3.4
Other	18	3.0
International trade development	15	2.5
Technology assistance services	13	2.2
Total	596	100.0

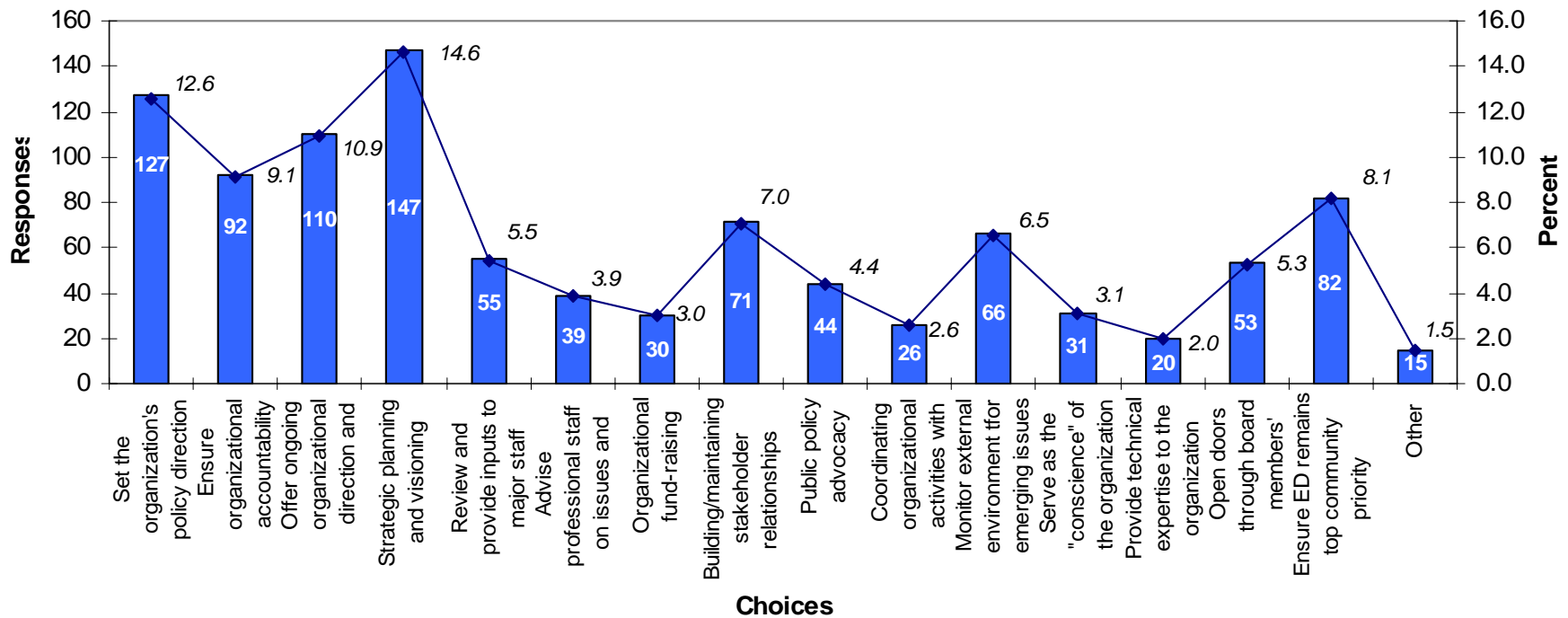
Major Board Responsibilities

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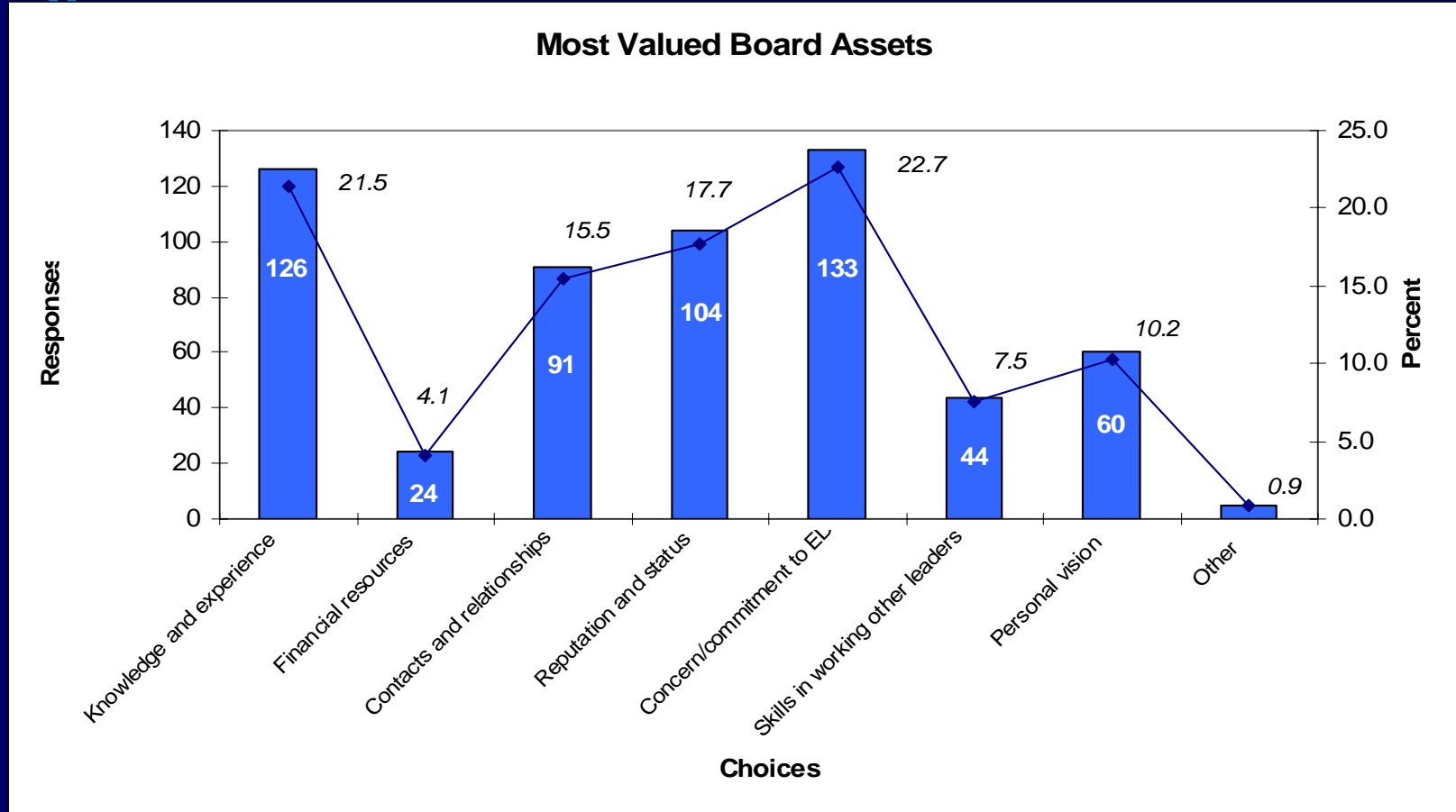


Most Important Board Roles

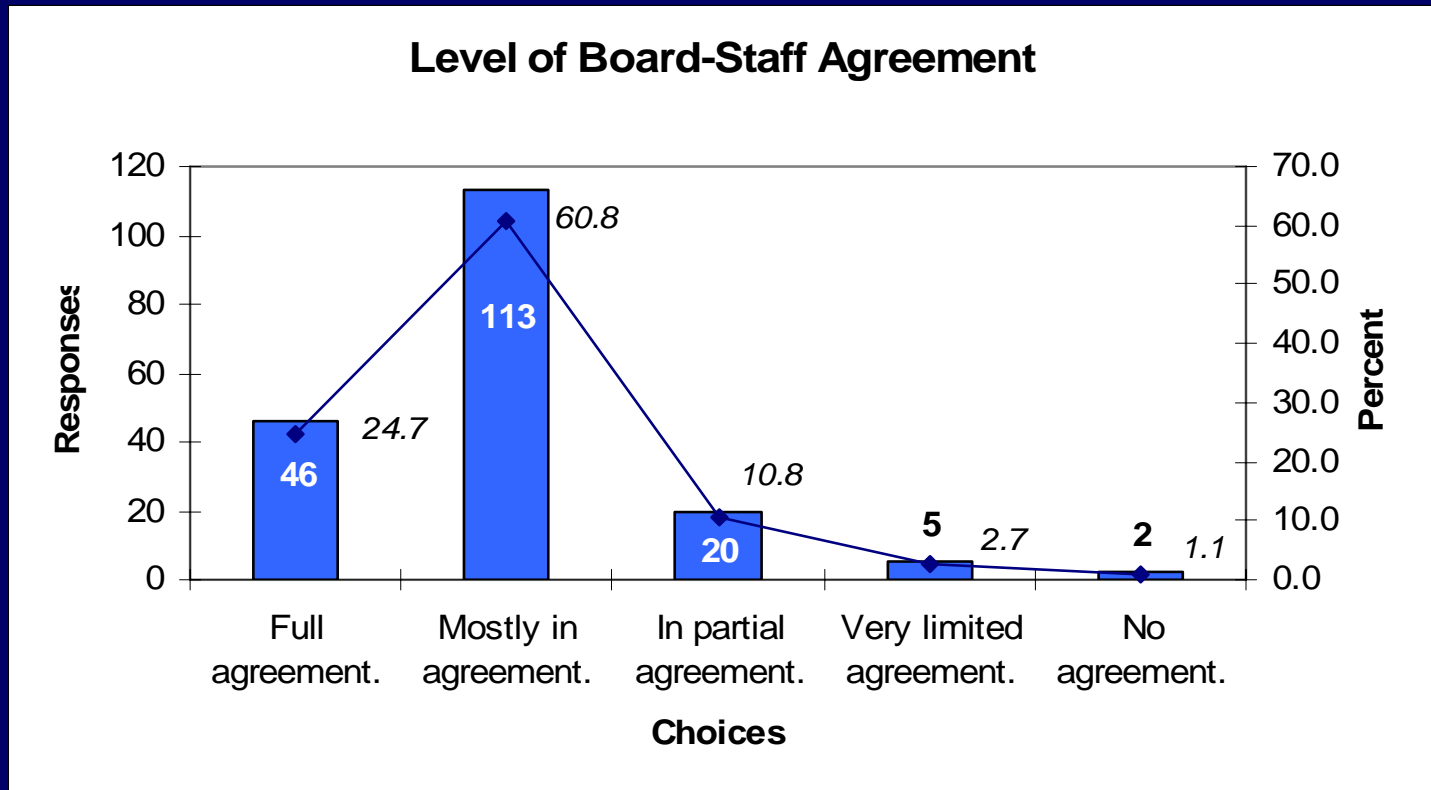
Most Important Board Roles



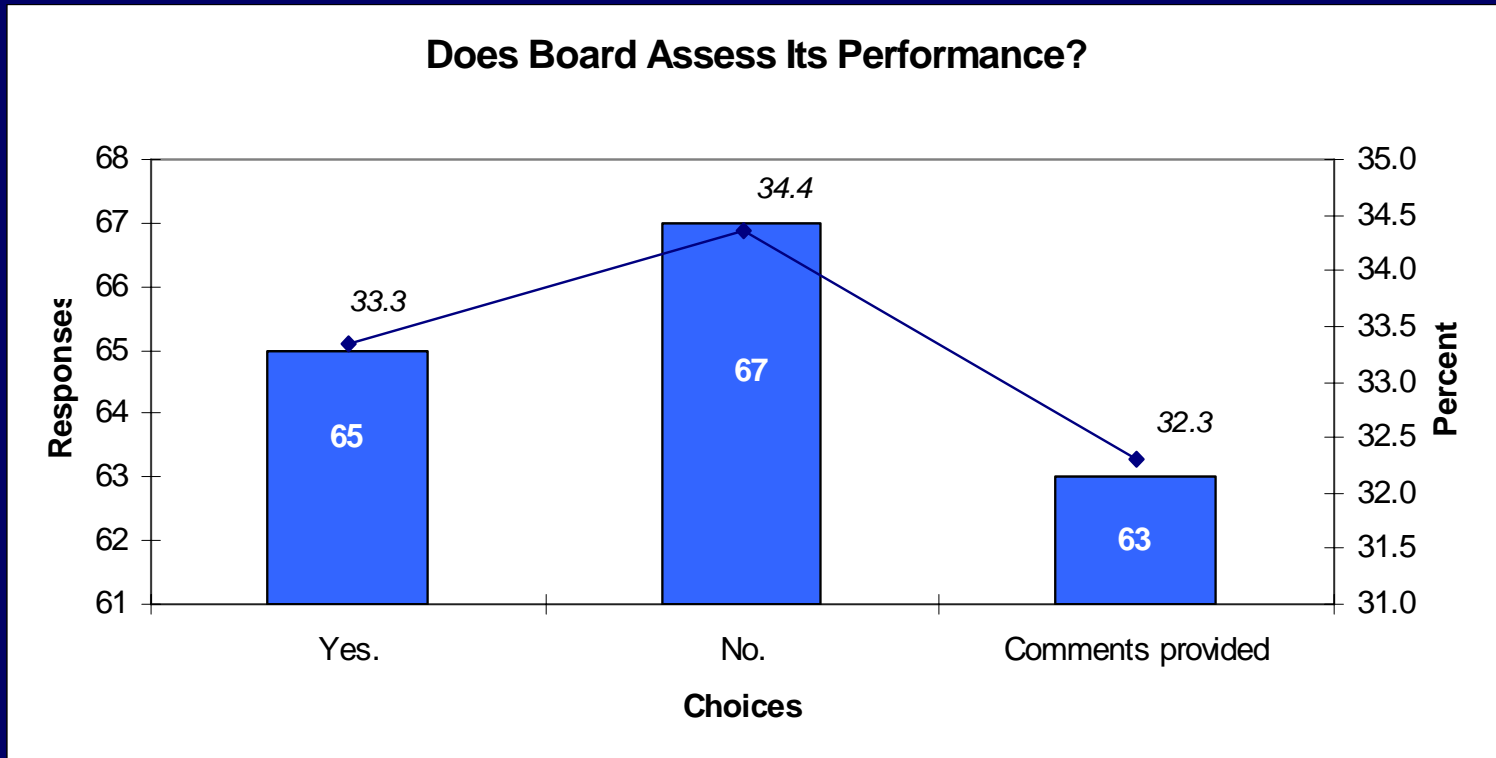
Most Valued Leadership Assets



Level of Board-Staff Agreement



Does Board Assess Its Own Performance?





Solutions to Leading Challenges

Solutions to Top Leadership Challenges	Open Board Comm.	Provide Bd & Staff % Training %	Board-Staff Staff Teams %	Benchmark Organiz. Practice %	Use Shared Plans %	Use Perform. Meas. %	Totals %							
Creating/maintaining collaborative ED culture	102	23.6	20	21.5	26	16.4	23	18.9	53	16.6	23	14.0	143	19.0
Gaining a long-term organizational funding	65	15.0	14	15.1	37	23.3	25	20.5	43	13.4	37	22.6	128	17.0
Reducing ED service provider fragmentation	56	13.0	9	9.7	22	13.8	24	19.7	53	16.6	20	12.2	115	15.3
Aligning public and private sector ED priorities	80	18.5	16	17.2	27	17.0	14	11.5	63	19.7	22	13.4	128	17.0
Increasing organizational impact/stakeholder ROI	54	12.5	16	17.2	28	17.6	18	14.8	41	12.8	41	25.0	116	15.4
Gaining consensus/sustained commitment to priorities.	75	17.4	18	19.4	19	11.9	18	14.8	67	20.9	21	12.8	124	16.4
Total	432	100.0	93	100.0	159	100.0	122	100.0	320	100.0	164	100.0	754	100.0



4. Leadership Development Strategies



Leadership Development Strategies Used

Leadership Development Strategies Used	Use	Consider		Total	%
	Now	% Future	%		
Send leaders to ED seminars/conferences	112	28.3	55	157	18.3
Send leaders to national leadership training programs	26	6.6	81	106	12.3
Send leaders to local leadership development programs	77	19.4	61	134	15.6
Use private consultants to work on leadership issues	62	15.7	51	108	12.6
Conduct in-house leadership training	52	13.1	68	116	13.5
Process exists for mentoring younger leaders	24	6.1	94	116	13.5
Leadership succession process exists	43	10.9	84	123	14.3
Total	396	100.0	494	860	100.0



Specific Leadership Development Tools Used

Specific Leadership Development Tools Used	Use Now	Consider		Tool Not		Total	%
		%	Future %	Known %	%		
DISC (Personality Profiles)	15	3.4	36	4.6	77	126	7.9
Myers-Briggs (Psychological Types)	31	7.1	46	5.9	45	120	7.5
Emotional Intelligence Tests	6	1.4	29	3.7	77	110	6.9
Enneagram Test	0	0.0	10	1.3	103	112	7.0
Team-Building Training	65	14.9	71	9.0	11	143	9.0
Communications Training	46	10.5	77	9.8	11	128	8.1
Ethical Leadership Training	27	6.2	70	8.9	17	112	7.0
Strategic Planning/Visioning Training	101	23.1	53	6.8	4	152	9.6
Conflict Resolution Training	28	6.4	82	10.4	10	118	7.4
Consensus Building Training	28	6.4	85	10.8	11	122	7.7
Negotiation Skills Training	23	5.3	76	9.7	15	112	7.0
Motivational Leadership Training	31	7.1	73	9.3	12	114	7.2
Group Facilitation Training	36	8.2	77	9.8	12	121	7.6
Total	437	100.0	785	100.0	405	1590	100.0



5. Recommendations



Ten Recommendations

1. Use benchmarking as a tool to design future leadership strategies for your ED organization.
2. Create opportunities for your board members and senior staff from ED groups from other geographic areas to meet, get acquainted, share ideas, and discuss new ways to work together.
3. Work on creating specific leadership strategies to achieve your key ED goals and objectives. (Don't try to do everything at board meetings.)
4. Ensure that your ED boards or leadership body assesses its own performance in the future, or uses an independent source to help them with this task.
5. Carefully weigh your organization's work priorities against its capabilities to give effective leadership to these priorities. (Adequate leadership may not exist for certain actions.)



Ten Recommendations

6. Work on making fuller use of ALL of your existing leadership's assets, and not just their obvious strengths and resources.
7. Engage in leadership development all the time, and not just during times of crisis. Create an ongoing leadership development program for your organization.
8. Experiment with new leadership development strategies and tools, including those your organization is not currently informed about.
9. Create vehicles to ensure that your leadership and professional staff are more fully aligned in how they see and deal with key issues.
10. Expand the "net" used to identify, cultivate, mentor, and develop your future leaders.



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