

SUCCESSFUL LOCAL ECONOMIC DEVELOPMENT INITIATIVES

by

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and

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The Intergovernmental Committee on Urban and Regional Research is pleased to present this report entitled Successful Local Economic Development Initiatives. It is the outcome of a joint project between ICURR and the Canadian Association of Single Industry Towns. It illustrates the interest of both organizations in the issue of community economic development in Canada. It also shows their commitment to promote a better understanding of that concept by documenting the conditions that have led to success in many small communities. By doing so, it aims to assist all those involved in community development, at any level, by providing information on specific factors that are deemed to have played a significant role in the success of local initiatives.

Much of the work involved in carrying out this project has been done by Dennis Young, founding president and volunteer executive director of the Canadian Association of Single Industry Towns. Mr. Young, a former Economic Development Officer in the town of Lynn Lake, Manitoba, has made numerous presentations across the country on single industry towns. He is currently president of a consulting firm specializing in native economic and small business development. Janine Charland, a researcher at ICURR, has also contributed greatly to the project, particularly the section dealing with the review of literature. She is a graduate of York University in Toronto where she received a M.A. in Environmental Studies, specializing in urban sociology. She had previously received a degree in Urban Planning from the Université du Québec in Montreal.

I thank them both for their contribution.

Gilbert Héroux
Executive Director
Intergovernmental Committee on
Urban and Regional Research
April 1991



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INTRODUCTION

Why do a few rural communities successfully develop and diversify their economies while so many others continue to decline? Are success stories only the result of coincidental circumstances or are there patterns behind those successes? If so, what are the factors that have led to certain communities improving their economic well-being? Can these successes be replicated elsewhere? What kind of policy support can be provided by governments to local communities? All these questions led the Intergovernmental Committee on Urban and Regional Research (ICURR) and the Canadian Association of Single Industry Towns (CASIT) to develop a joint research project which identified the key characteristics of successful community-based economic development initiatives using a case-study approach.

The key objectives of the project were as follows:

1. Identify the key characteristics which contributed to successful development and diversification initiatives in economically vulnerable communities;
2. Determine the role and importance of existing government programs in these community-based economic development success stories;
3. Identify policy and program alternatives for senior governments which would encourage and support successful diversification initiatives in economically vulnerable communities.

BACKGROUND

Research for this project began with three reports which indicated there was a human dimension to local economic development. These reports raised questions that could only be answered by a more comprehensive literature review and by an original analysis of a number of Canadian "success stories". A brief overview of the three reports is provided here.

1. Beaver River Community Futures Committee

In October 1989 the results of a survey conducted in over twenty communities involved in the Beaver River Community Futures Committee (a component of the Canadian Job Strategy delivered by Employment and Immigration Canada and based in northwest Saskatchewan) was released at a national conference of the Canadian Agricultural and Rural Restructuring Group (ARRG) in Saskatoon¹. The results showed that people in the communities had to take the initiative before programs could be effective.

When asked in the initial survey what they needed to pursue economic development projects in their communities people always asked for programs. In fact, the programs being requested were, for the most part, already in place through senior levels of government. Obviously, something was missing.

The communities were surveyed again to identify successful development projects carried out in their communities and the key characteristics that contributed to these success stories. Volunteers were at the top of the list followed by: (in order of importance) Support of the People, Management Ability, Working Together, Service was Needed, Commitment, Local Fund Raising, etc. See Table 1 for complete results. The conclusion reached by the Beaver River Community Futures Committee was that greater priority had to be placed on mobilizing people instead of creating more programs or duplicating existing programs.

TABLE 1

BEAVER RIVER COMMUNITY FUTURES COMMITTEE

**HELP REQUESTED FOR
DEVELOPMENT OF FUTURE PROJECTS**

**KEY FACTORS CONTRIBUTING
TO SUCCESSFUL PROJECTS**

HELP REQUESTED	TIMES REQUESTED	KEY FACTORS	TIMES REQUESTED
FUNDING/FINANCING	6	VOLUNTEERS	6
CONSULTING SERVICES	5	SUPPORT OF PEOPLE	5
BUSINESS TRAINING	4	MANAGEMENT ABILITY	5
EMPLOYMENT TRAINING	3	WORKING TOGETHER	4
FEASIBILITY STUDIES	3	SERVICE WAS NEEDED	4
MARKET RESEARCH	2	COMMITMENT	3
BUSINESS PLAN ASSIST.	2	LOCAL FUND RAISING	2
DETERMINATION	1	FINANCIAL MANAGEMENT	2
AWARENESS PROGRAM	1	COUNSELLING	2
WORK TOGETHER	1	COORDINATION	2
INITIATIVE	1	INITIATIVE	1

*** PRIORITY PLACED ON
PROGRAMS!**

*** PRIORITY PLACED ON
PEOPLE!**

2. Heartland Centre for Leadership Development

In 1987 the Heartland Centre for Leadership Development in Nebraska, USA published "20 Clues to Rural Community Survival: A Community Case Study"². (See Table 2 for details). The results of these case studies are significant because the clues to rural community survival concentrate on human characteristics such as pride, quality of life, investor confidence, co-operation, community spirit, awareness, knowledge, leadership, acceptance, support, belief, problem solving, participation, attention, conviction and self-help. This report raises the question of the role of government in stimulating and facilitating the human qualities necessary to the survival of rural communities?

TABLE 2

"20 CLUES FOR RURAL COMMUNITY SURVIVAL"
HEARTLAND CENTRE FOR LEADERSHIP DEVELOPMENT

1. Evidence of community pride.
 2. Emphasis on quality in business and community life.
 3. Willingness to invest in the future.
 4. Participatory approach to community decision making.
 5. Cooperative community spirit.
 6. Realistic appraisal of future opportunities.
 7. Awareness of competitive positioning.
 8. Knowledge of the physical environment.
 9. Active economic development program.
 10. Deliberate transition of power to a younger generation of leaders.
 11. Acceptance of women in leadership roles.
 12. Strong belief and support for education.
 13. Problem-solving approach to providing health care.
 14. Strong multi-generational family orientation.
 15. Strong presence of traditional institutions that are integral to community life.
 16. Attention to sound and well-maintained infrastructure.
 17. Careful use of fiscal resources.
 18. Sophisticated use of information resources.
 19. Willingness to seek help from outside.
 20. Conviction that, in the long run, you have to do it yourself!
-

3. National Governors' Association (USA)

In 1989, the National Governors' Association published "A Brighter Future for Rural America? Strategies for Communities and States"³. This study reached the following conclusions:

"The study confirms that there is no single way to attain economic diversification and long-term increases in employment. The sixteen high-growth communities tried a variety of approaches...In most of these counties, growth appears to be the result of sustained, broadly-based, local economic development activities. The key elements appear to be a long-term, well-organized economic development effort; a pro-growth attitude expressed by a willingness to invest energy and take risks to help businesses; practical assistance to firms in the form of financing, industrial sites, and infrastructure; strong partnerships between business leaders and elected officials; an individual (sparkplug) to keep local efforts going; and technical and financial support from state and federal agencies. If there is a recipe for successful economic development in rural areas, this is it."

RESULTS OF LITERATURE REVIEW

The considerable resources that have been allocated to economic development over the past twenty years have not prevented our rural communities from experiencing economic stagnation or decline. It has been argued that many of the past failures in economic development were caused by a "top-down approach" in the implementation of governmental programs²⁰. A locally-based approach to development is increasingly regarded as a more appropriate alternative.

Various reports and publications on community economic development were reviewed during this project. They provided ample evidence of the importance of the human factor in local economic development. Characteristics of an entrepreneurial spirit, such as leadership, progressive attitude and willingness to take risks are identified in the literature as key elements of successful local economic development projects. Locally-initiated activities and the involvement of the community in the planning process are additional conditions affecting the outcome of economic development initiatives. Adequate information about the community is also crucial to the elaboration of a development strategy. The adoption of short and long-term development goals and the inclusion of both social and business development objectives are additional factors contributing to the success of an economic development strategy. Local control over development activities is another important factor affecting the outcome of such initiatives. Finally, cooperation with the community and other levels of government facilitate the planning process and implementation of development programs or initiatives.

Entrepreneurial spirit is the critical criterion for success in economic development activities. Dewitt examined 16 rural American counties that either built a strong local economy in 1979-84 despite unfavourable economic conditions or which experienced a significant employment growth in 1984-86. The researcher conducted more than 200 extensive personal and telephone interviews with state economic development officials, city and county elected officials, local economic development professionals, business people and others active in economic development. One of the common characteristics identified is the presence of one or several key people or leaders ready to invest the time and energy to improve the economic conditions of the community. A positive attitude and the willingness to take risks are also found to be crucial to the success of local economic development efforts³.

The importance of an entrepreneurial spirit is increasingly recognized in Canada as well. Decter writes in his report on Canadian single industry communities that leadership is essential to stimulate efforts at the local level¹². Leaders play the role of catalyst and their presence is particularly crucial in the initial development phase¹⁸. The positive attitude displayed by the local population in the MRC (municipalité régionale de comté) of Pontiac in Québec encouraged the involvement and cooperation of both municipal and provincial governments in the implementation of a regional economic development strategy.

The importance of community-initiated projects has also been stressed in the literature on community economic development. Based on his review of the American experience, Perry reports that it is one of the critical elements to the success of economic development efforts⁹. Similarly, Decter writes that assistance from the government or other organizations is unlikely to be successful without action being initiated at the community level¹². A ten-year project in Manitoba's Interlake region (FRED) in the early 1970s is an example of successful experience based on community initiative²¹. Indirect support is also provided by Brodhead, Lamontagne and Peirce, who have reviewed various recent Canadian experiences. They conclude that government assistance is more likely to be fruitful if it is aimed at solving problems identified by the communities themselves¹¹.

Community participation in the elaboration of an economic development strategy is increasingly recognized as an effective alternative to traditional development strategies that are issued from the upper levels of government (top-down approach). Two examples of Canadian projects in which the local population participated in the planning process are the FRED Interlake program and Yukon 2000. The success of the FRED Interlake program in stimulating development was explained by its flexibility and the participation of local residents. In this project, Area Development Boards allowed the community to get involved in the planning process including setting regional economic development priorities. Projects chosen by the participants of these boards were diverse: education; agricultural development and land drainage; recreational and park development; water and sewage services upgrading²¹. Yukon 2000 is a more recent project where efforts were made to get the local population involved in planning economic development. This comprehensive consultative process resulted in the publication of the Yukon Economic Strategy. In this example, however, the extent to which development objectives are translated into successful initiatives, will only be known as the strategy is implemented²².

A community's knowledge of its region and resources is crucial to the elaboration of a development strategy. Well-researched, analytical information increases the chances of success of development initiatives. As demonstrated in the case of FRED Interlake development program, it allows for a better understanding of the community's development potential and a more judicious choice of strategic projects or initiatives²¹. This step implies the preparation of an inventory of available physical, financial and human resources in the community. In many cases it also involves the use of external sources of information regarding local and national economic conditions.

The adoption of short- and long-term goals and the inclusion of both social and business development objectives are additional factors contributing to the success of an economic development strategy. According to Peirce who wrote a report on local development in Canada, it is important to have long-term objectives to meet long-term development needs. However, because economic development activities often involve long-term efforts from the community, it is also essential to achieve short-term goals in order to maintain the interest, enthusiasm and commitment of residents involved in these initiatives¹⁸.

The pursuit of both social and business goals has proven fruitful in community economic development. Based on his review of American experience, Perry concludes that the integration of social and business development objectives improves the viability of business projects⁹. The FRED Interlake project is an example of Canadian experience where human resource development objectives have been included in the overall plan. In this case, training in farming techniques and managerial skills was integrated into the regional economic development strategy²¹.

Local control is a determining factor of success of community-based development projects. The more control the community has over a project or program, the better its chances of success, according to Perry⁹. Similarly, Schweke and Stares stress the importance of control over the development process¹³. Raising funds locally is one of the ways for a community to increase its level of control over development. Moreover, the provision of financial resources at the local level is an essential condition for a community to adopt a strategy of self-reliance and economic diversification according to Decter¹².

Cooperation with the community and other levels of government is another element affecting the outcome of economic development activities. In his analysis of a project undertaken in Nova Scotia in the late 1970s, the Human Resource Development Association of Halifax (H.R.D.A), Beale reports that a strong commitment from the municipality was crucial to the success of the H.R.D.A. initiative¹⁹. Similarly, in the high-growth rural counties studied by Dewitt, expanding firms benefited from the support of local

businesses and political leaders. Assistance from locally-elected officials for economic development activities was provided by making public funds and resources available, helping to create a positive climate for development or by personally getting involved³. Support from outside the community, such as technical advice to local businesses or assistance to local leaders in obtaining governmental funds, plays a complementary role in local economic development. In many of the counties studied by Dewitt, the use of external resources has contributed to the positive outcome of development activities³.



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OBJECTIVES AND METHODOLOGY

Analysis of the preceding reports helped clarify the questions to be answered by this research project. They include:

- . Are all community characteristics critical or are some more important than others?
- . Why were these case study communities successful while other communities with similar opportunities were not so successful?
- . Is local leadership more important than financial support from the senior governments? Which has to come first?

A case study approach involving a number of key steps was developed:

1. Identify and select communities where successful development and diversification initiatives have been undertaken. Provincial Government contacts were invited to help by submitting community "success stories".
2. Review all available literature, reports and publications on the selected communities and any other reports or studies of a similar nature. The research team relied primarily on the ICURR Library and ordered new publications as necessary.
3. Design a Short Survey to be sent out to all potential success stories. Over twenty short surveys were sent out to communities in all provinces.
4. Make a final selection of the communities to be used as case studies and follow-up with comprehensive telephone interviews. The following communities were selected for more intensive research and telephone interviews: Chemainus, BC; Winkler & Morden, Manitoba; Atikokan, Ontario; Hearst, Ontario; Beauce, Quebec and Pasadena, Newfoundland.
5. Review the results with Provincial Government contacts as necessary.
6. Analyze the results of both Short Surveys and the comprehensive interviews.
7. Prepare an interim report of the results of the research.
8. Review the results with the research team and prepare the final report and recommendations.

SURVEY RESULTS

Short surveys were sent out to over twenty(20) community success stories as identified by ICURR's provincial contacts across the country. Eight(8) communities responded to the Survey and the results were quite revealing. Responses were received from the following communities: Morden, Manitoba; Winkler, Manitoba; Kimberley, BC; Pembina Valley, Manitoba; Pilot Mound, Manitoba; Beauce, Québec; Pasadena, Newfoundland and, Atikokan, Ontario.

The results of the surveys helped to focus the literature review on the key characteristics of success and helped to prepare a line of questioning for telephone interviews with community contacts.

Communities were asked open-ended questions to get their initial responses to four key questions:

- (1) Have you had a development and diversification "success story" in your community?
 - (a) Briefly describe the "success story".
- (2) Why was this project or initiative successful?
 - (a) What were the critical elements or key characteristics contributing to the success?
 - (b) Were there any other contributing factors?
- (3) If you had to pinpoint the one event or one key factor that "triggered" or got the success story started what would it be?
- (4) Who was primarily responsible for the success?

1. Summary of Responses to Key Questions

The responses to these key questions were used to form the basis of case studies and follow-up interviews. The responses to the Questions 2, 3 and 4 are itemized in this section as they were stated in the Surveys. Responses are not ranked in order of importance.

Question 2: What were the critical elements of key characteristics contributing to the success?

- o Community involvement.
- o Community self-determination.
- o Community determination and joint action.
- o Community commitment.
- o Working together.

Question 2 (Continued)

- o Local people investing time and money.
- o Purchase of shares by local citizens.
- o Dedication and hard work of the Board of Directors.
- o Key organizations in town working together.
- o Long-range strategic planning.
- o Immediate response to requests for information.
- o Good labour force in the area/work ethic.
- o Well-planned urban centre.
- o Aggressive follow-up.
- o Small projects not mega-projects.
- o Establishment of convention centre & deluxe hotel.
- o Image of region to others.
- o Location of the community.
- o Provincial Government assistance.
- o Provincial Government "lead department" approach.
- o Funding from ERDA tourism subsidiary agreement.
- o Federal/Provincial infrastructure grant.
- o Communications with Provincial negotiating team.
- o Community-based, bottom-up approach.
- o Project initiated and implemented by the people.
- o Realization of potential for entrepreneurial growth.
- o Network of "outside" contacts.
- o Positive and creative attitude of the community.

Question 3: What was the one event or one key factor that "triggered" the success?

- o Early warning of closure of the major industry.
- o Threatened move of government offices out of town.
- o Out-migration of youth from the community.
- o Financing available through local Credit Union.
- o Persistent pursuit of development potential.
- o Innovative idea to develop tourism in the community.
- o Recognized need to promote tourism in the region.
- o Willingness to look to the long term and to innovate.
- o Motivation of the people to try and better the community.

Question 4: Who was primarily responsible for the success?

- o Reeve of the Township.
- o Chairman of Industrial Development Committee.
- o One concerned citizen who mobilized the community at large.
- o Mayor of the Town/Manager of Credit Union.
- o Mayor of the Town/Dev. Committee/Sec. Treasurer.
- o Local tourism society.
- o Work carried out by everyone involved.
- o Development Officer (former Mayor).
- o Chairman of Economic Development Committee.
- o Small group of 5-6 people who started the process and persisted through the dark days.

2. Ranking of Key Characteristics for Success

In the second part of the Short Survey fifty-two different elements were listed which might have contributed to local development "success stories". Respondents were asked to rank each of the elements on a scale of one(1) to five(5). One(1) being "Insignificant" and five(5) being "Key Element". The aggregate results from the eight communities have been ranked from the most important to the least important.

<u>RANKING</u>	<u>KEY ELEMENTS OF SUCCESS</u>
(1)	Local Initiative
(1)	Local Leadership
(2)	Positive Attitude
(3)	Sustained Local Effort
(3)	Follow-through
(4)	Local Planning Process
(5)	Local Commitment
(5)	Local Decision Making
(5)	Economic Development Plan
(5)	Local Creativity
(6)	Co-operation
(6)	Local Accountability
(6)	Local Action Plans
(6)	Information/Knowledge
(7)	Local Responsibility
(7)	Self-Help
(7)	Working Together
(7)	Sense of Community
(7)	Local Self-Reliance
(8)	Support of the People
(8)	Innovation
(8)	Small Business
(9)	Local Ownership & Control
(9)	Volunteers
(9)	Investor Confidence
(9)	Economic Development Officer
(10)	Local Risk Taking
(10)	Financial Management
(11)	Market Information
(12)	Local Politicians
(13)	Provincial Government Funding
(13)	Entrepreneurship

RANKING

KEY ELEMENTS OF SUCCESS

(14)	.....	Global Trends
(14)	.....	Outside Help
(15)	.....	Local Fund Raising
(15)	.....	Culture
(16)	.....	Technology
(16)	.....	Local Capacity Building
(17)	.....	Large Corporation
(17)	.....	Federal Government Funding
(17)	.....	Private Sector
(18)	.....	Provincial Government Advice
(19)	.....	Local Banks
(20)	.....	Competition
(20)	.....	Credit Union
(20)	.....	Provincial Politicians
(20)	.....	Federal Politicians
(21)	.....	Consultants
(21)	.....	Federal Government Advice
(21)	.....	Professionals
(22)	.....	Devolution of Power
(23)	.....	Bureaucrats



RESULTS OF THE CASE STUDIES

The results of the surveys, literature review and personal communications led to the selection of eight communities for a more comprehensive review, analysis and telephone interview where possible: Winkler, Manitoba; Morden, Manitoba; Kimberley, BC; Chemainus, BC; Beauce, Québec; Atikokan, Ontario; Hearst, Ontario; and Pasadena, Newfoundland. **All of these "success stories" are presented from the community's perspective.** Although this project was not to go beyond the assessment community representatives could make of their own successes, future projects could obviously broaden the scope of the interviews to include external points of view.

Figure 1 shows the respective location of the communities under consideration while Table 3 lists the major socio-economic characteristics of these essentially small towns of rural Canada. Indeed the communities are relatively small in size with populations varying from 3,300 to almost 7,000. The average annual income of these communities, lower than the Canadian average, ranges from \$8,650 to \$12,400. However, the rates of population change between 1981 and 1986 vary significantly with Winkler witnessing an increase of population of more than 17 percent and Kimberly experiencing a decrease of population of almost 9 percent. Unemployment levels vary as well with a rate in Pasadena, Newfoundland, almost 23 percent and in Morden, Manitoba, 5 percent. The high rate of unemployment in Pasadena is not surprising considering the generally high levels in Newfoundland. In the case of Morden, Manitoba, the low rate of unemployment can partly be explained by the significant percentage of the population of the province living in rural areas and being under-employed.

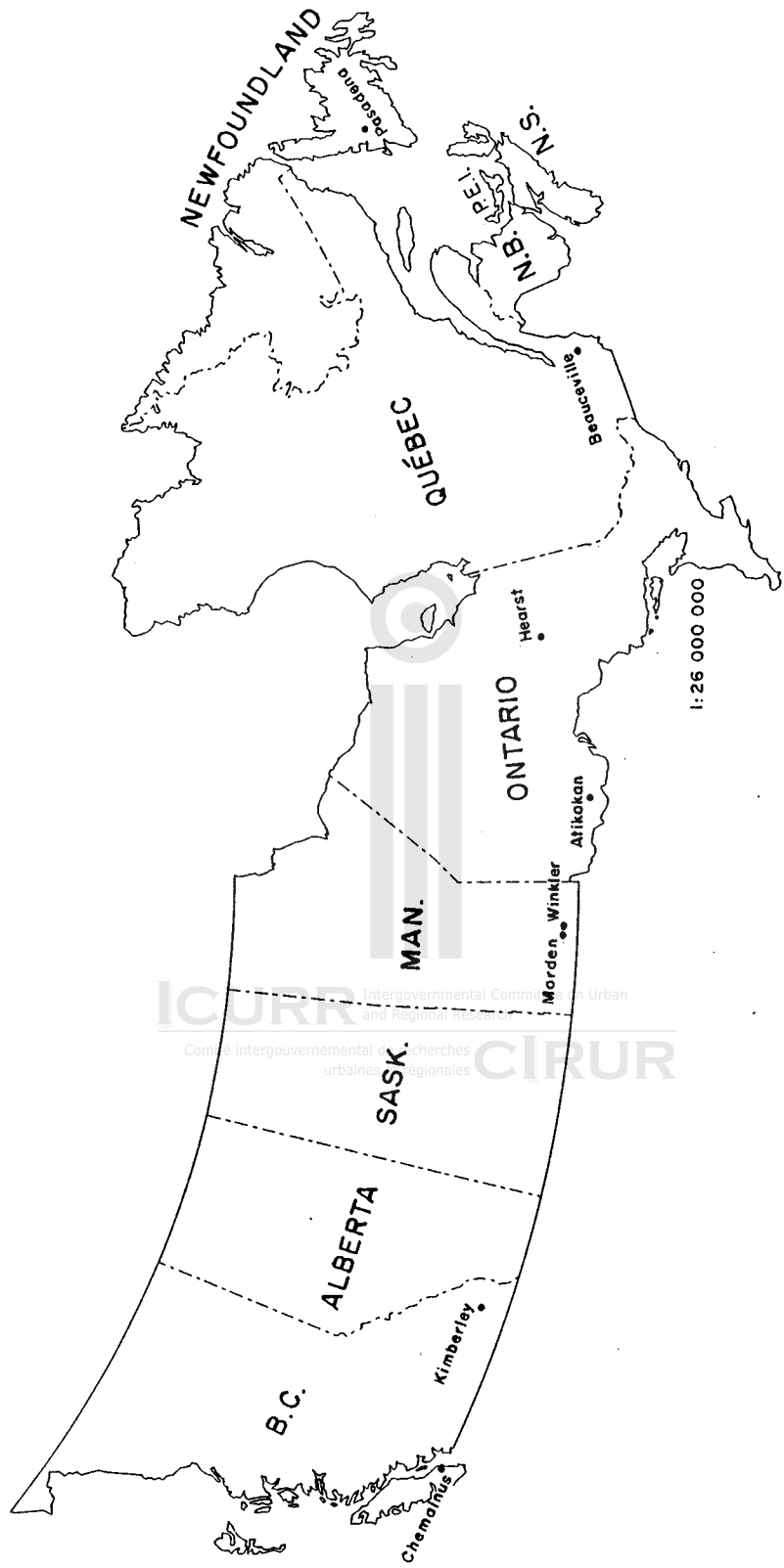


Figure 1. The location of the communities studied.

TABLE 1
SOCIO-ECONOMIC CHARACTERISTICS OF THE SAMPLE COMMUNITIES (1986)

Census Subdivision	Type CSD*	Population	Population Change 1981-86	Unemployment Rate	Average Income
Atikokan, Ont.	TP	4,320	-2.4%	6.2%	\$10,608
Beauceville, Qué.	T	4,130	-4.0%	10.2%	\$10,914
Chemainus, B.C.	- not available -				
Hearst, Ont.	T	5,555	0.5%	12.1%	\$12,372
Kimberley, B.C.	C	6,735	-8.7%	15.8%	\$10,164
Morden, Man.	T	5,000	9.5%	5.1%	\$10,919
Pasadena, Nfl.	T	3,270	3.4%	22.4%	\$10,198
Winkler, Man.	T	5,925	17.4%	5.7%	\$ 8,650
Canada		19,634,100	4.0%	10.3%	\$12,615

* T: Town TP: Township C: City

1. WINKLER, MANITOBA

(a) The Winkler Success Story

Survey Results

In 1966, the community determined that it must create jobs for local people. It was especially concerned about young people having to leave Winkler to work. In 1966 Council, with the agreement of the land owner opened the Garden Valley Industrial Park which eventually created some 400 jobs. In 1974 the Town purchased approximately 200 acres of land and established the Pembina Valley Industrial Park, resulting in over 500 jobs. In 1966 there were approximately 900 people employed in Winkler; there are now approximately 3000 employed in the town.

The critical elements or key characteristics contributing to the success were community determination and joint action. The people involved included: the Winkler Industrial Development Corporation, the Chamber of Commerce; the Town Council, the Winkler Credit Union as well as local people investing time and money.

The two key factors that triggered the community's success were the community's concern to retain its youth in the community, and the financing provided by the Winkler Credit Union. Mayor Henry R. Weibe, who was also the Manager of the Winkler Credit Union and the Winkler Industrial Development Corporation was primarily responsible for the community's successful development and diversification.

Winkler Ranking of Key Characteristics of Success

MOST IMPORTANT

Local Initiative
Local Leadership
Follow-Through
Credit Union

LEAST IMPORTANT

Outside Help
Prov. Gov't Funding
Federal Gov't Advice
Bureaucrats
Local Banks

Winkler Interview Results

In the late 1960's the Manitoba Government launched a Target Economic Development Study to determine which communities would be growing and which communities would be declining. The study identified Winkler as being one of the "declining communities" and it identified the nearby town of Morden as one which would grow. The community representative stated that it was truly a community concern for its future that drove the plan for economic diversity. It was the local economic development committee which decided to establish an industrial park to achieve this end.

When asked to identify a single person who was responsible for such growth, Mayor Weibe's name was repeatedly mentioned. His roles both as mayor and chairman of the local credit union were seen as being equally important by the community representative since--to paraphrase--the Mayor has the vision and the credit union has the purse-strings. Although Mr. Weibe resigned from the credit union five years ago, he is still Mayor of Winkler.

The success of the industrial parks has been the result of local companies choosing to locate there. This was the one clear indication that the community was quite prepared to invest in itself. A good example was a pump manufacturing plant which relocated from Winnipeg to Winkler. Through this relocation the owners of the plant, who had roots in the community, brought 200 jobs with them. Another example is Triple E Manufacturing which was started by local businessmen with three employees and now employs over 400 people.

When asked about the relationship with Morden, the community representative said, "The two communities are very competitive in their attempts to diversify their economies. In 1966, Morden had 1000 more people than Winkler, and today the reverse is true." The community representative declared, "Winkler's growth was despite government support rather than because of government support. After all it was the provincial government who declared Winkler a declining community and chose not to support its quest for growth. When asked about the cultural dimension of the growth he noted that Winkler citizens have a strong work ethic and employers know that they will get a good day's work out of their employees. The community is also a very closely knit one.

(b) **Observations About Winkler's Success**

- (1) The Mayor was the key sparkplug in the development and diversification efforts.
- (2) The community has been active in economic development efforts for twenty-five(25) years.
- (3) Infrastructure (industrial parks) was a key factor in getting local companies to establish there.
- (4) At least one of the original plants to establish in the community had roots in the community.
- (5) Big companies selected Winkler to locate their plants.
- (6) The Province declaring Winkler a "declining community" and youth out-migration precipitated a crisis mentality and encouraged the community to take action.
- (7) There is a local perception that the Provincial Government did not support the community's development and diversification efforts.
- (8) Competition with the neighbouring community of Morden played an important role in Winkler's success.
- (9) The cultural make-up of Winkler was a factor at the outset but its importance is lessening.
- (10) Winkler does not have an economic development officer.



2. MORDEN, MANITOBA

(a) The Morden Success Story

Results of Survey

The community representative for the Town of Morden identified their "success story" as the establishment of the Tupperware plant in 1978 and 3M Canada in 1983. Tupperware now employs about 270 workers and 3M Canada about 50. Morden identified the following factors as critical elements or key characteristics contributing to its success: promotion, immediate response to requests for information, a good labour force, a well-planned urban centre, aggressive follow-up, Federal/Provincial infrastructure grant, good communication with Provincial negotiating team and Morden's location relative to markets.

Morden indicated that the key factor which triggered the success was, "the persistent pursuit of development potential." The Mayor, the Industrial Development Committee and the Secretary-Treasurer were identified as being "primarily responsible for the success."

Morden Ranking of Key Characteristics of Success

MOST IMPORTANT

Follow-Through
Investor Confidence
Provincial Gov't Funding
Federal Gov't Funding
Sustained Local Effort

LEAST IMPORTANT

Volunteers
Local Fund Raising
Local Risk Taking
Financial Management
Consultants
Professionals
Technology
Market Information
Entrepreneurship
Small Business
Economic Dev. Officer
Private Sector
Competition

Morden Interview Results

According to the community representative, industrial development in Morden has occurred for the better part of thirty years. In the 1950s a foundry and a cannery were established as the first large industries in Morden.

In the 1960s a sewing firm was established in the town and during this period the foundry shut down and was replaced by Farm King, an agricultural machinery manufacturer. Farm King is still operating under the name Farm King-Allied. Another firm which is still in operation today is Quality Communications which was established in the late 1960s.

The initial Provincial funding in Morden was during the construction of the 3M plant when the Province assisted in the expansion of infrastructure serving the new plant. In the case of Tupperware, the Province helped to pave a road to the new plant.

According to the community representative, it is the Mayor who has the most important job when it comes to the development of the town. It is the Mayor who--in the absence of a development officer-- acts as a liaison between the Town, the industry and the Province. The Mayor is the person who gets things done. He also said that the development process is one which is never-ending and is a key to the survival of the Town.

When asked about having a jump on other communities the community representative stated that his community was well planned, had good amenities, a good work force and was "friendly to development". When questioned about development before Tupperware and 3M Canada, it was noted that several smaller firms had chosen to locate in the town and it is these types of firms who make up the bulk of the new developments. The importance of keeping young people in the community was stressed.

(b) Observations About Morden's Success

- (1) Smaller home-grown businesses started the development and diversification before attracting Tupperware and 3M Canada.
- (2) Big companies selected Morden as the location for their plants.
- (3) Quality of infrastructure was an important factor.
- (4) Provincial funding was used to improve infrastructure required by Tupperware and 3M Canada.
- (5) Three Mayors played a key leadership role in the development process over the past fifteen years.
- (6) Industrial development an ongoing process for over thirty years.
- (7) Youth out-migration has been seen as a problem which only industrial development and diversification could solve.
- (8) Competition with the neighbouring community of Winkler plays an important role in their success.
- (9) A regional approach and co-operative effort between communities is necessary to attract firms to their area.
- (10) Morden does not have an economic development officer.

3. KIMBERLEY, BRITISH COLUMBIA

(a) The Kimberley Success Story

Survey Results

Kimberley's "success story" is based on the development of the tourism industry, including the Kimberley Ski & Summer Resort, Bavarian Platzl, World's Largest Cuckoo Clock, Bavarian Railroad, Campground, Cominco Gardens, Cross-Country Ski Trails, Wildlife Sanctum, Golf Course, etc. The key characteristics contributing to this success were: community commitment, community support and various volunteer organizations and clubs. Other contributing factors were the participation of the Government of British Columbia through a T.I.D.S.A. Program (Tourism Industry Development Subsidiary Agreement).

The one event or one key factor that triggered the success was the idea to "Bavarianize" Kimberley. The Kimberley Bavarian Society was identified as being primarily responsible for the success.

Kimberley Ranking of Key Characteristics of Success

MOST IMPORTANT

Local Initiative
Local Leadership
Support of the People
Volunteers
Local Commitment
Follow-Through
Working Together
Positive Attitude
Local Responsibility
Provincial Gov't Funding
Local Politicians
Self-Help
Sustained Local Effort
Small Business
Local Self-Reliance
Local Planning Process
Economic Development Plan
Local Action Plans
Economic Development Officer
Local Accountability
Local Decision Making
Sense of Community
Local Creativity

LEAST IMPORTANT

Investor Confidence
Federal Gov't Funding
Federal Gov't Advice
Provincial Politicians
Federal Politicians
Bureaucrats
Consultants
Professionals
Technology
Entrepreneurship
Large Corporation
Local Capacity Building
Global Trends
Private Sector
Competition
Local Banks
Credit Union

Kimberley Interview Results

The idea of "Bavarianization" of Kimberley was originally proposed in 1968 by the then-president of the Chamber of Commerce. He had visited the town of Levenworth, Washington which had recently remodelled along a Bavarian theme. The idea remained dormant until 1971 when the publisher of the Kimberley Daily Bulletin re-proposed the idea. He set up a meeting with the town's merchants and revealed a plan to revitalize the downtown by establishing a pedestrian mall and eventually transforming the face of the downtown into a German village. The merchants donated \$200 each to fund a study which would establish exactly how the transformation would take place.

In 1972 the Kimberley Bavarian Society was born as a separate entity from the Chamber of Commerce. Government assistance in the form of job-creation grants helped get people off social assistance and got the Bavarianization under way. The Bavarian Society and the Chamber of Commerce amalgamated in 1973.

Provincial funding was crucial to getting the job done. The City received funding by means of a Tourism Industry Development Subsidiary Agreement (TIDSA) Program which is no longer in existence.

This program allowed the City to construct the "platzl" which is at the heart of the new development. Renovations of the store-fronts occurred simultaneously with the renovations to the street. The cost of each store's renovations was the responsibility of the shop owner. Most of the work on the World's Largest Cuckoo Clock was done by volunteers.

The Bavarian Society/Chamber of Commerce operated at a loss for the first five years of its existence, accumulating a debt of over \$140,000. However, festivals held in 1978, and now several times a year, helped pay off the debt and keep the organization profitable.

People of German origin do not make up a very large proportion of the population (1.7% - 1986 Census). However, some German families are moving into the area and some businesses and restaurants are now owned and operated by German people. One German immigrant even shipped a 300 year old building from Germany to Kimberley and established a unique restaurant in the community.

Several town meetings were held in the early 1970s to discuss the ways and means by which the town could diversify its economy and the Bavarianization concept was one that gained the support of the townsfolk very quickly.

(b) Observations About Kimberley's Success

- (1) The dependence on a single-industry (mining) provided some motivation for the people to act.
- (2) The idea for the "Bavarianization" of Kimberley was crucial to Kimberley's success.
- (3) The idea was picked up as a result of travel to another country.
- (4) The President of the Chamber of Commerce and the publisher of the local paper played key leadership roles in introducing this idea to the business community and the general public.
- (5) Local merchants paid for the initial study to Bavarianize the community.
- (6) Local merchants agreed to renovate their stores along the Bavarian theme and paid for all their own renovations.
- (7) A community-based organization was created to pursue the opportunity.
- (8) The community, through the Bavarian Society and the Chamber of Commerce, took large financial risks to make their dream become a reality.
- (9) Main-street improvement and renovations played a key role in the revitalization process.
- (10) Provincial Government funding was seen as a key element of success.
- (11) The Federal Government was perceived locally as not providing any financial assistance even though the TIDSA Program was cost shared by both the Province and the Federal Government.
- (12) The success would not have been possible without volunteers.
- (13) Local fund raising efforts (festivals) helped to pay for the initial Bavarianization and to sustain and build on the success.

4. CHEMAINUS, BRITISH COLUMBIA

(a) The Chemainus Success Story

The presentation on Chemainus is based on published information, including two articles titled Chemainus: The Little Town that Did, one published by the Municipality of North Cowichan and one published in the November/December 1987 issue of the Journal of Community Development. Chemainus, B.C.: Lumber Town Turns to Art, published by the Canada Employment and Immigration Advisory Committee in Ottawa in February 1987, was also used.

Chemainus' main industry prior to the town's revitalization was the lumber industry. A mill owned by MacMillan-Bloedel employed more than 600 people in a town of about 3000.

In the early 1980s the inefficient 56-year-old sawmill served notice that it would close after suffering losses totalling \$16 million. In 1980 Graham Bruce, a local councillor--who later would go on to become Mayor and then a Provincial MLA--sensed that new ideas and energies were needed to break the town out of its slump. At the same time, the Chemainus-Crofton Chamber of Commerce elected Bill Jameson who was willing to gamble on new ideas.

The key figure in the revitalization process was Karl Schultz. He had the idea of creating murals on the walls of the downtown buildings, following a trip to Romania in 1971 where he saw several buildings decorated with murals.

After being elected Mayor of Chemainus, Mr. Bruce obtained a \$5000 start-up grant for downtown revitalization. Council was prepared to add \$25,000 to start municipal improvements if the store owners would spruce up their store-fronts (20% of the downtown merchant's costs was recovered through Provincial grants). A Downtown Merchants' Revitalization Committee was formed and Karl Schultz was hired to co-ordinate the revitalization program. He did not, however, feel this was the real answer to Chemainus' problems.

In 1983, the mill closed. It was decided that tourism was the only choice the town had. Mr. Schultz had been talking for some time about the murals concept. After overcoming considerable opposition to the idea, an artist from Victoria was hired to paint a large mural on the outside wall of a building depicting a scene from the town's early history.

In 1983 the town organized a festival of mural painting which attracted many artists and over 20,000 tourists. Schultz insisted that only the "best" artists be used because that was the only way they could attract people to come and see the display. Former Councillor, Tom Burge said, "If Graham Bruce and Karl Schultz hadn't been there it wouldn't have happened because they provided the spark," adding, "Karl was a man in the right place at the right time."

The project was supported financially from the start by a broad community base. Two hundred and sixty-nine individuals, groups and the business community have contributed over \$500,000 to the project (as of 1986). Between 1983 and 1985, the federal government contributed \$26,000 and eight student jobs in Cultural Initiative Grants. The Provincial Government contributed \$103,000 to the project through the BC Lottery Fund and Promotional Aid Grants. As well, the Ministry of Municipal Affairs contributed advice and consultation through their Downtown Revitalization Program. It is interesting to note that Chemainus was number 82 on their list of projects but was the first to get done.

As of 1986, twenty antique dealers and forty-one other new businesses had opened and twenty more were waiting for buildings to be completed. This has meant hundreds of new permanent jobs, besides steady employment in the construction trades. In 1986, over 250,000 tourists spent time and money in the community.

Finally, MacMillan-Bloedel has built a new automated plant in the town which employs just over 140 workers. The presence of the new mill has attracted other smaller wood-based businesses to the town's industrial park.

After all these changes, Chemainus is a vibrant growing community with a population of 4,000 (1,000 more than when it was dependent on a single industry). People come to visit and some decide to stay and set up businesses. Others chose the community as their place of retirement. The residents take pride in living in what they call, "the largest outdoor gallery in Canada."

(b) **Observations About Chemainus' Success**

- (1) The crisis of the impending mill closure motivated local leaders to act.
- (1) The idea to paint murals on the downtown buildings was crucial to Chemainus' success.
- (2) The idea was picked up as a result of travel to another country.
- (3) There was a "spark-plug" leading the revitalization process who persevered despite initial opposition to the idea.
- (4) The Mayor played a key role in the Downtown Revitalization Program which created the right environment and public support for implementation of the mural concept.
- (5) The community made the largest part of the investment (over \$500,000) in the revitalization initiative.
- (6) A community-based organization was created to pursue the opportunity.
- (7) A person was hired to coordinate the project.
- (8) The Provincial and Federal governments provided advice and financing which were crucial to the success of the project.
- (9) Community initiative resulted in the Chemainus project being funded and finished first even though dozens of communities had applied earlier.

5. BEAUCE, QUEBEC

(a) The Beauce Success Story

Survey Results

While the economic transformation of the Beauce region has been described as an "economic miracle", the community referred to the creation of the Tourism and Convention Bureau and the establishment of a convention centre and luxury hotel as their success story.

Beauce Ranking of Key Characteristics of Success

MOST IMPORTANT

Local Initiative
Local Leadership
Support of the People
Volunteers
Local Commitment
Follow-through
Working Together
Investor Confidence
Innovation
Financial Management
Cooperation
Sustained Local Effort
Market Information
Local Planning Process
Economic Development Plan
Local Action Plans
Economic Development Officer
Local Capacity Building

LEAST IMPORTANT

Local Fund Raising
Bureaucrats
Professionals
Consultants
Local Self-Reliance

Results of Literature Review - Beauce

Specific information has been taken from the following published report: The Economic Miracle of the Beauce, Québec, published by the Canada Employment and Immigration Advisory Council in Appendix 3 of their report Regional Unemployment in Canada: A Nation Out of Balance (Ottawa - November 1989).

About 20 years ago when the people of Beauce decided to do something about revitalizing their economy, they undertook an assessment of what the region had to offer. A close look disclosed depleted forests, a lot of rock but no mines, little cultivated agricultural land and no navigable waterway. However, they discovered many dynamic people with good ideas who were not afraid to take risks.

The restructuring process began with the establishment of a local economic development council. The objective of the council was to help people who had good entrepreneurial ideas to find appropriate financing. The region then set out to create an environment in which the media and the communities could talk positively about business, money and profits.

The region deliberately avoided a dependence on one or more large enterprises and instead promoted the concept of development through numerous small and medium-sized, locally-owned enterprises. It also fostered the idea of independence and resourcefulness. Individuals with ideas for new products were encouraged and assisted. Some of these ideas have since grown into important enterprises with markets in other parts of Canada and the United States.

The Beauce region now boasts several hundred small and medium-sized businesses which employ hundreds of workers. One employs more than 1,000 people. Some of the original small businesses which achieved significant growth are now used to promote further economic development in the region.

Even though unemployment rose to 12 percent throughout the recession in the early 1980s, no industries closed their doors. The latest unemployment rate is around 7%, well below the provincial level of approximately nine percent. The Beauce region is renowned for its reliable skilled workers.

In addition to a quality work-force, the Beauce region credits its success to two other virtues--the optimism of its entrepreneurs and the availability of local capital. "We don't have to sit around waiting for governments to make up their minds about approving requests for assistance." The regional solidarity which exists contributes to the ease with which developers can obtain local financing for good projects.

The Beauce region has 23 Caisses Populaires (a form of credit union), in addition to branches of most major banks. Another financial institution that plays a major role is the Société d'Entraide Economique Beauce Mégantic Inc. which is involved in financing local development enterprises through its two branches in the region. Individuals and companies in the region are encouraged to invest in local developments. Consequently, most of the profits and savings stay in the region.

(b) Observations About Beauce's Success

- (1) A regional approach to development was taken involving 24 neighbouring municipalities.
- (2) Development efforts were sustained over a 20 year period.

- (3) People had good ideas for development.
- (4) People were not afraid to take risks.
- (5) A local organization was formed to pursue economic development objectives.
- (6) Changing attitudes and rebuilding investor confidence played a major role in the transformation of the Beauce.
- (7) A focus on small, medium-sized, locally-owned businesses played a key role in the Beauce success.
- (8) The region is renowned for its reliable, skilled and quality work-force.
- (9) The availability of local entrepreneurs has played a key role in the Beauce success.
- (10) The special optimism of its entrepreneurs has been an important factor in sustaining the success even through the hard times.
- (11) A key element of success has been the availability of local capital which local people can invest in the projects they want without strings attached by government programs.
- (12) People reinvest their profits and savings in the region.
- (13) There are twenty-three credit unions in the region.

6. ATIKOKAN, ONTARIO

(a) The Atikokan Success Story

Survey Results

Two major employers(iron ore mines) closed in 1979/80 resulting in a loss of 60 percent of the labour force. In the past ten years the economy has been renewed and diversified (forestry, tourism, electrical generation and service industries) to the point where unemployment ranges between 10-15 percent in the summer and 15-20 percent in the winter. The population loss as a result of the mine closures was held at 25 percent; the population is now growing again.

The critical elements of success were: long range strategic planning, community involvement and community self-determination. Contributing factors were Provincial government assistance and the willingness of the Provincial Government to establish a single-point "lead" ministry.

The events that triggered the success were the willingness to look to the long term and to innovate and the early warning of the closure from one of the mining companies. Responsibility for the success was attributed to five or six people who started the process and persisted through the "dark days".

Ranking of Key Characteristics of Success

MOST IMPORTANT

Local Initiative
Local Leadership
Positive Attitude
Local Responsibility
Local Ownership & Control
Information/Knowledge
Innovation
Self-Help
Co-operation
Sustained Local Effort
Local Self-Reliance
Local Planning Process
Local Accountability
Local Decision Making
Culture

LEAST IMPORTANT

Federal Gov't Funding
Federal Gov't Advice
Provincial Politicians
Federal Politicians
Local Banks
Credit Union

Atikokan Interview Results

A small group of five or six people was identified in the Survey as being primarily responsible for the success of the revitalization process.

This group included Reeve Hancock, Councillor Murray Goodwin who was also Chairman of the Atikokan Industrial Development (AID) Committee between 1972 and 1981 and Dennis Brown who was both Reeve and Chairman of the AID Committee between 1982 and 1985.

The research team also had the added benefit of a presentation prepared by Mr. R.E. Michels, Executive Director of The Atikokan Economic Development Corporation and delivered to The FedNor Board of Directors at Minaki Lodge in Northwestern Ontario on August 9, 1989. The following is an excerpt from Mr. Michel's presentation:

What "Saved" the Community of Atikokan?

"In hindsight, it would appear that Atikokan has adjusted amazingly well to the two mine closures. Over 1,100 direct full-time jobs were lost when the mines closed. Since then (1981), 400 new full-time jobs and over 200 seasonal and part-time jobs have been created. The population only dropped from 5,800 to 4,400. However, it was not a serene journey."

"Several key decisions and actions taken in the 1970 set the stage for Atikokan's current success":

- (1) Council's willingness to face several "realities":
 - The life of the mines could not be prolonged and the miners' jobs could not be preserved;
 - Government could only help; the Town had acknowledged that "we have to help ourselves"; and
 - No-one else offered a model for success, Atikokan needed to invent its own solutions.
- (2) Council and the AID Committee enlisted the help of Quetico Centre, a nearby private adult education centre and organization development consulting group. They assisted the Town to generate a vision - "What should Atikokan be like?" Through a series of workshops, Quetico Centre staff assisted the Town's leaders to develop a strategic outlook on the future by examining a number of fundamental questions.
- (3) A cultural tone was established:
 - "We want to strive for excellence, the ideal."
 - "We have to experiment and invest in exploring alternatives."

"Government has been very supportive of Atikokan's attempts to renew and diversify its economy. When asked, they cite Atikokan's

- o Willingness to invest its own time, money and energy in "self-help";
- o Tendency to bring solutions rather than problems to government when seeking assistance; and
- o Desire to learn from its own experience and to share that experience with others about to confront similar economic crises."

(b) Observations About Atikokan's Success

- (1) Reliance on a single industry(mining) and the possibility of closure caused the community to act.
- (2) Long term planning prevailed even during the crisis.
- (3) Provincial Government support played an important role in the success.
- (4) Two Reeves and a Councillor of the township played key leadership roles during the development process.
- (5) The development process was initiated ten years before the mines closed.
- (6) One of the mining companies gave almost four years advance-warning of the closure.
- (7) They went to the government with solutions not problems.
- (8) The municipality invested \$50,000/year in its own economic development corporation.
- (9) Municipal contributions were used to lever contributions from both the Provincial and Federal Governments.
- (10) The economic development fund is controlled by the community.
- (11) The realization that if anything was going to happen, they would have to do it themselves.
- (12) The willingness to innovate, try new things and take risks.
- (13) No documented success story existed to pattern themselves after.
- (14) The community created an organization to lead the economic development process.
- (15) The community hired an economic development officer to help implement the community's plans.

7. HEARST, ONTARIO

(a) The Hearst Success Story

Between 1983 and 1986 the Town of Hearst invested over \$300,000 in an economic development initiative. In October 1986, the town let its economic development officer go and asked a consultant to come in to determine why their efforts had ended in failure and frustration.

A one-day workshop was held with members of Town Council and the Economic Development Committee to determine "What went wrong?" Community leaders realized they had failed to discharge their responsibility and failed to effectively direct the efforts of the EDO. The Mayor summed up the day's analysis by saying, "We don't have to make that mistake again."

Building on an idea put forward by the Canadian Association of Single Industry Towns, and under the dynamic leadership of a local entrepreneur and President of the Hearst and Area Economic Development Corporation, Ginette Quirion, the community decided to take a new, more regional approach to economic development. It formed a partnership with three other communities in the area: Mattice/Val Cote, Constance Lake Band and Hornepayne. The communities pooled their financial resources and committed \$500,000 over a period of five years to their own economic development fund. They then approached the Provincial Government and the Federal Government to contribute to their fund on a 1-2-3 funding formula. For every dollar the towns put into the fund the Province would contribute two dollars and the Federal Government would contribute three dollars. Not only did the communities initiate the fund but they also asked to be given total control over how the fund would be spent. The communities called it a "Community Self-Reliance Fund."

The Canadian Association of Single Industry Towns helped negotiate contribution agreements with the Provincial and Federal Governments. After approval in principle was reached at the Deputy Minister level, a team of representatives from all three levels of government was established to write the proposal and procedures for the administration of the community-controlled fund. Four meetings and four drafts were required to get the proposal ready for submission to government departments.

One of the key features of the fund is that the communities exercise a great deal of control over the manner in which the money from the cost-shared fund is spent. The Provincial and Federal officials assigned to the project act more as advisors and facilitators.

The only project evaluation criterion is that the community create 120 net new jobs over the three year life of the project and achieve as-good-as or better results than the senior levels of government would with the same amount of money.

The fund operates on a local accountability model, which means that nothing happens in the community unless the community takes the initiative. The local economic development committees in each of the four communities set priorities and prepare action plans and budgets for all projects. The action plans are practical and short term (i.e. What has to be done next? Who is going to do it? How much money will it take? When does it have to be done by? Who is going to make sure it gets done? etc. The local EDC then takes its project action plans to the regional board for approval.

While some of the community projects being developed will eventually result in the creation of jobs, this community-initiated, community-controlled, cost-shared funding model has already resulted in a change in attitudes. The community leaders are more self-reliant, less dependent on decisions from senior levels of government and have a more positive outlook about the future.

When asked what they would do if senior levels of government pulled their funding from the project, leaders responded by saying, "We would cut back our budgets, we would increase our own contributions and we would continue the process." When asked if the economy was better or worse than it was a year ago, the leaders responded, "Economic conditions are definitely worse, but we feel better about the future."

(b) Observations About Hearst's Success

- (1) A local entrepreneur played key leadership role.
- (2) The declining lumber industry was the major concern which motivated the community to take action.
- (3) The community had established a pattern of investing large amounts of money in their own development efforts.
- (4) The idea for a community-initiated, community-controlled development fund was supported by community leaders.
- (5) The communities formed a partnership to develop the economy of the whole region.
- (6) The communities initiated their own development fund and negotiated cost-sharing agreements with the Federal and Provincial Governments.
- (7) All three levels of government developed the proposal and administrative procedures together resulting in a more cooperative, less confrontational effort.
- (8) A local entrepreneur was the "sparkplug" for the innovative development fund.

- (9) The brokering role played by CASIT was important to achieving approval in principle from the senior levels of government.
- (10) Senior levels of government allowed maximum flexibility and were prepared to bend the rules to make the programs fit the communities' plans and priorities.
- (11) Pride generated by owning and controlling their own fund created new hope for the future and a new spirit of self-reliance.
- (12) The community has control and immediate access to the fund and can pursue development opportunities more quickly.
- (13) The communities are careful about how they spend the fund because their own tax dollars are in there and they can come under immediate scrutiny from local taxpayers if they make wrong decisions.
- (14) There is no political liability for the senior governments using this model. If the community does not achieve the results expected they have no one to blame but themselves.
- (15) Community leaders are responsible for the success of the fund.

8. PASADENA, NEWFOUNDLAND

(a) The Pasadena Success Story

Survey Results

Pasadena, Newfoundland, a community of 3,500 people, realized some years ago that new and innovative thinking was required to promote the town and develop an economic base. A proposal was developed for the construction of an "incubator mall" and in 1986 The Venture Centre was opened. Due to the growing awareness and interest of small business, an expansion was required and in 1988, a 20,000 square foot annex was built.

The Venture Centre has increased employment in the Town of Pasadena by 70 workers. Increased awareness of entrepreneurship has stimulated small business development not only in the community of Pasadena but also in the region of the Humber Valley/Bay of Islands. This business development activity has provided a more stable economy.

The key elements that contributed to the success of The Venture Centre, were community-based: the realization by the residents that economic development was necessary to survive and grow, the realization of the potential for innovative and entrepreneurial growth in their community and the fact that the project was initiated and implemented by local people. Other contributing factors included the network of "outside" contacts developed over the years by the Economic Development Officer and the initiation of an economic development plan as well as the positive and creative attitude of the community and the staff of The Venture Centre.

The event that triggered the success or got things started was the motivation of people to improve the community's economy within a declining provincial economy. The development officer of The Venture Centre and the Chairman of the Economic Development Committee were primarily responsible for the success.

Pasadena's Ranking of Key Characteristics of Success

MOST IMPORTANT

Local Initiative
Local Leadership
Positive Attitude
Information/Knowledge
Innovation
Outside Help(Network)
Entrepreneurship
Small Business
Local Self-Reliance
Economic Development Plan
Economic Development Officer
Local Creativity

LEAST IMPORTANT

Local Fund Raising
Bureaucrats
Large Corporation
Competition
Local Banks
Credit Union

Pasadena Interview Results

The Development Officer of the Venture Centre was interviewed on a number of occasions regarding this success story. The building of an incubator mall was by itself not the key reason for the success of the venture. There are many incubator malls and industrial parks sitting half empty. The research team was interested in finding out why a small town in Newfoundland could be successful when many larger communities had failed.

The Development Officer used an extensive network of business contacts throughout the world to acquire the best possible information and market intelligence. Using this information he targeted businesses and industries that had the best chance of success in Pasadena. For example, the Development Officer determined that all the plastic bags used in Newfoundland were imported. Through his network he identified a businessman in Toronto who was interested in supplying the Newfoundland market with plastic bags. So the "anchor industry" for The Venture Centre was a plastic bag manufacturer which created fifteen jobs in Pasadena.

The Development Officer also went to Newfoundland Clubs in the Toronto area to recruit workers with experience working in plastic plants to come back to Pasadena to work in the new plant. The Development Officer also knew that a small business could not be developed unless he created a more positive attitude and improved the entrepreneurial spirit. The Development Officer put together an innovative video series called, "Small Business - An Awareness Program". The seven video tapes were broadcast via satellite live and were seen not only in Newfoundland but also in other parts of Canada and the United States. The high profile video series which was narrated by actor Gordon Pinsent, helped to overcome an "attitudinal problem" which was very much a detriment to economic growth."

The project has created a climate for local involvement and support for the development of the small business sector. As a result, the video project is seen as a key component for change. The video series has facilitated the awakening of latent entrepreneurial spirit. The community has sold over 250 copies of the video series throughout Newfoundland, Canada, United States and Europe.

The Development Officer said that the success of the project would never have been pulled off without community support. "The community support gave the people a sense of awareness and ownership that was essential to making it a success." The Development Officer concluded by saying, "What we have to remember is that we have to do it ourselves, no one else will do it for us."

(b) Observations About Pasadena's Success

- (1) The Economic Development Officer (former Mayor) was the "sparkplug" who was primarily responsible for the success.
- (2) Concern for the survival of the community was the major motivating factor which got the process underway.
- (3) There was a "realization by the people that economic development was necessary if the community was to survive and grow."
- (4) Community initiative, community self-reliance and self-help were the driving forces behind the success.
- (5) The success focused on small business development as a means to achieve economic stability.
- (6) Small business development was accelerated through entrepreneurial awareness programs.
- (7) An extensive network of business contacts, professionals and economic development experts played a key role in the creative processes and development success of the incubator mall.
- (8) A positive attitude was necessary for the success of the development project because of all the negative factors resulting from a declining provincial economy.
- (9) There was a realization that if anything was going to get done that, "they had to do it themselves."
- (10) Information and knowledge played a key role in the success story. The Development Officer acquired the information necessary to determine which industries and businesses had the best chance of success.

SIMILARITIES IN THE SUCCESS STORIES

1. IN ALL CASES there was one dynamic leader or "sparkplug" who got things started, made sure things got done and kept things moving. In most cases the "sparkplug" was a local elected official, usually the Mayor.
2. IN ALL CASES there was either a crisis or major concern which motivated the local leaders to act.
3. IN ALL CASES the local leaders realized that if they wanted things to happen that they would have to do it themselves.
4. IN ALL CASES local leaders were able to mobilize the community to support their development initiatives.
5. IN ALL CASES the local leaders created a development organization to spearhead the development initiative.
6. IN ALL CASES a local planning process was implemented which resulted in short-term action plans and long-term strategic plans for the community.
7. IN ALL CASES the community started the process by investing its own money (sometimes large amounts of money) in their development initiatives.
8. IN ALL CASES the community had a plan in place or a possible solution to their problem identified before they requested government assistance.
9. IN ALL CASES the community established a plan, goal or vision first and then looked for a government program that might help them achieve their goal.
10. IN ALL CASES government programs and incentives were not the motivating factor; however they were important tools which contributed to the overall success.
11. IN ALL CASES, after the community took the lead, the senior governments provided advice and found the ways and means to cost-share the development initiatives.
12. IN ALL CASES the development efforts sustained over many years, often 10, 15, 25 and 30 years.
13. IN ALL CASES the development of small, home-grown businesses played a key role in initiating the development process.
14. IN ALL CASES communities had to create a positive attitude, rebuild investor confidence and entrepreneurial spirit.

15. IN SOME CASES a succession of local leaders had to carry the torch over a long period of time.
16. IN SOME CASES a single, innovative idea was all it took to get the successful development process underway.
17. IN SOME CASES a regional approach involving neighbouring communities was a key factor in the success.

Table 4 provides a synthesis of these similarities listed according to the stage of development of the initiatives.



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Table 4

COMMON CHARACTERISTICS OF THE SUCCESSFUL DEVELOPMENT AND DIVERSIFICATION INITIATIVES INVESTIGATED

<u>Initial Stage</u>	<u>Development Stage</u>
<p>Existence of a crisis or major concern.</p> <p>Recognition that the community must rely on its own initiatives.</p> <p>Presence of local leaders who</p> <ul style="list-style-type: none"> - start the process of development initiatives - mobilize the community to support development efforts - create a development organization to direct development initiatives 	<p><u>Locally based initiatives/ Entrepreneurship</u></p> <p>Local planning with</p> <ul style="list-style-type: none"> - short term plans, - long term strategic plans, - plans of action or solutions devised by the community¹. <p>Involvement of dynamic local leaders in development².</p> <p>Process of development started with local investment of money.</p> <p>Sustained development efforts.</p> <p>Entrepreneurial development</p> <ul style="list-style-type: none"> - creation of small, home-grown businesses³, - entrepreneurial spirit, positive attitudes towards development initiatives.
	<p><u>Government role</u></p> <p>Government programs/ incentives :</p> <ul style="list-style-type: none"> Tools to assist communities - advisory role, - means to cost-share development initiatives. <p>Government assistance</p> <ul style="list-style-type: none"> - most beneficial once the community has devised solutions or a plan of action, - not the initial motivating factor to promote locally based development initiatives.
	<ol style="list-style-type: none"> 1. A regional approach involving neighbouring communities was a key element in the success of some of the initiatives. 2. In some cases, a succession of local leaders got involved in the development process over a prolonged period of time. 3. In some cases, the presence of a single, innovative idea played a key role in the success of development initiatives.

APPLYING THE RESEARCH RESULTS

While these results constitute only initial observations regarding the human dimension of community-based economic development, it is not premature to look at ways this research may be applied by all three levels of government. As more comprehensive research projects confirm these preliminary results, proposed uses could be improved and expanded.

1. Guiding Principles for Program Development

In response to ICURR's invitation to participate in this research project, the Manager of Community Development Services for the Saskatchewan Department of Rural Development provided a Statement of Program Principles used by that department for job creation, socio-economic development and diversification.

- "a locally driven, grass-roots approach"
- "voluntary program participation"
- "elected municipal council responsibility and accountability"
- "required local buy-in(e.g. cost-sharing)"
- "locally operated groups"
- "an initial five year minimum assistance commitment, based on the premise that the groups will continue into the long term"
- "a long term municipal program and planning orientation, not a short term municipal project orientation."

Building on the principles used by the Saskatchewan Department of Rural Development, the results of this research can be used to develop a set of Guiding Principles for Program Development. A draft set of guiding principles has been developed for discussion purposes:

GUIDING PRINCIPLES FOR PROGRAM DEVELOPMENT

1. Individual community initiative should be the driving force.
2. The Program should address the needs identified by the individual community.
3. The Program should rely primarily on local leadership for its success. The community should be both responsible and accountable for producing results.
4. The Program should transfer ownership and control of the program to the community level.
5. The Program should have a self-help focus and build self-reliance in the community.

6. The Program should have a financial contribution by the community as a prerequisite for senior government assistance.
7. The Program should wean the community off government support not make the community dependent on it.
8. The Program funding should be flexible enough to effectively address the community's problem or crisis and allow the community to try new ideas.
9. The Program funding should be made available based on the merit of the community's plan and the projected "Return on Taxpayer's Investment(ROTI)."
10. The Program should place as much priority on resolving constraints to development as it does on the pursuit of development opportunities.
11. The Program should require a long term commitment to the community's development efforts (i.e. 25 years)
12. The Program should place priority on development from within the community rather than attracting companies from the outside.
13. The Program should foster and build on the creative processes in the community and encourage new ideas and innovation.
14. The Program should require a clear demonstration of public support for the community's development plans.
15. The Program should create a positive attitude, rebuild investor confidence and entrepreneurial spirit.

2. **Community Economic Development Checklist for Success**

The "Similarities in the Success Stories" were used to develop a Community Economic Development Checklist for Success. (Appendix 1). The Checklist for Success can be used by local leaders as a tool for self-analysis as well as to measure the public's perception of the critical elements of success.

The Checklist for Success can also be used by senior levels of government as a diagnostic tool to help judge the community's chances of success, to help identify essential elements for successful development which may be missing in the community, to help determine if existing government programs encourage or discourage these "key characteristics for success", and to help identify inadequacies or gaps in government programs.

FUTURE RESEARCH OPPORTUNITIES

This research project has provided only an initial overview of the human dimension of community-based economic development. Eight short surveys and eight case studies do not constitute a comprehensive review and are not enough information on which to base hard and fast conclusions. The results are, however, an interesting indicator and these preliminary findings should be verified. Research opportunities could include any or all of the following components.

1. Key Characteristics of Failed Development Initiatives

A gap in the research on community-based, economic development was identified during the literature overview. One of the reports analyzed from the United States stated, "Besides the sixteen (high-growth) communities studied, other communities have been working diligently for years to build a stronger local economic base, but have had less success."³

The reasons why some communities succeed have been investigated. But why do many more communities fail? Why do some communities which do exactly the same things as other communities, which have the same or better infrastructure, which have the same or better competitive advantages, fail?

Is it poor attitude? Is it lack of leadership? Is it just bad luck? Or are there other constraints standing in the way of the community's development which we are either unaware of or do not fully understand?

More research could be undertaken to determine why these communities fail and to clearly identify the **Key Characteristics of Failed Development Initiatives**.

2. Advance-Warning for Economically-Vulnerable Communities

One of the "triggers" of successful development initiatives was the presence of a crisis or a major concern about the future economic survival of the community. What about the hundreds of communities that may be facing a crisis but are unaware of the reality of their situation? Is it the best approach to let them wake up one morning and find out the economic base of the community has gone? Or should they be provided with accurate information about their economic condition and hope that the advance-warning will motivate them to act?

One of the reports included in the literature review stated: "As well, it is reasonable to assume that successful economic diversification will be more likely if diversification efforts begin long before the community is threatened with closure."¹²

Rather than waiting for the crisis to occur, communities should be encouraged to take preventive measures years in advance. Some work has been done on a "Vulnerability Checklist"¹⁵ by the Canadian Association of Single Industry Towns and the Federation of Canadian Municipalities in their Community Crossroads Decision System. These Vulnerability Checklists I and II were designed to provide the community with a tool to help its self-analysis process. The literature review came across another document produced in the U.S.A. which is similar in concept and approach called, Sowing the Seeds of Economic Renewal: A Practical Guide for Assessing Your Community.¹⁵ These self-analysis tools are only useful if the community is ready for this process. What do we do about the hundreds of communities which are economically vulnerable and don't know it?

A Canadian study called, Vulnerability and Impact Indices for Single Industry Communities: Mining Communities Model¹⁶ is an attempt to develop a system to measure, monitor and compare the economic vulnerability of communities and assess the impact a closure would have on these communities, the region and the province. Implementing a system like this could allow senior governments to give communities years of "advance-warning" about a potential economic crisis. Communities being provided with this realistic assessment of their future may provide the spark that starts the development and diversification process. A report by the Canada Employment and Immigration Advisory Council issued in 1987 recommended that such an advance-warning system be developed.¹⁷

A research project could be undertaken to design, develop and test an "Advance-Warning System for Economically-Vulnerable Communities in Canada.

3. Comprehensive Research of Selected "Success Stories"

The scope of this research project only allowed a preliminary look at the key characteristics for successful community-based economic development. In many cases the survey, interviews and literature review brought to the forefront questions that only a more comprehensive study could address.

A more comprehensive research project could be undertaken to thoroughly examine a number of key, selected community economic development "success stories". This research project should include the following:

- o On-site interviews with other community representatives.
- o Analysis of demographic changes over 25 years in various regions.
- o Preparation of an historical perspective, sequence of events, or community milestones.
- o Interviews with business owners and business leaders
 - home-grown companies,
 - outside firms attracted to the area.
- o Interviews with key public officials at the senior levels of government.

4. Comprehensive Literature Review - Success Characteristics

A considerable volume of research, studies, reports and presentations is available on this subject. While twenty two key North American documents have been used in this report, a wealth of information remains untapped. It appears there are a number of research projects, particularly in the United States. Few of them, however, are known or applied in Canada.

A more "Comprehensive Literature Review of Success Characteristics" could be undertaken and a number of recommendations could be developed regarding the application of this research at the municipal, provincial and federal levels.

5. Expanded Survey Concept

The survey developed during this project provided a means of ranking the "key characteristics of success". The results, however, need verification as the sample was very small.

A research project using an "Expanded Survey Concept" could be undertaken to survey a representative sample of communities in each province. The surveys could be coded and analyzed using a number of different variables, such as: size of community, communities in decline, growing communities, industrial base, transportation, communications, etc., with the results analyzed for their regional, provincial or national relevance.

CONCLUSION

Based on telephone interviews with local representatives of Canadian communities which undertook successful initiatives in economic development, this study demonstrates the crucial importance of the human factor in local economic development. Common characteristics of the communities which were studied include the presence of key people or local leaders ready to invest time and energy in development initiatives from the initial stage of development, the participation of the community in the planning process, the setting of short term goals and the development of long term strategic plans. In addition, local leaders in these successful communities created a development organization to direct development initiatives.

In the communities under investigation, the development of small, home-grown businesses played a key role in initiating the development process. A positive attitude towards development initiatives was also found to be crucial to the success of local economic development efforts. In all cases, the process of development started with local investment of money. Raising funds locally is another factor contributing to a community's increased control over development.

The study further illustrates the importance of having economic development projects initiated by the community. Government assistance is most beneficial once the community has devised solutions or a plan of action. Government programs and incentives were not the initial motivating factor to get the community involved in local economic development. However, they played a role in assisting communities in their development efforts. In the communities under study, senior governments contributed to the success of development initiatives by providing advice and sharing the cost of development initiatives.

In order to be successful in supporting diversification initiatives in economically vulnerable communities, a program should take the following criteria into account: there should be a clear demonstration of public support for the community's development plans; the program should address the needs identified by the community; the community should be both responsible and accountable for the development projects under the program; the program should require the municipality's financial contribution as a condition for government assistance; the program funding should also be flexible to effectively address the community's needs and finally, the program should require a long term commitment from the community regarding its development efforts.

A community economic development checklist has been developed to assist local leaders in assessing their efforts in economic development matters. The checklist can also be used as a tool by senior levels of government to assess a community's chances of success or to identify missing elements that are crucial to successful development initiatives.

This exploratory study has brought out questions that only a more comprehensive study can address. For instance, why do some communities fail in their economic development efforts while others succeed under similar conditions? Findings based on a larger survey could have potential application at the municipal, provincial and federal levels of government. A more comprehensive survey could contribute to the development of policies or the formulation of recommendations relevant to local development in economically vulnerable communities.



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APPENDIX 1

COMMUNITY ECONOMIC DEVELOPMENT CHECKLIST FOR SUCCESS

The Community Economic Development Checklist for Success has been developed by the Intergovernmental Committee for Urban and Regional Research (ICURR) while conducting a research project in 1990: Successful Local Economic Development Initiatives. The project examined eight success stories and identified common characteristics for success.

The "Checklist for Success" can be used by local leaders as a tool for self-analysis as well as to measure the public's perception of the critical elements of success.

The "Checklist for Success" can also be used by senior levels of government as a diagnostic tool to help judge the community's chances of success, to help identify essential elements for successful development which may be missing in the community and to help determine if existing government programs encourage these "key characteristics for success", and to help identify inadequacies or gaps in government programs.

Circle One

- | | | | |
|----|--------------------------------------------------------------------------------------------|-----|----|
| 1. | IS THERE A DYNAMIC LEADER OR SPARKPLUG IN THE COMMUNITY? | YES | NO |
| 2. | IS THERE A CRISIS OR MAJOR CONCERN WHICH IS MOTIVATING THE LEADERS IN THE COMMUNITY? | YES | NO |
| 3. | DO COMMUNITY LEADERS REALIZE THAT THEY HAVE TO DO IT THEMSELVES? | YES | NO |
| 4. | DO COMMUNITY LEADERS HAVE A CLEAR GOAL OR VISION FOR THEIR COMMUNITY? | YES | NO |
| 5. | HAVE COMMUNITY LEADERS MOBILIZED THE COMMUNITY AND DO THEY HAVE THE SUPPORT OF THE PUBLIC? | YES | NO |
| 6. | HAS AN EFFECTIVE LOCAL DEVELOPMENT ORGANIZATION BEEN CREATED? | YES | NO |
| 7. | (A) HAS A LOCAL PLANNING PROCESS BEEN IMPLEMENTED? | YES | NO |
| | (B) DOES THE COMMUNITY HAVE SHORT-TERM ACTION PLANS? | YES | NO |
| | (C) DOES THE COMMUNITY HAVE A LONG-TERM STRATEGIC PLAN? | YES | NO |

COMMUNITY-ECONOMIC DEVELOPMENT CHECKLIST FOR SUCCESS (Cont'd)

Circle One

- | | | | |
|-----|-----------------------------------------------------------------------------------------------------------------|-----|----|
| 8. | HAS THE COMMUNITY INVESTED MONEY
IN ITS DEVELOPMENT INITIATIVE? | YES | NO |
| 9. | HAS THE COMMUNITY COME UP WITH AN INNOVATIVE
IDEA, PLAN OR SOLUTION TO ITS PROBLEM? | YES | NO |
| 10. | ARE SENIOR LEVELS OF GOVERNMENT PREPARED
TO COST-SHARE THE DEVELOPMENT INITIATIVE? | YES | NO |
| 11. | ARE GOVERNMENT PROGRAMS FLEXIBLE ENOUGH
TO HELP IMPLEMENT THE COMMUNITY'S VISION? | YES | NO |
| 12. | IS THE FOCUS OF THE DEVELOPMENT EFFORT ON
SMALL, HOME-GROWN BUSINESSES? | YES | NO |
| 13. | DOES THE COMMUNITY HAVE A SUCCESSION PLAN
IN THE EVENT LOCAL LEADERS BURN-OUT OR
MOVE ON TO OTHER THINGS? | YES | NO |
| 14. | ARE THE COMMUNITY LEADERS READY, ABLE
AND WILLING TO SUSTAIN THE DEVELOPMENT
EFFORTS FOR UP TO 25 YEARS? | YES | NO |
| 15. | IS THE COMMUNITY WORKING EFFECTIVELY OR
COOPERATIVELY WITH NEIGHBOURING COMMUNITIES? | YES | NO |
| 16. | (A) IS THERE A POSITIVE PUBLIC ATTITUDE? | YES | NO |
| | (B) IS INVESTOR CONFIDENCE HIGH? | YES | NO |
| 17. | ARE THERE ENOUGH LOCAL ENTREPRENEURS TO MAKE
THE COMMUNITY'S DREAM BECOME A REALITY? | YES | NO |

TOTAL:

INTERPRETATING THE "DEVELOPMENT CHECKLIST FOR SUCCESS"

The more **"YES"** responses circled, the better the community's chance of success.

"NO" responses indicate a potential problem area. Action plans and strategies should be developed to correct these deficiencies.