

Think Small or Die!

Tropical Fish and Economic Development

Economic Development is a broad concept. It is the foundation of most political platforms. It is an often discussed topic, yet so little is actually understood about the practice.

Economic Development?

So when we think about economic development we most often think about Yokohama, Nissan, Continental Tire and other large industrial recruiting efforts. Big projects seem to win voters and give us all a sense of accomplishment. One of the things that is often left out of economic development is the economy....specifically the development of it. Weird, huh?

What do we expect to get from the efforts of local, state and regional economic developers?

Economic Development creates positive change to:

Total Population



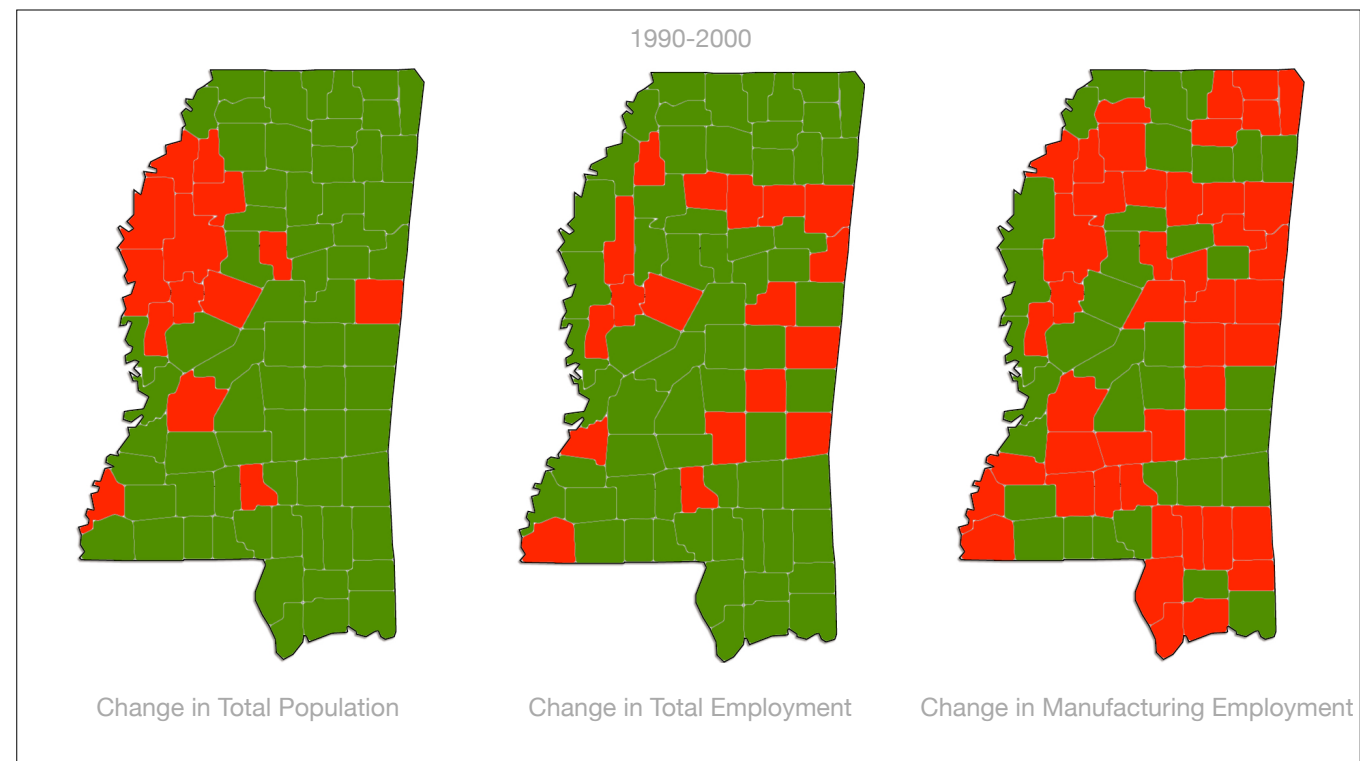
Total Employment



Manufacturing Employment



If our economy is strong we expect to see increases in total population, more jobs, and specifically,...the golden calf....Manufacturing employment. These changes don't happen over night. It takes a long and persistent effort to make these positive changes happen. Let's take a look at the success of our economic development strategy for the state of Mississippi.....



Using a simple theme of Red is bad, Green is good....Let's look at all of the counties in Mississippi from 1990 - 2000.

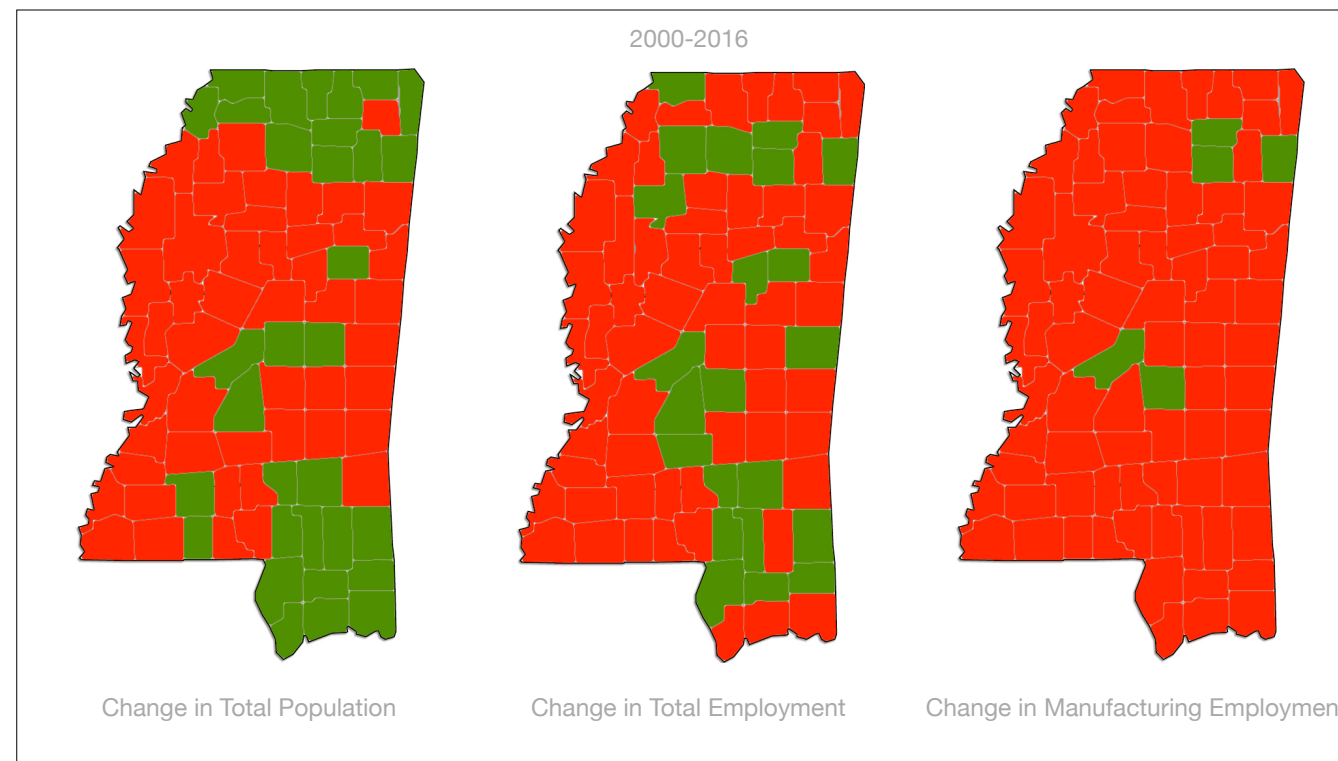
Mississippi was showing positive gains in population in most counties in the state. The Delta was having issues with population losses, and a few other counties were seeing people leave to move to adjacent counties. Overall, Mississippi was seeing some positive growth. 219 thousand new folks in Mississippi to be exact.

When we look at total jobs in Mississippi, we were seeing growth there also. 18 counties out of 82 had job losses, but for the most part, we were holding our own. In fact, we gained 217 thousand jobs in the 1990's in the state of Mississippi.

Manufacturing was beginning to show signs of struggling in Mississippi as you can see by this map. We were slowly losing manufacturing jobs in Mississippi. 42 of the 82 counties had losses in manufacturing employment.

State wide there were a total of 2,570 manufacturing jobs lost in that time frame.

No worries. We have been successfully attracting manufacturing jobs to Mississippi since the turn of the century....we got this.



Moving forward, you can see that.....perhaps we DON'T "Got This". Our population growth slowed from 10% in the 90's to less than 5% in the new millennium.

Our total job growth between 2000 and 2016 was a negative 12 thousand.

Our manufacturing job growth shifted from a negative 1% to a staggering negative 39%. From 2000 until 2016, Mississippi has lost over 90 thousand manufacturing jobs.

WHY?

So...Why is this happening?

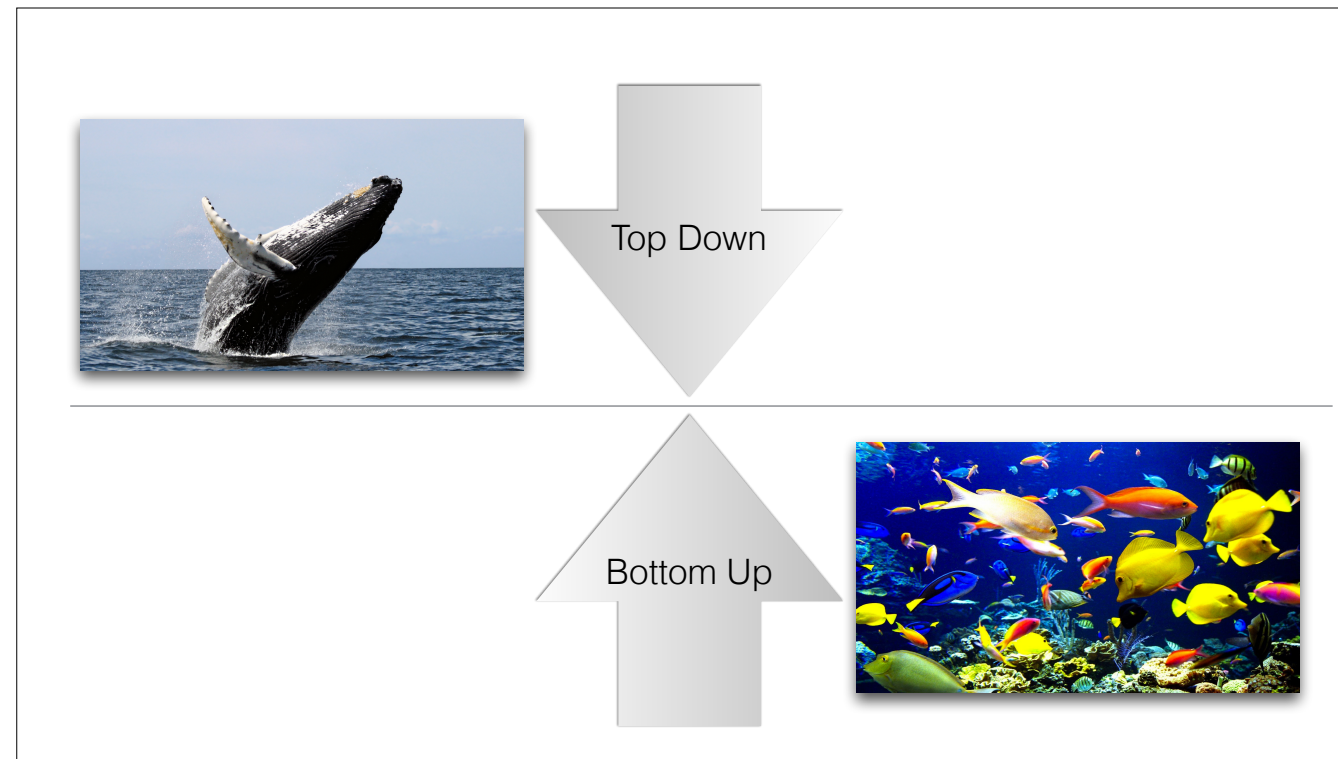
Let's take some unforeseen and uncontrollable factors into consideration. We did see a rather large natural disaster in 2005 and a huge national recession in 2008. These are probably the biggest factors in why our economy was hit so hard in the first 16 years of this millennium.

Our practice of economic development is very old. I have a 1937 chamber of commerce booklet. The language, statistics, purpose and expect outcomes were exactly the same as today. Only the method of delivery has changed.

We are trying to solve new problems with old solutions. Manufacturing employment is decreasing globally....automation, cost saving, computerized logistical models and many other factors are playing into the shrinking of manufacturing as a job creator. Yet we still seem to have Manufacturing recruitment held up as the "end all, be all" of economic development practice.

Economic Development Strategy

Let's talk about two versions of economic development strategy.



Traditionally we have thought of economic development with the “top down approach”. Go out and recruit a large manufacturing plant to your community and the economy will follow. Ancillary suppliers will come, distribution networks will come, retailers will follow, the unemployed and under employed will move to our community and find plenty of work. We will see the positive changes in our economy that we expect from this effort. I call this....Whale Hunting

The inverse of this strategy is based on the idea of developing the community first..and then the economy will follow. By creating growth from the inside out, your community will build their own job centers and create the economy incrementally. I call this, the tropical fish model.

Oxford, MS has been operating on the Tropical Fish model since the early 1980’s. First lets look at why they decided to use this strategy...and then let’s see the results.



VS.

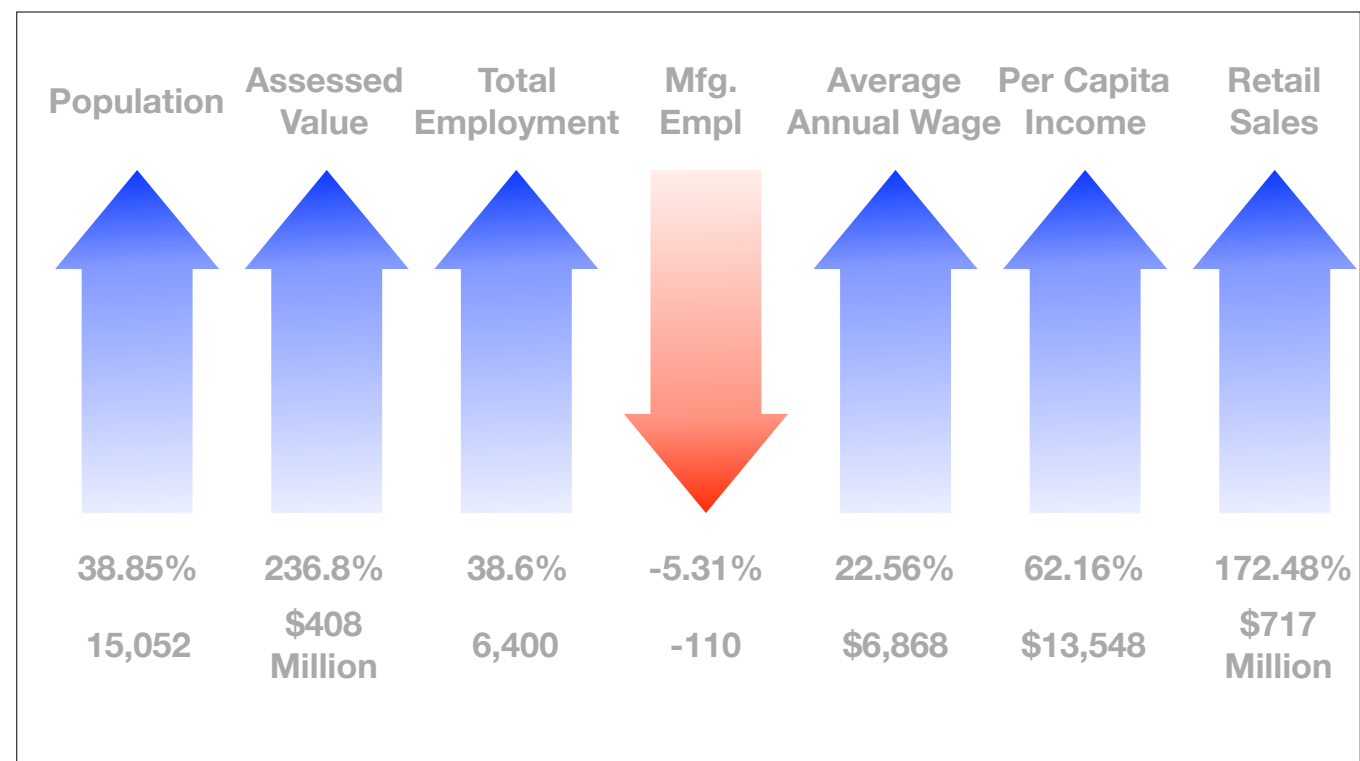


Whale hunting is expensive to chase and to land. There is an expectation of large incentive packages by local and state governments to be competitive to land these deals. My friend, Joe Max Higgins has openly talked about “buying deals”.

Growth from within in a local economy, tropical fish development, comes with little expectation of incentives. Most of the jobs that come from this strategy are developed by locals who have no plans to migrate to another ecosystem when the incentives run out. There is an intrinsic local pride in building a business and creating jobs where you are well known and established. This is a more sustainable model.

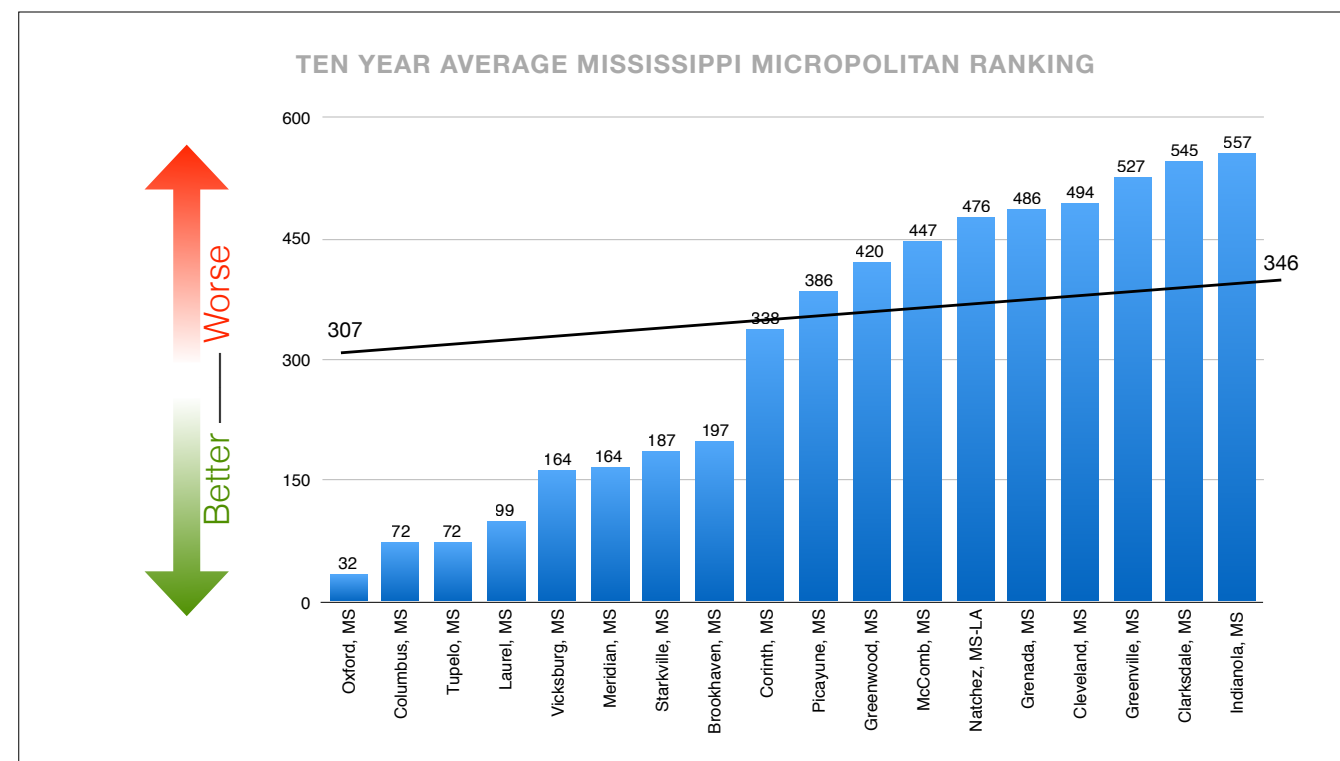
In 1992 when the EDF was created, Oxford made a decision that was anathema to what most newly formed economic development organizations come into being. While most others would set lofty goals to recruit large automakers and other whales, the EDF created a retirement attraction program. Their thoughts were to start small and attract people to the community. This retirement attraction program is still in place today and is very robust. Oh...an BTW....the exact same qualities that attract retirees, also attracts the next generation. Millennials find that quality of place and quality of experience to be highly desirable.

How is this strategy
working for Oxford
so far?



These numbers speak for themselves.....But don't take my word for it...

policom.com is an organization that analyses and ranks communities in terms of economic strength.



Oxford has been ranked very high in terms of economic strength for the past ten years. As you can see, most of our small towns are not doing so well. In fact, the trend for the Mississippi Average is getting worse, and not better.



What success have we had in recruiting and developing tropical fish?



Here is a small sample of what we have helped develop and recruit. FNC, Next Gear Solutions and mTrade are examples of very successful tech companies that all have their start in Oxford. Tropical fish, however doesn't only pertain to tech startups. We also have three manufacturing companies. Cotton's Cafe and No time 2 Cook were both started in Oxford. Winchester...which is now Oxford's largest employer behind Ole Miss, was recruited to Mississippi with only a promise of 150 jobs. That is the sort of manufacturing recruitment target that we are after. Soon, because of the positive environment in Oxford, Winchester grew to over 10 times the size that we anticipated.

Remember this...the tropical fish strategy isn't only about tech or start-ups. Any economic development plan needs to be holistic and diverse.

WHAT?

So...we have an outdated strategy. We have been relying on a philosophical foundation that has little hope of curing the economic issues that we have today. These issues continue to change rapidly. What can we do about it?



There are really, 4 basic ideas that we need to adopt to make the tropical fish strategy work. I believe that they can be adopted anywhere and make positive changes in any economy. It is not easy, and, as any strategic move goes, it will take a long time to see the changes that are wanted. However, I believe that these 4 fundamental policies are both doable and sustainable.



The first is to begin to recruit people to your community and not businesses. People ARE business. People are the economy. We have convinced ourselves that business is some anthropomorphic entity that creates jobs and fuels an economy. But it is PEOPLE that make business work. Find the people, and they will create the economy.





SHOP LOCAL.
EAT LOCAL.
SPEND LOCAL.
ENJOY LOCAL.

It takes you to start a trend

Once you get the people there and they have created a business...any business...support it. Economic Development Incentives come in many forms, but no incentive is as powerful as local support. It pays the bills and encourages the owner to grow and create more jobs for locals.





Communicate, Agree, Resolve issues, and move forward with a common and sustainable plan. EVERY community has issues. Every one has their own idea for how to make things better. However, when real communication happens and the spark of success begins to shine, then more and more people begin to turn the flywheel.





Finally. It's just something that I call the "Give a Damn" factor. When I go to some communities, I am shocked to see how little give a damn exists in the community. I see areas of greatness flanked by areas of despair. I see unkept homes and businesses, broken street signs, litter, poor customer service and no desire to raise the bar. People still take great pride in their town, but they have lost sight of the subtle things that could be improved if they just gave a damn. Little things make a difference in attracting people to your community. It plays a huge role in keeping them in your community. When you give a damn about the little things, big things begin to happen.



These four things are the fundamental philosophies that economic developers can actually use to make a difference. This is inexpensive and sustainable. We chase whales, but if we don't do these 4 things, then we might as well be chasing unicorns. Instead of chasing whales, we can work on building a reef for the tropicals to congregate. It's been the foundation for Oxford for over 30 years. It's working. It can be replicated and it's sustainable.

*Innovation distinguishes
between a leader and a
follower*

—Steve Jobs



It takes innovation to make change. But sometimes, innovation is simply getting back to basics and making things uncomplicated.

Thank you.