



NN Mexico Regional  
Economic Development Initiative

Regional Economic Development Services Plan  
March 2010

Prepared for Los Alamos County and Regional Partners:

City of Española  
Rio Arriba County  
City of Santa Fe  
Santa Fe County  
Taos County  
Town of Taos

*A "Progress through Partnering" Initiative*



REGIONAL  
DEVELOPMENT  
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## Northern New Mexico Regional Economic Development Services Plan

In February, 2009, after more than a year of study and community discussion, seven Northern New Mexico governments in the four county region of Los Alamos, Rio Arriba, Santa Fe and Taos completed a Regional Economic Development Initiative (REDI) Regional Economic Development Strategic Plan. The Plan recommended that a public private partnership be formed to implement a regional approach to economic development encompassing four strategic areas of joint activity:

- to develop business friendly policies;
- to enhance regional infrastructure in support of economic competitiveness;
- to support human capital initiatives to upgrade the skills of the local workforce; and
- to create cost effective, non duplicative economic development services capabilities in the areas of business attraction, retention and expansion, and business creation.

This report is a recommendation intended to guide implementation of the economic development services component of the REDI Regional Economic Development Strategic Plan.

### Economic Development Defined

Economic development is the creation of jobs, wealth and the improvement of quality of life resulting from a process that influences the structure and growth of an economy to enhance the financial well being of a community. In the broadest sense, economic development encompasses three major areas of activity:

- Fiscal Policy: Policies that government undertakes to meet broad economic objectives including inflation control, high employment, and sustainable growth.
- Capital improvements Policy: Policies and programs that provide business and community support services including transportation, education, communication, and medical services.
- Economic Services Policy: Policies and programs directed at improving the business climate through specific efforts such business attraction, neighborhood development, business retention and expansion, technology transfer, main street development and others. <sup>1</sup>

### Regional Economic Development Benefits and Best Practices

The REDI Economic Development Strategic Plan recommends the formation of a public private partnership to implement a regional approach to economic development. Following is the rationale for that recommendation.

#### *Right-sizing economic development policy and programs*

The city or county planning scale is increasingly viewed as too small to be economically viable in the global economy. Economic regions have assumed a growing importance in generating prosperity since they are the only manageable geographic entities that contain:

***“Economic regions are now the basic unit of global competitiveness.”***

Brian Dabson, Rural Policy  
Research Institute

<sup>1</sup> *What is Economic Development?* International Economic Development Council, Economic Development Reference Guide, 2010www.iedconline.org

- the critical mass of skills and resources;
- the necessary population density and concentration of market incomes;
- the range of specialized knowledge and institutions;
- a diversity of vitally needed facilities and services;
- and the fully developed physical and human infrastructure that are prerequisites for new ideas, products and production methods, technological and organizational innovations, and dynamic economic growth and investment.<sup>2</sup>

Central cities offer unequalled agglomeration economies because of the many businesses located in close proximity to each other. The CBD offers unrivaled opportunities for face to face interaction and accessibility to a regional labor pool that depends on a well developed public transportation system. Central city decline can result in lost agglomeration economies that can impair industries throughout the region and redirect some company start ups and expansions to other regions that enjoy greater agglomeration economies.

#### *Enhancing Northern New Mexico's Asset Profile*

Developing strategies based on a *redefined regional economy* can help align the critical mass of resources and talent needed for success. Northern New Mexico communities can reduce or eliminate deficiencies or challenges that they face as more narrowly defined geographic areas. The act of redefining of a region itself draws attention that can contribute to success. Addressing some of the administrative, jurisdictional and political hurdles to regional partnership also creates a sense of confidence in the global marketplace that a region is serious about economic development and is a good a place to consider doing business.<sup>3</sup>

#### *Strategic Alignment Increases the Impact of Local Economic Development Investments*

When budgets are tight, there are measurable advantages to sharing or leveraging assets, expenses, and programs with neighboring communities, organizations, and institutions. Given that the world is now oriented to conducting business with economic regions, it is a higher and better use of scarce resources to consolidate as many economic development functions as possible in one entity at a regional level rather than to replicate those capacities several times over in many local entities who are competing not cooperating to generate the business growth that will ultimately benefit every community in the region regardless of which community is the prime beneficiary of any particular success story.

Furthermore, certain challenges can be addressed more effectively at a regional scale because individual local governments lack the capacity or resources to address some issues without the cooperation of neighboring jurisdictions. People participating in the REDI planning specifically identified the four strategic action areas of policy, infrastructure, human capital, and economic development services as issues of vital importance to long term economic vitality and requires regional planning and action efforts for collective community aspirations to be fully realized.

#### *Speaking with One Voice on Economic Issues of Common Interest*

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<sup>2</sup> *What Metropolitan Economic Strategy is the Key to Generating Sustainable Prosperity and Quality of Life for the World*, Marc A. Weiss, Global Urban Development, Volume 1 Issue 1 May 2005

<sup>3</sup> *Expanding Boundaries – Opportunities for Innovative Regional Economic Development Strategies*, Lora Lee Martin, Economic Development America, Spring, 2004

To carry out ambitious, coordinated plans for economic, education, workforce, transportation, telecommunications, and other community improvements that will enhance local economic growth will require that region bring new approaches and new resources to bear. In the 21<sup>st</sup> information age economy, business growth depends upon the proper strategic alignment of a variety of resources, including raw materials, sophisticated transportation, a skilled labor force, research facilities, community amenities and a supportive environment that can incubate new jobs. Standing alone, very few small cities can create the continuous improvements to their land, airports, roads, research institutions, communications technology, and venture capital community to create and maintain the proper combination of resources at world class levels. Working together to prioritize and enhance regional assets like these is a better approach.

In the United States, declining federal funding has prompted local governments to look to cooperative efforts as a means of more efficiently employing their limited resources to meet increasing demands. More directly, and in addition to the efforts of the state governments, competitive regionalism has been promoted by the U.S. government as a framework for a new federal approach to urban policy. The federal role is as a key partner in support of regional cooperative efforts through a variety of means.<sup>4</sup> The advantage of collective action on economic issues that takes advantage of the increasing federal emphasis on regionalism has already been modeled in the early stages of implementing the REDI Plan. Northern New Mexico REDI communities have vigorously supported a joint approach to the design and pursuit of a robust broadband infrastructure backbone for the region. If successful, the effort will succeed at leveraging in millions of dollars of new investment to extend the technology needed for the region to compete in the information age economy to nearly every corner of the region. Likewise, all of the institutions of higher learning in the region have come together around a common interest in providing training programs that would help to prepare the regional workforce for jobs in the emerging green economy. It will require continued regional coordination for efforts like this to be sustained in the future.

Here's a practical example of how important regional intergovernmental cooperation is to the achievement of the REDI Plan going forward. REDI public sector partners have envisioned a private sector strongly committed and financially invested in a public private partnership to carry out the Plan. Simply stated, if all of the REDI partner governments are politically committed and financial engaged with the REDI public private partnership Plan, private sector partners will have a powerful motivation to join the effort. If REDI governments aren't politically and financially committed, they won't have that motivation and it will be much more difficult to inspire the private sector to participate in what would be correctly perceived as a half baked, half hearted effort.

Unified regional action is needed to continually realize emergent opportunities like these over time.

#### *Keeping Up with the Jones': Regional Economic Development Case Studies*

It is not an understatement to say that regional economic development programs are now a preferred and almost universal characteristic of the most successful economies in the country. If Northern New Mexico is going to grow its economy, the creation of a regional economic development is not a luxury—it's a necessity—because successful economies don't *just happen*. They're strategically planned, professionally managed, and are regional in nature. The difficulty of changing outmoded economic development practices through government actions alone requires

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<sup>4</sup> *Competitive Regionalism: Beyond Individual Competition*, Linda McCarthy, University of Toledo, 2000

that other nongovernmental stakeholders be involved in a sustained manner on a regional basis. In recent years, sophisticated state of the art regional efforts have been formed by governments, business groups and philanthropy in cooperation, and include educational and workforce development organizations as key partners in the advancement of sophisticated regional economic development efforts. Northern New Mexico will not be in a position to compete with efforts like the regional efforts described below unless and until it creates a comparable capacity.

#### Regional Economic Development Partnerships in Florida

- Florida's Great Northwest, Inc. – a 16 county regional organization formed to raise corporate awareness and brand a relatively untapped region for business development.
- Florida's High Tech Corridor Council – a 21 county regional organization that connects the Tampa Bay, Orlando, and Space Coast regions to promote and enhance technology based economic development.
- Internet Coast – a three county region in southeast Florida focused on branding the area as a technology center.
- Jacksonville Cornerstone – a six county region that pools county resources with the Jacksonville Chamber of Commerce to market the region nationally and internationally as Greater Jacksonville, and to assist with business retention and expansion.
- Myregion.org – a partnership of 16 private and public organizations in seven counties designed to create and implement a regional vision for Central Florida.
- Tampa Bay Partnership – a seven county business partnership focused on marketing the metropolitan area as one solidified economic region and addressing regional public policy issues such as workforce and transportation.<sup>5</sup>

#### Regional Economic Development Partnerships in Oklahoma

- Northwest Oklahoma Alliance – a 16 county organization created a regional initiative to promote, develop, and identify potential economic opportunities for Northwest Oklahoma.
- Panhandle Regional Economic Development Coalition, Inc. an interstate regional initiative assisting communities with economic development, help existing businesses expand, and organize community volunteer efforts for economic development purposes.
- Central Greater Oklahoma City Partnership encompasses a 10 county region and offers economic development assistance to its member communities/counties
- Southern Oklahoma Regional Coalition is an economic development coalition serving the four communities of Healdton, Ringling, Tatums, and Wilson.
- Southwest Oklahoma Impact Coalition is reinforcing and growing wealth in the Southwest Quadrant of Oklahoma by maximizing and coordinating workforce and economic development opportunities in a 20 county service area.
- Oklahoma Southwest Alliance serves nine counties by promoting and enhancing the economic development climate of SWOklahoma through focusing on business attraction, business retention and expansion, tourism and agritourism development, and issues of mutual concern for our member counties and municipalities.
- OK Gateway is a catalyst for prosperity, promotes the attraction, retention and expansion of commerce and industry in each of the ten member communities and the region.
- Tulsa Area Partnership encourages growth and diversification in the economy of the Northeast Oklahoma region by promoting the development of existing businesses and encouraging the relocation of complementary new businesses to the region.<sup>6</sup>

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<sup>5</sup> *Florida's New Cornerstone Initiative*, William Habermeyer, Jr., Economic Development America, Spring 2004,



## A Sampling of Rural Public Private Economic Development Partnerships

- East Central Illinois Development Corporation is a consortium of community and economic development leaders dedicated to fostering positive economic development activities in a rural region.
- Since its inception in 2000, the West Michigan Strategic Alliance has worked with eight West Michigan counties to promoting the philosophy that all sectors can, and should, work together as to promote the region. Initiatives such as Clean Cities, Green Infrastructure, Workforce Innovation in Regional Economic Development (WIRED), the Internship Portal and others have effectively gotten leaders in the region to adopt a regional mindset.
- The Southern Appalachian Economic Development Partnership is a partnership of nine counties covering more than 3,300 square miles in East Tennessee and Southeast Kentucky. These nine primarily rural counties—Campbell, Claiborne, Cocke, Grainger, Hancock, Hawkins, McCreary, Scott, and Union—are located within a 500 mile radius of over 75% of the major U.S. markets.

## Select Best Practices in Regional Public Private Economic Development Partnerships<sup>7</sup>

Anyone interested in more information about best practices in public private economic development partnerships is encouraged to visit the websites of some of the following organizations showcased as excellent public private partnership models by the International Economic Development Council.

[Greater Baltimore Alliance](http://www.greaterbaltimore.org) (www.greaterbaltimore.org)

[Greater Houston Partnership](http://www.houston.org) (www.houston.org)

[Greater Phoenix Economic Council](http://www.gpec.org) (www.gpec.org)

[Greater Richmond Partnership](http://www.grpva.com) (www.grpva.com)

[Growth Council of Oxford Hills](http://www.oxfordhills.org) (www.oxfordhills.org)

[Research Triangle Regional Partnership](http://www.researchtriangle.org) (www.researchtriangle.org)

[San Diego Regional Economic Development Corp.](http://www.sandiegobusiness.org) (www.sandiegobusiness.org)

[SmartCities, Kansas City](http://www.smartkc.com) (www.smartkc.com)

### *Call to action*

This is why regional policymakers have an important leadership role to play in promoting collaboration among fragmented and often jealous city and local governments. Just as individual entrepreneurs must recognize and institutionalize their interdependencies, so too must individual political jurisdictions overcome self interest in order to define and advance a common interest. The creation of such institutions is a political process—one that requires continuing debate and compromise, but that offers the possibility of sustained regional prosperity.<sup>8</sup>

***Region's that have strong  
leaders willing to partner are  
going places."***

***Mark Drabenstott, Federal  
Reserve Bank of Kansas City***

<sup>6</sup> *Oklahoma Advantage*, Oklahoma Department of Commerce, <http://www.okcommerce.gov>

<sup>7</sup> *Public-Private Partnerships: Select Regional Public-Private Partnerships*, International Economic Development Council, Economic Development Reference Guide, 2010, "[www.iedconline.org](http://www.iedconline.org)

<sup>8</sup> *Competitive Regionalism: Beyond Individual Competition*, Linda McCarthy, University of Toledo, 2000

## Local Context for Regional Economic Development Services Strategies in Northern New Mexico

This implementation plan is informed by key assumptions about the political and economic landscape in Northern New Mexico that factor into whether or not the Plan is adopted and acted upon by REDI stakeholders and whether or not it is successful.

*Start small, but get started*

The REDI Plan is a twenty five year vision for economic growth in the region. It will not emerge fully formed and it's not expected that every point of this economic development services component will be agreed to by every stakeholder on Day One even though it's informed by significant community input. Nevertheless, every long journey begins with a single step. This plan can serve as that next step. It's intended to be used as an adaptable launching pad, not the ending point, for collective decisions and continuous improvements made by the stakeholders of an active regional economic development partnership.

***"If there is no regional economic development organization in the area, someone needs to establish one."***

*Dennis Donovan, Managing Director,  
Wadely-Donovan Group*

*Economic development is a high, long-term priority.*

REDI community stakeholders have invested an extraordinary amount of valuable time and capital in the development of the REDI Plan. We assume this is because the partners accept the basic premises that underlie strong and lasting public private economic development partnerships:

- First, all communities agree that the wealth generated by increased business activity in a region is vitally important to achieving and sustaining long term well being in all other aspects of community life;
- Secondly, that regional cooperation can be an effective way to generate increased economic activity in Northern New Mexico; and
- Third, that there is common recognition that what benefits one community in Northern New Mexico benefits all communities in the region because all are indispensable, interdependent contributors to a single regional economic system; and
- Fourth, that since economic development programs succeed best when they are given the time and resources needed to carry out the tasks required to enhance a local economy, all participating communities should be willing to make a long term commitment—three to five years minimum—to a regional economic development services capacity.

*Northern New Mexico lags behind the national economic development competitiveness curve.*

As the case studies presented above suggest, Northern New Mexico is not an early adopter of regional approach to economic development strategy. The region is not keeping pace with much of the rest of the country in the constructing an internationally competitive high performance regional economy. Fortunately, Northern New Mexico has great resources at hand and with decisive political, business, and community leadership, this plan can help the regional community and economy catch up quickly.

*Externally, perceptions persist that Northern New Mexico isn't interested in economic development.*

In researching this plan, we consistently bumped into the impression among economic development professionals in the public and private sector *outside the region* that Northern New Mexico communities “don't care about” or “aren't playing well” the economic development sandbox. The quotes around that phrase are intentional. This is a paraphrase of statements that we heard from a variety of people representing organizations that Northern New Mexico needs to work with to “get in the game.” While the paraphrase is an over simplified generalization of a complicated subject involving many organizations, the overall impression it conveyed are a genuine concern, but also an easily surmountable challenge. Perception is reality until those perceptions change and our premise is that substantive changes in the way Northern New Mexico carries out economic development can turn the prevailing if mistaken, impression around fast.

*Internally, the timing and sentiment to move regional economic development efforts forward is favorable.*

The context for a regional economic development effort is much larger than the regional or local economies which are the subject of this Plan. In late 2008, the subprime mortgage crisis and other factors catalyzed a national, and then global, economic downturn of historic proportions that has not yet run its course. While the human consequences of this situation are tragic and ongoing, the economic slowdown resulting from the crisis has also slowed down the growth of most regional economies and the rate at which Northern New Mexico is falling behind the economic development power curve. Now is the time for the region to put a state of the art plan in place so that Northern New Mexico is “caught up” and positioned to capitalize on the next round of global economic expansion when it happens.

“The time may be right,” is the quote that best summarizes the overall response of internal stakeholders to the concept of regionalism presented in this plan. It is important to note that there is still uncertainty among some stakeholders about “what regional cooperation around economic development looks like” and means to me” and there is a natural, understandable, and healthy amount of caution about “losing community identity,” and “what we might have to give up.” At the same time, these views are balanced by general understanding and supporting among most or all of the stakeholders that the world is changing and that finding ways of cooperating better is an important step to constructively adapting to those changes. In large part, due to the credibility and quality of the work that has been accomplished by the REDI process to date, there is a willingness to take another step forward.

*Cost-effectiveness is an important program design consideration*

We recognize that local resources are constrained right now. In comparison to larger, better endowed communities that invest millions of dollars a year in regional economic development programs, this plan is not proposing a grandiose overreach. We propose a modest achievable launch that can be built into something larger over time as greater agreement about and trust in a new regional capacity has been earned, some positive results have been generated, and expansion of resources permit.

*Practical Partnerships*

There's a saying among some who have helped to build and practice regional economic development partnerships for decades that goes something like this, “There's more than enough

work to go around than all of us could possibly accomplish. We'll get a lot more of it done if we stop arguing about who's in charge and fighting over the same pieces.”

This implementation plan proposes a new economic development *partnership* in Northern New Mexico. We're not proposing to eliminate or replace existing institutions but to align them strategically around some ideas and ways of working together that have proven to be very effective elsewhere.

If adopted, communities will need to designate a lead organization to be responsible for moving this economic services program of work forward. That organization will serve

- as a catalyst, convener, and coordinator of a regional partnership whose primary purpose is to *support and amplify the work of existing economic development organizations with economic development responsibilities to strategize and prioritize cooperative efforts most or all agree are necessary to fulfill their mission*; and
- subject to approval, to provide niche economic development services that can be cost effectively delivered on a regional basis or *fill regional economic development services gaps that other partners are unable to fill on their own*.

This plan reflects the counsel of existing economic development organizations that have said the approach presented here would make the most sense for regional partnership in Northern New Mexico. It articulates the roles and responsibilities existing organizations could agree to assume in a regional partnership that has the best chance of accomplishing the results oriented business attraction, retention and expansion, and creation impacts that communities have said they want.

### **Global Context for Regional Economic Development Services Strategies in Northern New Mexico: Positioning for Success in an Innovation Economy<sup>9</sup>**

This plan is also designed to capitalize on significant changes how socio economic growth will unfold in the future. The following discussion of the new types of businesses and ways of doing business that are evolving to make the global economy work introduces explains why inventive “out of the box” approaches to capturing economic growth are likely to be more successful than business as usual approaches in the future.

The US economy of today is markedly different than the nation's “Old Economy,” which was based on resources, manufacturing and goods production. Goods producing employment has been declining in the US since 1910. In 1940, goods and service producing employment each represented approximately 50% of jobs in the US. Since then, goods producing employment has declined to the extent that it represented slightly over 20% of jobs in 2000, with service producing employment making up just under 80%.<sup>10</sup> While conventional wisdom frequently points to off shoring and outsourcing to places with lower labor costs as the primary cause, off shoring and outsourcing are merely outcomes of an industrial evolution driven by the knowledge or innovation economy. This new economy drives technological advancements that increase productivity and enable global networks.

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<sup>9</sup> *Regional Economic Development Initiative Strategic Plan*, February 2009

<sup>10</sup> *Responding in a Turbulent Economy: Creative Roles for Workforce Investment Boards*, A Report to the Ford Foundation, Mark Troppe, Workforce Strategies Group, April 2004.

Table 1: Comparison between Old and New Economies

Industrial Age (Old Economy)	Knowledge Age (New Economy)
Economy based on resources	Economy based on human knowledge
Success determined by advantage in key resource	Success determined by people who can learn & adapt
Competitive edge was cheap place to do business	Competitive edge is a highly-skilled workforce
Job creation	Wealth creation
Individual projects	A balanced portfolio of investments
Funding research projects through competitions	Investing in commercialization of technology
Bureaucracy	Maximizing return on investment
Inputs and activities	Results and outcomes

Adapted from *The Workforce and Economic Development Connection*, a presentation given by Richard Seline, CEO, New Economy Strategies, at the International Economic Development Council (IEDC) professional development conference, September 6-7, 2007

The innovation economy is characterized by persistent and repetitive change in which things are constantly in flux. Rapid technological changes underlie much of this, as industries must adjust to new modes of production, marketing and distribution. In this context, economic development cannot be a straight line to an ultimate goal, but must employ a nimble set of strategies that are constantly updated and realigned in partnership with the private sector, which has first hand experience with these changes. Other important aspects of the knowledge or innovation economy, as related to economic development, are described below.

- Technology and globalization have “sliced the supply chain” separating different stages of production into different states and nations. This has implications for how cluster based initiatives such as REDI approach vertical integration, which now may require partnerships with other regions rather than local development of the full value chain.
- While traditional manufacturing will continue to move overseas, sophisticated, high value added manufacturing will become more important in the US. This may create some advantages for New Mexico and northern NM, which historically had no manufacturing base, but possess national laboratories and significant research and development capacity that may enable high value added niche manufacturing. It also raises the issue of continuous advanced training and special, customized training that may require partnerships among scientists, firms and economic development or workforce development agencies.
- The knowledge or innovation economy has tremendous implications for human capital, and vice versa. Human capital is the source of new and creative ideas that are the foundation of the innovation economy, and therefore, the most important competitive advantage for economic development in the future. Due to this heightened role, the US must comprehensively address human capital issues to maintain its global competitiveness.
- The growth of the US workforce is projected to slow dramatically in the next few decades. In 2020, an estimated 12 million jobs requiring post secondary education could go unfilled, assuming retirement of 46 million baby boomers and a 22% increase in jobs requiring post secondary education. In a constrained labor market, the existing workforce—including retirees, immigrants and unskilled workers—will play an important role. Increased health statistics allow people to live longer, and therefore work longer. And the sheer numbers of immigrants and unskilled or low skilled workers makes them appropriate targets for

retraining and programs that enable advancement and improve productivity. The abundant supply of global talent is another important part of the equation. While global talent may cause companies to relocate even highly skilled work overseas, it also presents an opportunity, as many foreign workers desire to work in the US, and could help offset labor shortages. While it seems possible to address some of the US' labor shortage through such measures, the greatest threat to US competitive advantage exists in its "pipeline" of future workers. While the demand for high skilled jobs, particularly in STEM disciplines, is increasing, US educational levels are falling; primary and secondary achievement scores are low, particularly in math and science; and a significant skills gap exists in the workforce. If these issues are not addressed, they could undermine the US' competitiveness vis a vis other countries in the new economy.

### **REDI Economic Development Services Implementation Plan Goal Statement**

The purpose of the economic development services component of the REDI partnership is to attract, retain and expand, or create high wage employers in Northern New Mexico. We propose the following business development goals as benchmarks for evaluating the effectiveness of the partnership.

- Annual business attraction goal: 40 small businesses, primarily lifestyle entrepreneurs recruited into the area and 4 medium sized operations in the REDI industry target sectors
- Annual business retention and attraction goal: 200 business visits resulting in 15 major retention or creation impacts.
- Annual creation goal: 40 businesses, primarily local lifestyle entrepreneurs helped to start a business in their community.

The annual job creation impact of these efforts will range between 200 to 300 jobs per year.

### **Business Attraction Services Plan**

Business attraction and recruitment was once considered the main approach to economic development. Business attraction programs use marketing to promote an area's favorable business climate and other location factors important to specific businesses. Fundamentally, this is a regional community marketing plan.

Because the attraction of new businesses into an economy may quickly increase the tax base, jobs and the diversity of the local economy, business attraction is the most publicized and visible economic development tool. However, the high costs and inconsistent returns of economic development marketing and incentives have opened the strategy to the criticism and controversy that the results sometimes don't justify the expense.<sup>11</sup>

Historically, northern NM has not embraced large scale business attraction or "smokestack chasing" due to its potential impacts on culture and the environment. Most local governments in the region engage in "passive" business attraction by occasionally responding to Prospective Recruitment Opportunities (PROs) that meet their standards that are generated by the State's business recruitment agency, the New Mexico Partnership. Not surprisingly, very few businesses

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<sup>11</sup> *Business Recruitment and Attraction*, International Economic Development Council, Economic Development Reference Guide, 2010

have been attracted to the region using this approach.<sup>12</sup> Los Alamos County is an exception in the region because they directly recruit businesses in addition to responding to PROs.

During the REDI planning process, community participants, in consultation with expert advisors, expressed a willingness to intensify and regionalize efforts to attract targeted small to medium sized businesses whose economic profiles are consistent with Northern New Mexico values and economic focus and goals and that are most likely to be attracted to the area by region's unique combination of business opportunities, resources, and quality of life.

*Attraction Client Group 1: Location-neutral workers and entrepreneurs*

Attraction Client Group 1a: The Young and the Restless (25-34 year free agents)

As communities move increasingly from a production based into a knowledge based economy, the kind of talented people each attracts will determine whether it wins or loses in the campaign for future prosperity. For this reason, one question facing Northern New Mexico is: Will we catch this wave and prosper or capsize and flounder in its undertow? Standing on the beach and watching the movement of the ocean, it is easy to be lulled into the impression that it is rhythmic, synchronous and unchanging. But beneath the undulating surface water are powerful currents and tides that transform course and climate. The same is true for the wave of demographic trends under way in the United States, and why this wave has gone largely unnoticed.

The United States is in the midst of a major demographic shift. It will have profound implications on the economic health of cities and metropolitan areas throughout the nation. These shifts would be momentous under any circumstances, but are all the more striking with the advent of the knowledge based economy. The overall growth of the U.S. population—28 million more residents to metropolitan America in the 1990s—conceals the decline in a pivotal segment of our population. Almost unnoticed, the number of young adults has declined fully 8 percent—the metropolitan U.S. has three million fewer 25 to 34 year olds in 2000 than it did in 1990. This group is the gold standard in the knowledge based economy, and as a result, it is particularly critical to the long term economic health of metropolitan areas. These young adults, men and women, have completed their formal educations and acquired their initial work experiences. They are primed to start on their career paths.

Statistically, 25 to 34 year olds are the hardest working segment of the population. In their mid 20s, they are also at the peak of their mobility and more likely to move across state lines than at any time in their lives. In the time between their 25th and 35th birthdays, these young adults not only start careers, but find mates, start families and put down roots. Once rooted in place, the likelihood of their moving to another state or metropolitan area will decline precipitously.

In recent years, communities have become increasingly aware of the economic importance of talented workers, the people called the “creative class” by professor and author Richard Florida. These talented workers—writers, designers, engineers, architects, researchers, and others—play a key role in creating new ideas that drive business success and regional economic progress. The greatest opportunity to attract and retain these workers is when they are young and mobile, and indeed, our research shows a strong correlation between places with a significant fraction of the young and the restless and various indices of the creative workforce. For the nation's metropolitan

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<sup>12</sup> *Regional Economic Development Initiative Strategic Plan*, February 2009

areas, then, this shrinking group of young adults is daily making personal decisions on their futures that will in turn have profound effects on the future of economic growth for decades to come.

The importance of this trend has been masked by three years of languishing economic growth (and in many places actual job declines). With job losses still fresh in mind, it's not as obvious that availability of talent is a critical factor for economic success. But as the nation puts the lingering recession behind it, and as job growth accelerates (as now, finally, appears to be the case), an abundant supply of knowledge workers will be a city's competitive advantage.

This phenomenon will happen just as the U.S. is moving from a 30 year era of rapid labor force growth to a period of much slower growth and likely shortages. The three decisive trends that drove the growth of the U.S. labor force in the past three decades—the maturing of the Baby Boom generation, women's greatly increased economic role, and the increase in college attainment—all reverse or flatten out in the next two decades. The Baby Boom generation, now in its peak earning year will soon begin retiring, depriving the economy of some of its most seasoned workers. Women's labor force participation has doubled since the 1950s, and has been a key force in growing the U.S. economy, but cannot go much higher. And finally, there is the expansion of college education in the last two generations increasing from 8.9 percent in 1959 to 25.6 percent in 2000. The proportion of 25 to 29 year olds with a four year degree has increased from 11.1 percent in 1959 to 29.1 percent in 2000. The combination of Baby Boom retirements, no net additions of women to the labor force, and a constant college attainment rate mean that labor is likely to be in short supply over the next two decades. In this environment of labor shortage, metropolitan areas of the United States are in effect in active competition for a limited supply of young workers, particularly those in the 25 to 34 year old age group, the most mobile in the population. Over the five year period of 1995 to 2000, more than 3 million persons in this group moved among metropolitan areas, and these areas also attracted nearly 2 million more persons from abroad. Most metropolitan areas lost population in the 25 to 34 year old age group during the 1990s, largely because of the national demographic trends. But some metropolitan areas were big gainers, because they attracted more than their share of this mobile group.<sup>13</sup>

The “mobility dynamic” in the future economy is primarily driven by emergence of wholly new forms and ways of doing business. Business is rapidly changing as more and more people work in very small, flexible, project driven, location neutral businesses that rise and fall quickly. They perform this work both by operating their own businesses from home or working remotely for a larger company. An understanding of this dynamic is vitally important to the effective creation of business recruitment strategies because the economic potential of the mobility is large and it's accelerating.

The worldwide mobile worker population is set to increase from 758.6 million in 2006, accounting for 24.8% of the worldwide workforce, to 1.0 billion in 2011, accounting for 30.4% of the workforce. Key highlights across the regions include: **The United States has the highest percentage of mobile workers in its workforce (68% in 2006, expected to reach 73% in 2011)**, while the rest of the world (ROW) (which includes Canada; Central and Eastern Europe, the Middle East, and Africa [CEMA]; and Latin America) has the lowest (6.0% in 2006, expected to reach 6.8% in 2011). The population is comprised of three main subgroups of business/worker.

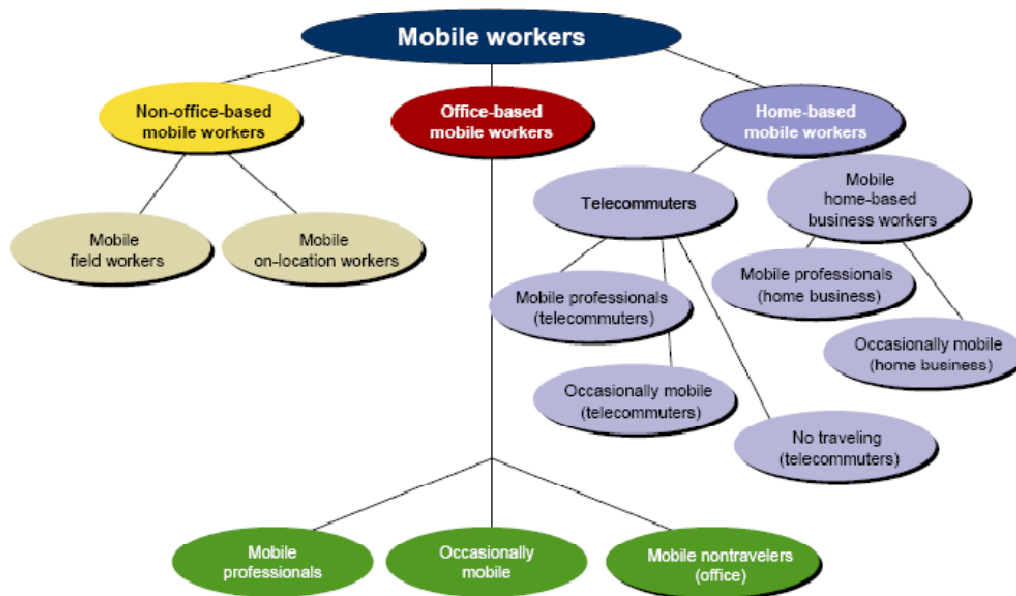
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<sup>13</sup> *The Young and the Restless: How Richmond Competes for Talent*, Impresa, Inc., and Coletta & Company



- **Mobile office workers.** This group represents the lion's share of the mobile workforce population (62.3% in 2006 and 62.0% in 2011). This segment will grow from 472.7 million in 2006 to 622.9 million in 2011, increasing at a CAGR of 5.7%.
- **Mobile nonoffice workers.** This segment will experience the highest growth rate during the forecast period (CAGR of 6.2%), while representing the second largest share of the population (31.7% in 2006 and 32.3% in 2011).
- **Home-based mobile workers.** This group will reach 58.0 million worldwide by 2011, up from 45.4 million in 2006, with a CAGR of 5.0%<sup>14</sup>

Mobile Worker Population Hierarchy



Source: IDC, 2007

The attraction plan recommendation presented below proposes a blended brand and marketing message intended to appeal to a wide range of business recruitment audiences including treatments that will appeal to location neutral entrepreneurs. Noted here are ten key messages that Impresa Inc. and the Coletta Company are recommending to their extensive list of major metropolitan communities; communities that are now courting the same Young and Restless audience that Northern New Mexico would like to attract.

THEME ONE: OPEN THE CIRCLE AND WELCOME NEWCOMERS

THEME TWO: WELCOME NEW IDEAS

THEME THREE: ENCOURAGE DIVERSITY

THEME FOUR: CREATE A PLACE WHERE PEOPLE CAN BE THEMSELVES

THEME FIVE: LET YOUNG PEOPLE LIVE THEIR VALUES AND CREATE A NEW HISTORY

THEME SIX: BUILD VIBRANT PLACES

THEME SEVEN: TAKE CARE OF THE BASICS

THEME EIGHT: BE THE BEST AT SOMETHING.

<sup>14</sup> Worldwide Mobile Worker Population, 2007-2011 Forecast, IDC, March 2008

THEME NINE: SELL YOUR REGIONAL ASSETS

THEME TEN: KNOW WHAT YOU WANT TO BE AND BE WILLING TO TAKE RISKS TO ACHIEVE IT<sup>15</sup>

It's important to note that 25 to 34 year olds are one large and important subset of a larger population of mobile workers proposed. Nearly seventy one percent of the workers in the national economy are now mobile! One size may not fit all the niches that make up this huge and highly diverse and segmented pool of attraction clients. It's expected that as initiatives to attract segments of this client base to Northern New Mexico unfold, regional understanding of the marketplace will mature. Niche audiences and unique approaches suited to them will be discovered and the program will need adapt quite fairly often to appeal in response to the unique and ever changing inclinations of a fast paced and ever churning global economy.

Attraction Client Group 1b: High Net Worth Baby Boomer (55-75 years of age)

As Americans age, their likelihood of migrating, their reasons for moving, and their destination choices shift dramatically. Baby boomers—born between 1946 and 1964—are entering a stage when moves to rural locales increase, especially to areas with scenic amenities and *relatively* lower housing costs.

“Boomers” have already demonstrated an affinity for moving to rural and small town destinations, compared with older or younger cohorts. They led a short lived rural “rebound” in the early 1990s despite being at an age when career oriented motivations strongly influence migration decisions.

Today's 83 million boomers, ranging from age 45 to 63, represent a fourth of the total U.S. population. There has never been such a large share of the workforce approaching retirement. By comparison, 42 million were age 45 to 63 in 1990. Boomers are now poised to significantly increase rural and small town elderly populations by 2020, with major social and economic implications for their chosen destinations.

Each individual or family makes unique migration decisions, but as people age toward retirement, they're less prone to move than in their youth, but those that do are much more likely to move to the countryside. Many “empty nest” couples begin seeking leisure and recreational opportunities, lower housing costs, and a slower pace of life. Quality of life considerations begin to replace child rearing and employment related factors in decisions about when and where to move. For older Americans, rural migration is highest early in the retirement process and declines sharply as health care needs increase.

Many people develop strong ties to particular places over an extended period, such as while vacationing or visiting family and friends. Thus, retirement related migration may progress slowly over several years rather than occur as a discrete, one time event. Couples often purchase a second home or simply visit the same location annually or on weekends with their children, then visit more often and for longer stretches as children leave home. Beginning in the 1990s, the Internet has greatly facilitated work from more remote locations and contributed to an increase in permanent moves to second home destinations. *Areas that are popular as recreation and tourist destinations are increasingly favored as permanent residences.*

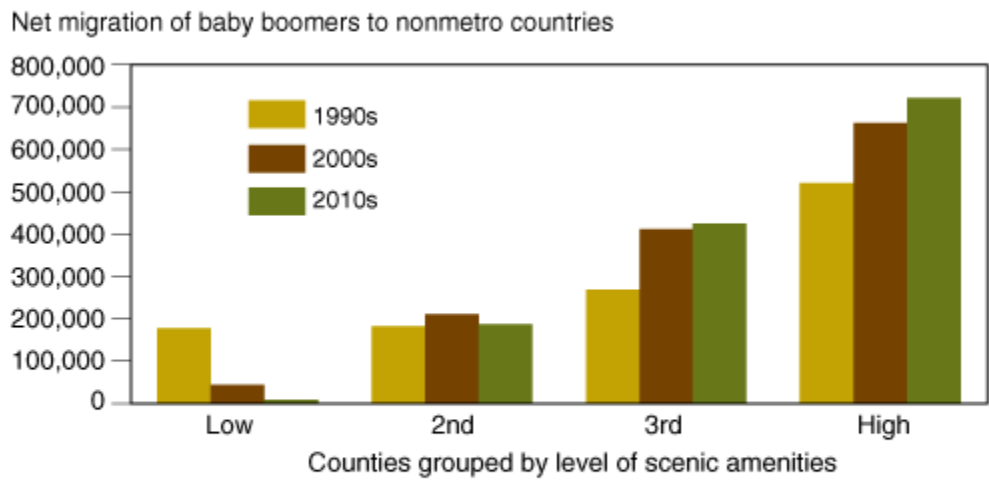
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<sup>15</sup>*The Young and the Restless: How Richmond Competes for Talent*, Impresa, Inc., and Coletta & Company

The scale of this trend is substantial and something creative communities can capitalize. Net migration increased the number of baby boomers living in nonmetro areas by 1.1 million during 1990-2000. If baby boomers follow the same age-specific geographic patterns of migration as their predecessors, their presence in nonmetro locations will increase by 1.1 million during the 2010s, despite declines in their overall propensity to migrate. If they continue the marked preference for nonmetro destinations exhibited during their earlier life stages, nonmetro net migration of baby boomers could reach as high as 1.6 million people in the next decade.

Whether adjacent to big cities or less accessible, counties with desirable physical attributes—pleasant climates, mountains, beaches, and lakes—are likely to increase their already high share of baby boomer migration. Regardless of future economic and housing market conditions, baby boomers will increase the size of rural America’s retirement-age population. Assuming a midrange projection, the rural population between ages 55 and 75 will increase from 8.6 to 14.2 million between 2000 and 2020. The overall rate of growth among this age group has likely tripled to 30 percent during the current decade, compared with that in the 1990s, and will remain above 25 percent in the next decade.

**Baby boom migration is directed toward counties with high scenic amenities**



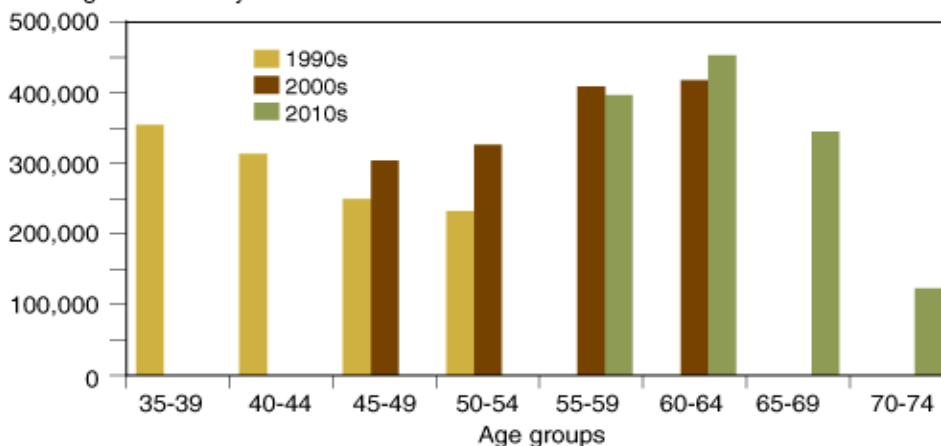
Source: USDA, Economic Research Service. Net migration estimates for 1990-2000 were tabulated using population data from the U.S. Census Bureau and vital statistics from the National Center for Health Statistics. Projections for 2000-10 and 2010-20 were based on statistical models of age-specific net migration and forward survival methods. Scenic amenities were measured using the ERS Natural Amenities Index.

Development professionals often emphasize traditional strategies designed to attract manufacturing jobs to their communities. However, infrastructure investments geared toward fostering this type of export-based employment growth likely will have minimal influence on the rising number of footloose baby boom migrants who are looking for an improved quality of life. Other development specialists realize that net migration increasingly drives regional economies. Older migrants often bring significant new money into a county’s economy, generate new demand for a variety of services, and boost job levels. Increased awareness of key factors attracting baby

boomers to rural and small town America will contribute to more effective, migration based development strategies.<sup>16</sup>

**Older baby boomers currently lead nonmetro migration, but younger members will likely dominate after 2010**

Net migration of baby boomers to nonmetro counties



Source: USDA, Economic Research Service. Net migration estimates for 1990-2000 were tabulated using population data from the U.S. Census Bureau and vital statistics from the National Center for Health Statistics. Projections for 2000-10 and 2010-20 were based on statistical models of age-specific net migration and forward survival methods.

One of the most important aspects to understand about this baby boom migration is along the lines of the advertisement starring local resident Dennis Hopper in which he says something along the lines of “This is not your father’s kind of retirement.”

The United States will eventually recover from the current deep recession and then the overriding concern will become the resumption of growth. Will we return to the high growth and productivity rates of the post 1995 decade? Or, in a gloomier scenario, are we in for a sustained period of sluggish growth like what afflicted most developed countries from the early 1970s to the mid 1990s?

The primary determinant of which path we take is our level of entrepreneurial activity. In terms of job creation, innovation, and productivity, entrepreneurs drive growth. A major worry is that the basic demographics of the United States will inexorably tilt the country toward a stagnant growth path. An aging country, with the baby boom generation moving into retirement, does not strike many as an entrepreneurial society—and yet it should.

Several facts have emerged from Kauffman Foundation research that indicates the United States might be on the cusp of an entrepreneurship boom—not in spite of an aging population but because

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<sup>16</sup> *Baby Boom Migration and Its Impact on Rural America*, John Cromartie and Peter Nelson, ERR-79, USDA, Economic Research Service, August 2009.

of it. And, to the extent that entrepreneurship is a key driver of economic growth, this could bode well for America's growth potential.

Consider the broad population trends in the United States, as illustrated below.

Notwithstanding the baby boomlet of 1989–1991 that has resulted in the largest high school graduating classes in history, the age curve of the United States continues to shift. In particular, we are currently experiencing a bulge in the 45–64 age group which, naturally, will mean a bulge in the over 65 age groups in coming years. Life expectancy, moreover, keeps extending farther and farther: by 2050, American life expectancy will be 83 years, compared to 78 today.

Why does this matter for entrepreneurship? Contrary to popularly held assumptions, it turns out that over the past decade or so, the highest rate of entrepreneurial activity (a measurement of new business creation) belongs to the 55–64 age group. The 20–34 age bracket meanwhile—which we usually identify with swashbuckling and risk taking youth (think Facebook and Google)—has the lowest. Perhaps most surprising, this disparity occurred even during the decade surrounding the dot com boom—when the young entrepreneurial upstart became a cultural icon.

In every single year from 1996 to 2007, Americans between the ages of 55 and 64 had a higher rate of entrepreneurial activity than those aged 20–34. For the entire period, the 55–64 group averaged a rate of entrepreneurial activity roughly one third larger than their youngest counterparts. These trends seem likely to persist: in the Kauffman Firm Survey, a longitudinal survey of nearly 5,000 companies that began in 2004, slightly less than two thirds of firm founders are between the ages of 35 and 54. Additionally, Kauffman research has revealed that the average age of the founders of technology companies in the United States is a surprisingly high 39—with twice as many over age 50 as under age 25.

Changes in job tenure, moreover, support this shift: the length of time at which Americans remain at their jobs has fallen across every age group in the last quarter century, with the most pronounced declines among that cohort normally associated with career jobs: middle aged men. Long term employment, in fact, has fallen dramatically for people ages 35–64 over the past 50 years. While people under 30 have historically jumped from job to job, the most striking development today has been the drop in the incidence of “lifetime” jobs among men over age 50.

Contrary to popularly held assumptions, it turns out that over the past decade or so, the highest rate of entrepreneurial activity belongs to the 55–64 age group. We must consider that these demographic and business formation rates are a one time occurrence. The time period under study, after all, happened to see a rebirth of entrepreneurial capitalism in the United States. The continuing recession, moreover, may exert a persistently negative effect on attitudes toward risk taking. It is also possible, and quite likely, that the long term change in job tenure contributed to the high rate of entrepreneurial activity in the 1990s among those over age 45. Can we expect this trend to die out, particularly with an influx of twentysomethings who have come of age in an entrepreneurial society? We could certainly see an increase in entrepreneurial activity among those under age 30, a development the recession might accelerate because of the deep employment cuts among large, established companies.

But a steady increase in life expectancy also means that Americans are not only living longer but also living healthier longer, suggesting that those entrepreneurial 60 year olds could be entrepreneurial 70 year olds in the 2020s. Even if business formation rates fell within this age group, we would still have tens of thousands of potential mentors to the next generation of entrepreneurs. The effect of technology, too, must be considered—is firm formation somehow

different in the first Internet era recession? Transaction costs and barriers to entry have fallen for people of every age.

Given the shifting age distribution of the country, the continued decline of lifetime employment, and the recession's effect on established sectors of the economy, we may be about to enter a highly entrepreneurial period. The larger effects of the recession will also bear on entrepreneurial demography: the very idea of "too big to fail" institutions has been permanently damaged. Recent economic trends away from lifetime jobs and toward more and more new companies will thus gain even greater cultural traction. New and stronger regulations that will aim to prevent the rise of such giant organizations may also help create a more market oriented society, in the sense that we will see increasing numbers of new firms of smaller size, competing and cooperating challenging incumbents, and, perhaps, rising and falling at faster rates.

Given the shifting age distribution of the country, the continued decline of lifetime employment, the experience and tacit knowledge such employees carry with them, and the effects of the 2008–2009 recession on established sectors of the economy, we may be about to enter a highly entrepreneurial period.<sup>17</sup> If these demographics and economic forces play out as described above, this plan positions Northern New Mexico to capitalize on them.

*Attraction Client Group 2: Small to medium sized green, technology, and digital media enterprises*

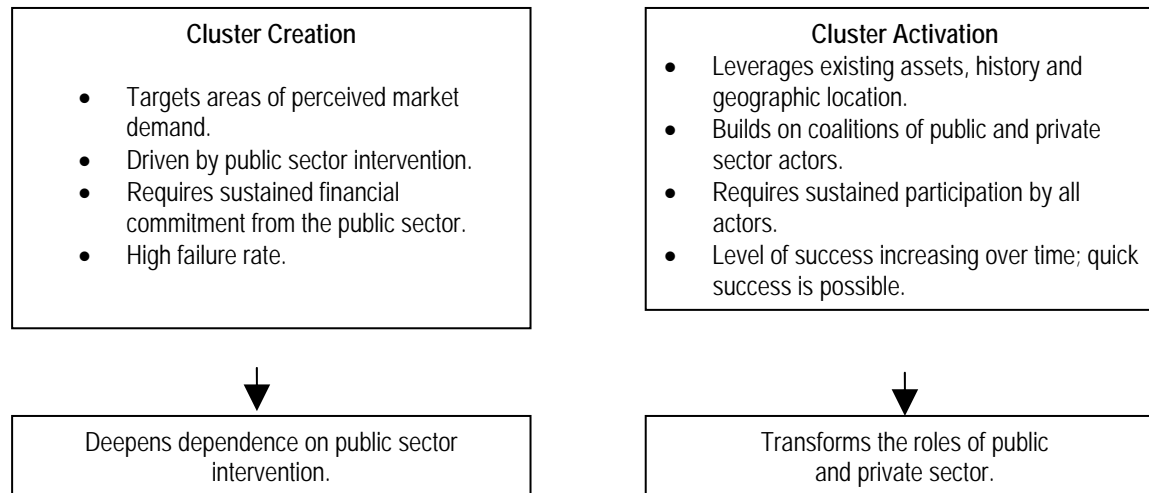
The REDI Strategic Plan recommends a cluster focused approach to economic development services. Industry Clusters are geographic concentrations of interconnected businesses, suppliers, and institutions associated with a particular industry, and have been used widely to increase the competitiveness of geographic regions. While the concept of agglomeration upon which industry clusters are based dates back to the late 1800s, industry clusters were popularized by Michael Porter in *The Competitive Advantage of Nations* (1990) and by Paul Krugman in *Geography and Trade* (1991). Industry clusters are typically identified and developed around the following comparative advantages: traditional knowledge and skills retained in a geographic area, natural resources linked to a geographic location (biofuels in Iowa), or technology resources associated with universities and research centers (Silicon Valley). However, because globalization often precludes geographic concentration of an entire cluster or value chain, Hubs and Nodes, another geographic model, builds on the industry cluster model to propose cooperation among linked regions.

Government programs widely use industry clusters for competitiveness initiatives; however, as shown below, Michael Porter and others differentiate government driven "cluster identification" from more successful "cluster activation," which assumes that private sector champions, rather than government entities, drive the process.

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<sup>17</sup> *Old and in the Fray: The Coming Entrepreneurship Boom*, Dane Stangler, *The American*, June, 2009

## Cluster Creation vs. Cluster Activation



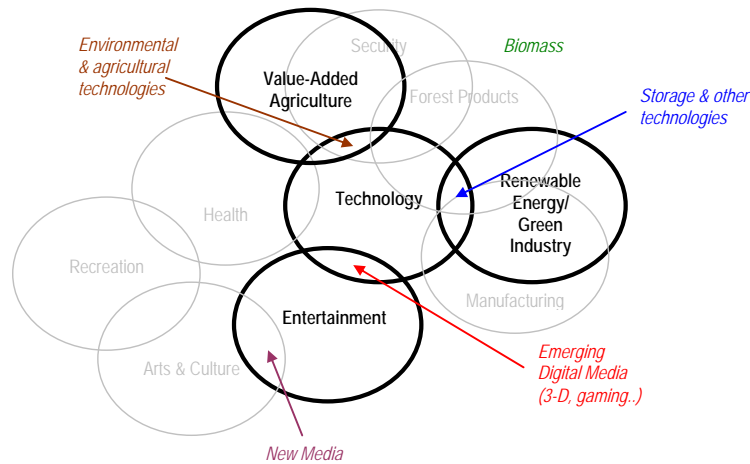
Source: Michael Porter, 2003

There are two primary reasons for recommending an economic development strategy focused around target clusters.

- **Strengthen northern NM's private sector.** Historically, economic development efforts in New Mexico have been driven by state and local government and their agencies. At the same time, the private sector has frequently looked to government to reduce or take on business risk. While REDI is a government driven effort, its process has sought and invited participation from the private sector and from organizations and institutions that represent and support the private sector. REDI has drawn upon best practices in economic development to recommend a strong private sector role in northern NM's long term economic development. Because clusters focus on developing and strengthening the private sector, they provide REDI with the opportunity to change the economic development paradigm from one in which government makes the decisions, to one in which government partners to support the private sector in growing the economy.
- **Focus on clusters allows REDI to take a strategic approach to economic development.** REDI's approach to cluster development is based on the following cluster best practices. Successful clusters are defined by:
  - Being *private sector* driven. This means that solutions to competitive constraints should be commercial in nature, and not depend on government intervention.
  - Being *market* driven. This means having an assessment of cluster competitiveness based on an understanding of the target market and the success factors for competing in it.
  - Exploiting and creating competitive advantages, including the potential for regions (or sub regions) to specialize in specific market segments within the cluster.

- o Increasing competitiveness by building connections, relationships and partnerships among firms and public institutions in strategic areas and for strategic activities. This implies an understanding of the value chain for each cluster, as well as the relationships of the cluster with capital, support services, workforce and policy institutions.

The four target industry clusters identified through the REDI process have proven to be sound from a strategic perspective. The target clusters of Renewable Energy/Green Industry, Technology, Media and High Value and Value Added Agriculture are synergistic and overlap with the clusters and economic development strategies being pursued by the State of New Mexico and individual local governments in the region. <sup>18</sup>



### Synergy with State and Local Clusters

REDI	City of Santa Fe	Santa Fe County	Town of Taos	NM Partnership
Renewable Energy & Green Industry	Green	Clean Renewable Energy & Technology	Renewable Energy	Renewable Energy
Technology	Knowledge Based Enterprise		Technology	Technology
Media	Media	Film/Media		Film
High Value/Value Added Agriculture		Agriculture		Food Processing
	Arts & Culture	Arts, Culture & Entertainment	Art & Culture	
		Outdoor Recreation	Sports Recreation	
				Aerospace

<sup>18</sup> Regional Economic Development Initiative Strategic Plan, February 2009



				Manufacturing
				Maquila Suppliers

To date, the REDI Team has developed Cluster Strategies for two of the four target industry clusters provided as appendices to this report. The central conclusion common to all of the report that informs this business attraction strategy is that none of Northern New Mexico's four target industry clusters are fully formed clusters, yet. They are all in a pre cluster or emerging cluster stage of development which as evidenced by significant gaps in the industry value chain that would characterize a mature cluster. A targeted business attraction strategy in northern NM will seek to identify and recruit specific business expertise that is needed to develop these target clusters is available within the region or state.

Listed below are the highest priority gaps identified in each target cluster value chain to date. This list should be used to compile the list of business attraction.

This list is supplemented by specific business types that are the targets of ongoing initiatives in the region as well as companies that the State of New Mexico is targeting in its business recruitment efforts that are consistent with Northern New Mexico's ideal business profile.

Attraction Client Group 2a: Green Businesses

- Northern New Mexico College SERPA business park oriented recruitment.** Companies doing business related to (a) minimizing the cost of semiconductor material for photovoltaic (PV) devices; (b) increasing the efficiency of the direct or indirect conversion processes in generating electricity from sunlight; (c) developing testing and evaluating efficient and inexpensive invertors, regulators, transformers and controller devices for connecting to the existing grid. Supporting technologies for deploying solar energy conversion systems include solar panel construction, wiring harness assemblies and most importantly, energy storage devices. Since sunlight is available only part of the day, the converted energy must be stored for use during non daylight hours. It is only with technological advances in energy storage devices, namely in small size and low cost, that solar energy conversion will make a significant contribution in fulfilling our future energy needs.
- Santa Fe Community College Sustainable Technology Center oriented recruitment.** The STC is positioning to work with community, state and national partners to further develop and expand the renewable energy industry cluster in the Santa Fe region while being recognized as a state, regional and national resource. REDI should deliberately align its green business recruitment efforts with the state and national educational objectives STC proposes to serve. At this time, companies working in the following areas would be best served by strategic partnerships with the Community College: Solar (PV, thermal and concentrated); Green Building including Construction, Electrical, HVAC, and Plumbing; and those working on smart grids solutions.
- The Los Alamos Synergy Center and Los Alamos Research Park** are suitable locales for Green oriented businesses that can be developed around emergent technologies developed by the Los Alamos National Laboratory (LANL). Working in close consultation with the

Laboratory's Technology Transfer office, staff assigned to regional attraction initiatives should develop an understanding of the patents, licenses, and work in progress in this sector at the Laboratory that have commercial potential. These resources can be generally promoted in any recruitment engagement such as trade shows and comprise the core of custom appeals that can be developed for select CEOs, venture capital firms, and major corporations around the world with business interests in the Green sector that could be advanced through the continued development of LANL research.

- As the nation's first all solar powered campus, UNM Taos may have interests in partnering with REDI attraction initiatives although our understanding is that the college's Green training programs are currently focused on addressing exclusively local, not national, sector needs at the moment.
- Despite the global economic slowdown, business activity has not stopped altogether and it's important to highlight the State's recent success in attracting, among others:
  - Spanish renewable energy company GA Solar, who is building one of the largest photovoltaic solar projects in the world in Guadalupe County. GA Solar and their parent company, Corporación Gestamp, plan to invest \$1 billion in New Mexico in the development of this project;
  - Johnson Plate and Tower is building a wind tower manufacturing facility in Santa Teresa. The facility is expected to create dozens of construction jobs and 150 permanent jobs; and
  - C/D<sup>2</sup> Enterprises, LLC, who is establishing a new green building product manufacturing plant in McKinley County outside of Gallup.

Business recruitment in the Green sector is bearing fruit for New Mexico communities that are "in the game." Therefore, we recommend that the region ensure that the portfolio of development interests and capabilities is fully represented by the efforts of the State's leading business recruitment organization, the New Mexico Partnership and receive a priority attention in the implementation of this plan.

- Pursue feasibility work on projects that would strengthen weak segments of the Green Cluster value chain, including prototyping, manufacturing and marketing/distribution. A detailed action plan that can inform the pursuit businesses in the following areas is provided in the Green Cluster Strategy Appendix.
  - Renewable Energy Testing and Certification
  - Rapid Prototyping
  - Solar rack manufacturing
  - Establish northern New Mexico as a center of innovation in Green Building and a beta test site for green building technologies.

#### Attraction Client Group 2b: Entertainment Businesses

The REDI Team hasn't completed a Cluster Strategy for the New Media sector, yet, but we are able to make three recommendations pertaining to business attraction subsectors based on what we already know about the sector.

- First, the State's well known "best in the nation" film incentives have led to New Mexico's being named by filmmaking professionals as the third best location in the country for filmmaking. A January 2009 study indicates that the program has attracted more than 115 major film productions to New Mexico since its adoption in 2002, including 22 films that were assisted through the State Investment Council's loan participation program. In 2007, 30 films were produced in New Mexico generating \$253 million of spending benefiting the New Mexico economy and generating higher state and local tax collections.<sup>19</sup> At this writing the State Film Office website indicates that there are currently five films in production in New Mexico.

The State's emphasis on filmmaking in the region has given rise to economic opportunities to generate permanent job creation impacts in the sector in New Mexico communities. Locally, the most prominent of these projects is the effort to create Santa Fe Studios as a center for year round filmmaking in the region. The \$25 million project, which includes \$10 million of State funding, will include two 18,000 square foot sound stages and 27,000 square feet of warehouse space and scheduled to open for business in the Fall of 2010.

Santa Fe Studios represents the first step in what can be a multi dimensional effort to attract the kinds of businesses that are ancillary to the film industry to support the increased amount of film business that is hoped will be drawn to the region by the Studios.

The REDI Economic Development Services Team recommended pursuing post production throughout the region, because it can hypothetically be done anywhere and is relatively high paying. REDI views this as a valuable, but longer term recommendation for two reasons. First, post production requires adequate broadband infrastructure, which will be addressed through the Regional Broadband Project. Second, New Mexico as a whole has had limited success attracting post production to date, largely because it still occurs on the lot at the film studios. This Plan recommends that the Media Cluster Strategy evaluate the potential for post production to be transportable to New Mexico. It is possible that at least simul post or close post production, which is essentially the rough editing that occurs during production, can be done in New Mexico.

Beyond production, the film industry provides opportunities for local businesses to sell goods and services to the industry. A recent meeting of the Santa Fe Chamber of Commerce's Economic Development Committee revealed that films are presently going to Albuquerque for most of their vendor needs, and that there is considerable opportunity for northern NM businesses to serve the film industry. Areas where there are no northern NM vendors listed on the New Mexico Film Office website include payroll, website development, video duplication, banking/financial services and environmental consulting. In addition, the New Mexico Film Office has indicated a need for accountants, lawyers and people with marketing expertise. While it is most desirable that locally based entrepreneurs emerge to fill these niche business opportunities, it isn't taken for granted that they will given the unique requirements of this highly specialized and highly personalized industry. In fact, the professionals who already possess the needed skills and have intimate industry connections are an exceedingly important subset of the mobile workers group who should be targeted by the recruitment efforts related to Client Group 1 and that the region needs to attract to have the best chance for the film industry to plant deeper roots here.

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<sup>19</sup> *Economic and Fiscal Impacts of the New Mexico Film Production Tax Credit*, Prepared for the New Mexico State Film Office and State Investment Council, Ernst and Young, January 2009

- Second, the REDI Economic Development Services Team recommended that the region designate and fund a Regional Film Liaison to provide services for all regional communities that entail conducting an inventory of potential locations and support services (e.g., vendors), responding to Film Office script opportunities to identify prospective locations, organizing scouting visits, and supporting film crews with location management services by coordinating access to local services and easing the permitting process.
- Third, Digital Media/IT businesses—broadly defined, as those involved in communications technologies based in a digital or computerized environment, including internet, video games, and computer simulation—are the some of the fastest moving companies in the world whose business competitiveness is most reliant upon access to superior broadband services. Therefore, until better broadband service is available in the region, this will be a challenging sector to recruit and does not represent the “lowest hanging fruit” that should be the focus of initial efforts.

Looking forward, however, REDI attraction efforts should give careful advance consideration to creating targeted efforts that can capitalize on a new broadband system as soon as it comes on line.

#### Attraction Client Group 2c: Technology Businesses

- The REDI Technology Cluster Strategy states that, “The absence of firms involved with marketing/distribution and design/prototyping presents a potential problem for the success of the cluster. Although these two pieces of the value chain may be outsourced to different geographies or contracted on a virtual basis, the R&D leadership of the region will inevitably suffer if great ideas lose momentum on the “last mile” of the value delivery process. Moreover, a stable, virtual chain link can only be installed in the NNM value chain if well developed and mature links exist before and after the virtualized link. The nature of technology firms in this area is both nascent and myopic (for good reason at such a stage in a business’ evolution process), suggesting a dynamic marketing or prototyping chain link is unlikely to be successful. “

In summary, further development of this cluster does not yet validate an attraction approach to business development because there isn’t yet a critical mass of regional business in this sector to support the missing marketing/distribution and design/prototyping elements of the technology value chain. However, we don’t assume this finding is the conclusive “final word” on the critical link that must inform an attraction role in any successful technology cluster development effort for the region.

156 companies in the technology, new media/IT, and energy/green business clusters have been identified in the Northern New Mexico region. We recommend that a rigorous study of the marketing/distribution and design/prototyping services needs of these firms be conducted. We propose that the survey work be conducted in a manner similar to the development of the Technology Cluster report by employing LANL Summer Interns, or if they are not available, to partner with a School of Business at a local educational institution to design an action research project around this assignment that be conducted at low cost by students who receive academic credit for the work.

- REDI analysis indicates that there are six machine shops in the region. Three machine shops were located in Los Alamos, with one each in Santa Fe, Taos and Española. While the

number of machine shops appears adequate for the region, the products, services or hours may not match the needs of technology businesses.

The survey proposed above should include a section on the need for and quality of local machine shop services.

Once the nature and demand for machine shop services is better understood, that information should form the basis for a Business Retention and Expansion outreach to the small number of local machine shops that comprise the critical starting point for expanding the region's potential to service manufacturing oriented businesses. The visits should be preceded by a private release of the survey information gathered and accompanied by a list of specific resources that can help local companies address specific issues they might have in identifying and better serving local demand including contact information to organizations such as the Manufacturing Extension Partnership, SATOP, Northern New Mexico Connect, and other business serving organizations they might not know about.

Future attraction strategies pertaining to the need for specific machine shop services may need to be developed depending upon the results of these two steps.

- The Los Alamos Synergy Center and Los Alamos Research Park are suitable locales for Technology oriented businesses that can be developed around emergent technologies developed by the Los Alamos National Laboratory (LANL). Working in close consultation with the Laboratory's Technology Transfer office, staff assigned to regional attraction initiatives should develop an understanding of the patents, licenses, and work in progress in this sector at the Laboratory that have commercial potential. These resources can be generally promoted in any recruitment engagement such as trade shows and comprise the core of custom appeals that can be developed for select CEOs, venture capital firms, and major corporations around the world with business interests in the Technology Sector that could be advanced through the continued development of LANL research.
- The State's strategic roadmap to technology business development in New Mexico, *Technology 21: Innovation and Technology in the 21st Century Creating Better Jobs for New Mexicans Tech*. A website link containing the plan is provided below.<sup>20</sup> Northern New Mexico's REDI business attraction goals dovetail with State business recruitment goals identified in this plan. The region's primary attraction emphasis should be to piggyback on, strongly support, and get much more actively involved with the excellent ongoing efforts of the New Mexico Partnership to recruit the following businesses in technology subsectors to the State.
  - Aerospace
  - Bioscience and Health
  - Energy, Environment, and Water
  - Information Technology
  - Nanotechnology

#### Attraction Client Group 2d: Value Added Agriculture Businesses

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<sup>20</sup> *Technology 21: Innovation and Technology in the 21st Century Creating Better Jobs for New Mexicans Tech*, <http://www.nmsciencetech.com/images/uploads/nmSciTechPlanAppendices.pdf>

At an early stage in its development, REDI's Value Added is focused on "strengthening the local food system" and there don't appear to be any immediate attraction priorities connected with the unfolding effort.

The State Economic Development Strategic Plan and New Mexico Partnership give priority attention and has had some notable success in recruiting food processing businesses to the State. We believe that there are sites in the region, the Espanola Valley, for instance, that are very well suited to this kind of operation and whose local agriculture heritage might be re energized by the introduction of a significant agriculturally based enterprise, particularly one that has a high demand for locally grown product. We recommend that the attraction staff with the New Mexico Partnership to develop a competitive prepackaged PRO for the region that would be available for use with prospective agriculture enterprises.

#### Attraction Client Group 2e: Specialized community specific audiences

REDI business attraction initiatives are designed as a supplement to not a replacement of local business attraction programs. Individual communities may identify priority opportunities they want to pursue that are not addressed in the REDI plan. As an example, there's discussion in Taos about making investments to further develop a local mountain sports/high altitude training emphasis for the local economy. While REDI should not divert its attention from efforts to attract business targets that all parties agree should be pursued, the plan and tools created should remain adaptable enough to support community specific initiatives not initially targeted as Member communities needs require.

#### *Regional Marketing Strategy*

##### Governance Model: REDI Business Services Committee

It is proposed that a lead economic development professional from each of the seven REDI public sector Members be authorized—first, by REDI partner communities, and subsequently, by a REDI governing board comprised of public and private sector members—to serve on a REDI Economic Development Services Committee with the charge to further develop, manage, and report to authorizing bodies about implementation of the REDI Economic Development Services Plan.

To the greatest extent possible, the ED professionals group should strive for consensus in decision making. However, in the absence of consensus, the group should conduct itself according to Robert's Rules of Order and agree to decisions approved by a majority of the Members represented. A quorum of five is proposed but in no case should decisions binding on the group be made by less than a majority of four Members of the group.

It is proposed that that Committee conduct quarterly face to face meetings on a regular schedule and that regularly scheduled monthly conference calls be arranged to facilitate cost effective decision making in the interim between quarterly meetings.

It is anticipated that this initial decision making structure may evolve to include additional public or private sector representation over time. The nature of those changes will depend upon the level additional public or private sector membership generated by REDI and the interest of those members in becoming involved in economic development services activities. In the initial stages of implementation, we recommend that all Chamber of Commerce Presidents in the region be invited

to participate as non voting associates of the Committee to ensure that private sector interests are well represented in deliberations of the group.

The governance model is presented first so the readers of this document, many of whom will serve on the proposed leadership team, understand that the following material is intended as a list of options for consideration in resource limited environment. It is intended that the leadership team decide the final elements of this recommendation that should be taken into implementation.

#### Target Markets: Dallas, Denver, LA

Our recommendation for initial geographic targeting for most of the marketing initiatives described below is guided by the following rationale:

- Anticipated funding levels do not allow the pursuit of a national or global marketing strategy.
- We recommend a “start small, open soft, learn and fix as you go” approach to rolling out the regional business attraction program. Working in just one or two markets at the start can help refine a winning message and build confidence that expanding the marketing effort into other markets will generate results.
- The three recommended markets are the choices we believe to be most likely to cost effectively generate potential business relocation clients because: 1) they’re nearby; 2) they’re the top three feeder markets for our tourism industry and therefore most likely feeder markets for our non tourism industry as well<sup>21</sup>; and 3) they have sizable concentrations of businesses in the sectors Northern New Mexico will be recruiting

The targets and markets that should receive priority attention are green and technology oriented enterprises in Dallas and Denver and entertainment oriented enterprises in Los Angeles.

#### Develop a Customer Service Capabilities First

Before a soft rollout of the marketing plan, all of the partners who have a role in Northern New Mexico business attraction strategy need to develop a protocol for business attraction lead generation and client relations. The answer to the question, “When this works, how will we manage client relations and close sales?” should be answered BEFORE customers come knocking on the door. Here is a recommended starting point with an emphasis on site visit protocol since that is most often a key step in a personal or business relocation decision.

The attraction effort should strive to reach this customer service standard: Unless it comes in during the last hour of the business day, any lead from any source using any means of communication should receive a personal response from a REDI representative on the same day the lead is identified.

Attraction leads generated by community based attraction programs and not coming through a REDI connection should be led by the local economic development director. As a Member service, REDI staff should be available to support local recruitment efforts as requested.

Attraction leads generated by REDI based attraction connection should be led by REDI senior staff. The local economic development director(s) in communities the client is interested in locating

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<sup>21</sup> Santa Fe Visitors and Convention Bureau Visitor and Lodging Study, 2007

should be available to support REDI recruitment efforts as requested. It is proposed that REDI list the following services as available to clients interested in relocating to the region:

- Initiate real estate searches
- Coordinate site selection trips
- Provide data, briefings and orientations on topics of interest
- Assist in evaluating and applying for incentives
- Facilitate the permitting process
- Organize strategic meetings with key government and community officials
- Collaborate on media and public relations

Site visits coordinated by REDI should be customized based on the needs and interests of the client. The most important aspect of inquiries about what the client would like to see and who the client would like to meet will inform the itinerary of their visit. In general, it's a best practice for each community to organize and train voluntary "business site visitation teams" comprised of local residents who can represent the best face on aspects of community life that relocation clients are most likely to ask about. These are:

- The community's interest in the business usually represented by a prominent public official or celebrity;
- Local schools and workforce training capacities are often represented on these teams by college presidents or vice presidents and school superintendents and workforce investment board executives;
- General property inventories are generally explained by the local economic development official or a commercial or residential realtor;
- Business support resources are often summarized by a local Chamber of Commerce President, SBDC representative, or nonprofit organization leader;
- The favorable business climate is often explained by a CEO or VP at a company from the same business sector as the visiting businessperson;
- State agency staff are often asked to provide expert guidance pertaining to economic development incentives;
- Providing clients with a local "gift bag" of materials that the client leave with information about the community and some takeaways with local flavor are standard operating procedure. A few of these should always be pre packaged, just in case.

Most of the economic development professionals in the region already have close working relationships needed to pull well qualified visitation teams like this together on short notice. This step in the implementation plan is simply a reminder to:

- Formalize a lead management protocol;
- Ensure that a lead contact is assigned to work closely with REDI leads in every Member community and commits to a "rapid response" to requests when opportunities present themselves;
- Ensure that every Member community has oriented prospective visitation team members to the REDI plan and the importance of their role in site visits. A joint network meeting of visitation team members from REDI communities is suggested early in implementation to build regional commitment and cost effectively train volunteers.

### Incentives Policy



Incentives are tools used to influence business decisions about where new investment will take place. Economic development incentives can be either financial or non financial, such as tax exemptions and credits or workforce training and public infrastructure improvements. The kind of incentives offered depends both on the community and the business with which it is bargaining<sup>22</sup>

State of New Mexico incentives for targets industries are generally considered to be some of the most competitive in the country. State incentives are the backbone of any package that can be offered to potential relocation clients. To the extent that the New Mexico Partnership advises REDI that that the State's incentives are not sufficiently competitive to attract the kinds of businesses we're seeking their reasonable recommendations for changes in state incentives policy should be forward to the REDI Policy Committee for consideration. A joint lobbying efforts by REDI communities to strengthen economic development incentives is an example of a positive action that can be taken much more easily if a regional organization exists to coordinate such an effort.

Supplemental local incentives often make the difference in closing a deal. Local communities that have passed a Local Government Economic Development Act (LEDA) are permitted to invest up to 5% of their annual general fund expenditures public money invested in economic development projects. Santa Fe and Los Alamos have defined the types of local incentives they may offer, particularly through the use of the Local Economic Development Act (LEDA), and the Town of Taos is in the process of developing an economic development strategy that will address this. REDI may need to assist Española and Rio Arriba County in defining local incentives that would provide a competitive advantage for business attraction.<sup>23</sup>

The nature of the businesses for a sizable segment of clientele—is quite unique and will not qualify to use many of the state incentives which are almost exclusively oriented to the attraction of very large employers. We think it's worth discussing whether or not regional communities would like to consider making it permissible to use LEDA funds to provide home down payment assistance of \$10,000 to qualified clients who demonstrate that the economic impact of the established business operation they propose to move to the area will generate a favorable return on such an investment. We believe the inclusion of this or another creative application of an incentives component to the non traditional client we're seeking will competitively position Northern New Mexico as the leading free agent attraction programs in the country (until others follow suit).

### Marketing Strategy 1: A Regional Website

A comprehensive "discussion draft" of a regional economic development website is provided as an appendix to this strategy.

### **Importance of websites in site relocation decisions**

Since nearly everyone recognizes that an effective Internet presence is the essential component of an effective information and communications strategy, the importance of having a regional economic development website to promote the region to business relocation clients is almost self evident. Nevertheless, it's important to validate even the most obvious of assumptions. Here is

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<sup>22</sup> *Financial Incentives*, International Economic Development Council, Economic Development Reference Guide, 2010www.iedconline.org

<sup>23</sup> *Regional Economic Development Initiative Strategic Plan*, February 2009

one of many sources we found documenting the importance of an economic development website in the relocation decision making process.

In a recent survey, we asked site selectors around the country to rate how they like to be communicated with. Here is what they said:

<b>Communications Vehicles Rated as Very and Somewhat Important</b>	<b>Percent</b>
Existing relationships with economic development officials	85.9
<b>Internet</b>	85.9
Site visits (familiarization tours)	85.9
Past experience with other deals	81.7
Existing relationships with the real estate community	59.2
Word of mouth from peers	54.9
Calls from local officials	46.5
National conferences	39.4

This does not mean that the website should be the Initiative’s only communication tool. It simply means that its importance should be placed on the same level as one on one relationships and familiarization tours. Ron Starner, executive director of the Industrial Asset Management Council, puts it this way: “Ninety percent of site selection data collection is done before companies pick up a phone.”<sup>24</sup>

### **Importance of websites in personal relocation decisions**

It’s important to note, however, that the Internet may be slightly less important to the relocation decision making process of individuals, i.e. free agent entrepreneurs. Documented earlier is the fact that “many *people* who relocate develop strong ties to particular places over an extended period, such as while vacationing or visiting family and friends.” Many of the non Internet elements of the marketing plan are designed to capitalize on the unique nature of personal relocation decisions.

*"Our research shows that 80% of the initial site selection process is now done on the internet."*

David T. Ginn, President & CEO,  
Charleston Regional Development  
Alliance

### **Economic development website content best practices**

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<sup>24</sup> *How to Create and Maintain Dynamic Economic Development Websites*, Ben Wright, ccintellect, and Mark James, ED Solutions, ED NOW, May 19, 2008 / Volume 8 / Issue 10

A regional website should be built around time tested industry standards. Having looked at hundreds of economic development websites just like many of Northern New Mexico's potential customers do every day, one notices a standardization of look, content, and high quality in even the most creative economic development websites that just "feels right." Going from one to the next, one develops a sixth sense for sites (and communities) that "get it" or "don't" and sites that "work" and "don't."

Despite the region's uniqueness, Northern New Mexico does not have a corner on an understanding of the branding, images and words that are most appealing to relocation clients. Nearly every community is trying to attract essentially the same audiences and appeal to the same core human needs of those clients. Sophisticated economic development practitioners understand that customers expect to find their top choices employing widely recognized professional conventions such pictures that put the community's best face forward, buzz words that reflect a communities understanding of and connection to the national economic landscape, and user friendly tables that present the facts people need to make informed decisions. ED websites that stray too far off this expected path don't work.

Economic development marketing is not rocket science. It's not necessary to over analyze or over pay for a very effective regional economic development website. It's more important to get a good site up; market, market, market it well; and make continuous improvements as responses to a high quality, but never perfect, starting point inform changes that users suggest will help to meet their needs.

### **Don't overinvest in branding.**

A quality brand is very important to making a good strong *first impression* in an economic development website and marketing program. But, good brands simply start sales, they don't close them. We're not selling Coca Cola. There are many, many important steps along a deliberate favorable relocation decision making critical path. Decision makers using the internet or written materials containing brands to evaluate choices move very quickly past introductory images and words as long as they're appealing and meet a general standard of excellence. Here are some simple question to underline the relative importance of brand in marketing communities to personal and corporate relocation decision makers.

- Can you call to mind the brand of the community you live in right now?
- How many other community brands can you call to mind?
- What is the significance of your association of any community brands you're familiar with and your favorable impression of those communities?

There are many marketing organizations who make a good living convincing people that it's important to large sums of money ensuring that the angle of a squiggle is positioned just so. It's our observation that because they're so representational and appear so prominently in marketing materials that communities tend to imbue branding decisions with much more significance and resources than they deserve and to make decisions about them far too early in the marketing plan development process to the detriment of other aspects of the marketing plan, that are, in fact, more important to the achievement of the program goal.

The branding suggestions and taglines provided in this report are intended to initiate a stakeholder discussion and eventual consensus about the branding issues after a decision is

made to move forward with the program recommended here. They're two inexpensive, but informed professional choices that, if selected, would make good starting points that could be readily adapted if they didn't work out as well as initially thought.

- “Frontier New Mexico, the New West” is an adaptation of the brand and theme developed for Northern New Mexico Connect. After extensive study and discussion, a large number of economic development stakeholders working on that effort agreed that the tagline “Pioneers of Innovation” was a solid blending of the heritage and vision to represent our region. We suggest that building on Northern New Mexico’s existing body of economic development branding work is one sensible approach for REDI.
- Live. Work. New Mexico is the working brand for a statewide business attraction initiative that we recommend REDI communities partner with. A great deal of existing work has already been done to settle on that brand as well. Live/Work’s approach anticipates that partner communities will create regional sub brands that play off the main brand and our Live. Work brand recommendation is based on the recommendation we make to associate REDI with and support this forward thinking statewide initiative.

### **Give People What They Want.**

In developing a site map and content for the regional website, RDC reviewed hundreds of economic development websites around the country to ensure that the material we present for consideration has been benchmarked against the very best economic development websites in the country, including many years worth of IEDC. Our findings about the most common and “must have” requirements of such sites are comparable to those described by Wright and James below. These guidelines are simply an executive of a much broader list of considerations brought to bear on the website design process provided to let decision makers know that the proposed website design is informed by an extensive review of best practices like these.

Through the web metrics service our organizations (ccintellect and ED Solutions) created, we have been able to understand exactly how users interact with economic development websites. In April 2008, the top ten most requested page types across ED websites in 37 states were, in order:

<b>Page Type</b>	<b>Content Keys</b>
1. About Us	About the organization, staff
2. Programs	What the organization offers
3. Data/Facts and Figures	Info and data on the region
4. News	Weekly headlines from the region
5. Relocate and Expand	Pitch to move people and companies to the region
6. Find Property	Current listings of land, buildings
7. Site Selection Services	Specific services offered by your org
8. Workforce Data	Skills sets, workforce availability, general

	unemployment and wages
9. Database of Companies	Largest employers, industry targets
10. Maps of the Area	From basic to dynamic and database driven

The top ten most downloaded files, in order, were:

Download Type	Content Keys
1. Economic Profile/ Area Overview	Four page PDF overview
2. List of Largest Employers	Largest employers, industry targets
3. Overview of the ED organization	About the organization, staff
4. Property Listings/Info	Current listings of land, buildings
5. Maps	Basic maps downloaded and pasted into site selector's presentations
6. Detailed Demographics	Population, workforce and more
7. Incentives	Specific incentives offered by the organization and region
8. Regional Rankings	Compiled list of all the top rankings, by year
9. Organization's Strategic Plan	Key initiatives, with timelines
10. Costs of Living/Costs of Housing	Put into a comparative context is best <sup>25</sup>

### **Steak is more valuable than sizzle.**

Surprisingly, most of the research about economic development websites indicates that too much sizzle and not enough steak actually gets in the way of giving people what they are seeking most: **QUALITY CONTENT** in the areas listed above.

The design of the site for should be **EASY TO USE**. Research indicates that too many bells and whistles actually make it more difficult and more frustrating for people to get oriented and get what they're seeking quickly. Economic development websites should make it easy to locate contact information and relevant content on your site through user friendly navigation, site search and inter site linking that draws the visitor attention to specific information or news. The site must also be easily managed so that staff can update information quickly and simply. Otherwise the site will become outdated and that completely negates its impact.

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<sup>25</sup> *How to Create and Maintain Dynamic Economic Development Websites*, Ben Wright, ccintellect, and Mark James, ED Solutions, ED NOW, May 19, 2008 / Volume 8 / Issue 10

There is a broad range of sophisticated website applications in common use that add to the appeal of economic development websites: blogs, videos, drill down maps, cost calculators, land and space databases, polls and surveys all encourage visitor participation. Since a website is intended to be a constantly improved resource development of more effective website communication tools should occur as the attraction effort unfolds over time. In terms of building a cost effective website to market the region, however, the steak should come first. The sizzle should be added over time driven by need, not fad, as resources permit.

### **How to Handle Property Listings**

Property listings are one of the higher traffic sections of economic development websites because property is one of the key elements in many economic development transactions. Therefore, how properties are presented is an important consideration.

The most competitive sites and regions have perfected a very high state of the art that highlights significant detail on hundreds of available properties, cross referenced, visible on Google maps, and constantly updated by professional communities that use the regional economic development data base a key go to resource in their own marketing efforts. This is still a distant goal to work toward for Northern New Mexico.

Several past attempts have been made to create self service data bases that enable economic development professionals and realtors in the region to update available property listings on marketing sites. Most of these costly and sometimes complicated systems have not worked well because they were not kept up to date by the people who needed to populate the data bases with the information about available properties. An overbuilt, but poorly utilized, out of date sites are often worse than having no site at all because the poor information deliver turns potential customers off.

There is a reasonable short term stepping stone approach to what most agree is a better long term approach to posting available properties on a regional website. Because Northern New Mexico commercial property inventory is not unmanageably large for one person to inventory relatively easily, this section of the site can initially be populated with compelling descriptions of dozens of excellent “featured” properties from each partner community that fairly represent the “best” of the region’s inventory without an unreasonable amount of effort. Some examples of what this could look like have been collected are provided in the website appendix.

One reason we believe the initial attempts to create a self service site weren’t successful is that the system was design without consultation with the people who needed to understand and maintain it were involved. Part of a REDI attraction staff person’s responsibility would be to consistently engage the economic development and real estate community in the development of a functional interactive property management tool on the marketing website such that the need for and “buy in” required to make the tool successful is built in up front not expected as a follow on outcome. This feature of the site may be a REDI Member Service that helps to engage private sector investments for the REDI program from the realtor community in particular.

While websites are self contained marketing presentations, they are essentially a *sales tool*, not a marketing plan. The marketing plan is what drives traffic to the sale tool. It should be as deliberately constructed as the website.

## Marketing Strategy 2: Community Relations/Internal Communications Program

The REDI plan proposes a long term commitment to a new regional public private partnership to conduct economic development in Northern New Mexico. The implementation plan calls for understanding and strategic alignment of interests by a large number of community stakeholders and much work remains to be done to communicate about and enlist the understanding and support of the plan in both the private and public sectors across the region that it will take for the plan to succeed. It will take approximately three months to carry out a thorough initial community relations effort.

Therefore, one of the first components in a comprehensive marketing plan should be to fully inform and engage internal stakeholders in support of the plan. Broadly speaking, these stakeholders include:

- City Councils, County Commissions, staff, and oversight groups within the local government with economic development oversight responsibilities;
- Chamber of Commerce Boards of Directors and Committees with economic development responsibilities;
- Retired corporate executives;
- Business trade associations and labor unions;
- Secondary and higher education Boards of Trustees, faculty, and programs with economic development responsibilities;
- Northern Area Workforce Investment Board and workgroups;
- Nonprofit organizations boards of directors involved with economic development;
- State government organizations involved with economic development;
- News media editorial boards;
- Foundations boards;
- Local business visitation teams; and
- Community service organizations.

REDI staff should develop a news release and a standardized 20 30 minute presentation about the REDI plan and pro actively communicate individually and in groups with as many appropriate audiences as possible after implementation of the plan is authorized. Each presentation should be customized to inform the audience conclude with an explanation of the specific ways they and their organization can support the region's new economic development approach.

Broad, measureable goals of this part of the plan are:

- **Improve general understanding and broad community support.** The highest expression of this support will be demonstrated by the degree of continuing involvement of public sector partners in financially supporting and helping to govern the partnership over time.
- **Strategic plan alignment.** REDI is a partnership requiring many organizations to align their strategic plans with the overall regional economic development plan. The demonstration of the alignment of partner organizations plans to help advance REDI goals and objectives is another intended outcome of the communications plan.

- **Business sponsorships.** While a REDI Business Services Plan launch is anticipated to begin with a baseline investment from the private sector, solicitation of follow on support should be an ongoing effort.
- **Personal contacts.** Community residents are a great source of valuable information about prospective business opportunities that might be attracted to the region AND they are the region's best champions. Every presentation should offer the chance for the audience to contribute leads into the lead pool and request that they take an active part in the program by keeping alert to possible opportunities that should be directed to the REDI staff.
- **Publicity.** News articles, radio interviews and the like support the attainment of all of the above goals

### Marketing Strategy 3: New Mexico Partnership

The New Mexico Partnership is a public private, non profit entity designated by the State of New Mexico created in 2003 to serve as the State's lead economic development marketing organization. Since its inception in 2003, they have successfully located 38 companies to New Mexico and created approximately 12,000 jobs. Since their business focus includes are Agri Business, Clean & Renewable Energy, Digital Media, Technology and Manufacturing they are a natural and top choice ally in a Northern New Mexico's program intending to recruit businesses in these same sectors.

Surprisingly, for many understandable reasons and with some exception, some REDI communities have not made creating a strong working partnership with the New Mexico Partnership a high priority activity for their economic development programs. The Partnership has been forthright in about letting us know that it tends to work with and direct projects to those programs around that are better prepared and more assertive in expressing their desire to welcome Partnership the clients they have found into their community than Northern New Mexico has been.

Many REDI partner communities acknowledge that more can be done to improve our region's utilization of New Mexico Partnership capacities. Many, but not all, have said that this is an important regional economic development service REDI can provide to fill an unmet local need.

The steps needed for REDI to carry out this role would be:

- Provide formal consent for REDI to act on behalf of Member communities in relations with the New Mexico Partnership. This could be a conditional or exclusive grant of consent. If REDI is to assume responsibility, we recommend that the grant of consent be exclusive to avoid any confusion of responsibility and to centralize the responsibility and expertise for carrying out the recruitment function in one regional organization.
- The New Mexico Partnership has a standardized lead Prospect Recruitment Opportunity (PRO) system that it requires communities interested in business leads to complete. We suggest that REDI be allowed to be the single point of contact to respond to and follow up on New Mexico Partnership leads for the region *upon direction from communities that they're interested in a particular PRO.*
- REDI would communicate about a formal designation with NMPartnership staff and inform them of our community's strong interest in working more closely with the agency. REDI



would review the REDI plan. REDI would request specific guidance about what the Partnership would like from REDI for the region to be considered a fully prepared partner ready to take advantage of leads generated by the Partnership. REDI would make those preparations and then stand ready to respond professionally to all PROs directed its way.

The New Mexico Partnership has indicated that they're willing to dedicate a portion of the resources they have committed to cold calling on potential customers to contacting potential customers on behalf of the REDI regional partnership. A small portion of the budget proposed includes funding for the purchase of mailing/calling lists that can be used to identify prospective customers in the target markets indicated above.

Marketing Strategy 4: Live/Work New Mexico

The idea that Northern New Mexico should orient attraction strategies to free agents, young and old, originates with long time New Mexico resident and nationally esteemed economic development professional, Mark Lautmann. Mr. Lautmann is founding director of the Community Economics Lab (CELab), a private not for profit think tank innovating new approaches to economic development that work in a labor and capital constrained economy and he has a private consulting practice, Lautman Economic Architecture LLC.

Concurrent with the REDI planning process, the CELab has been developed a pioneering statewide initiative called the New Mexico Home Based Worker Economic Development Program (HBW). HBW includes components for attracting retaining and creating home based workers. The profile of the workers targeted in the attraction component of the HBW plan overlap with the segment of the workforce we described earlier as mobile workers.



Here are some useful findings that inform the Live/Work NM project designs to date:

CITY	ACTIVITIES
Gaithersburg MD	Friendly zoning local association for home businesses, making city and county contracting opportunities more available to home based businesses
Atlanta, GA	Let home based businesses use home phone lines, created telecommuting advisory council, developed home based business associations
Phoenix, AZ	Developed AA Business Connection (one stop information and referral service), no requirement for business license for home based service s, created Business Breakthrough for Women and Minorities
Seattle, WA	Tested alternative use of unemployment insurance benefits as potential for job creation and economic growth called Self employed and Enterprise Development
Others including St. Peters, MO, St. Petersburg FL, and Aurora, CO	Home based business task force and associations, home based business fair,

“Getting Down to Business” TV show,  
local radio about home business, and Mi  
Casa Resource Center for women<sup>26</sup>

REDI staff has been involved with a CELab working group to help develop an HBW/business attraction component called, Live/Work New Mexico. Live/Work New Mexico is envisioned as a marketing program, sponsored by businesses and communities from all over New Mexico that targets mobile workers for potential relocation to New Mexico. Just as the New Mexico Partnership is a logical lead partner for Northern New Mexico to work with to recruit target cluster businesses, the CELab is a logical lead partner for Northern New Mexico’s to partner with in the recruitment of mobile workers.

The CELab recently received a sizable grant from the Department of Labor (DOL). The development of a statewide approach to implementation of the Live/Work New Mexico project, naming REDI as a partner, is identified as a scope of work item. The project is intended to produce the following deliverable products for an eventual statewide effort:

- Step I: Branding (logo, taglines etc)
- Step II: Marketing Collateral (letterhead, brochures, videos etc.)
- Step III: Website (state, community, builder/developer information)
- Step IV: Marketing Campaign (co branding with State, communities, builder/developer)
- Step V: Overall CRM (training and implementation)
- Step VI: Financial Management
- Step VII: Ongoing Program Management and Maintenance

To help sustain momentum of this promising effort, REDI has pledged a portion of its planning contract funds to serve as a match to the DOL grant funding and has committed to work with CELab to help produce these materials as a partner in this effort.

We recommend that REDI be authorized to remain engaged as a partner in Live/Work New Mexico, to dedicate staff time to fulfilling the commitments we’ve made on behalf of the organization, and to make a sustaining annual investment of REDI funds commensurate that of comparable partners around the state in future years assuming the investment provides the reasonable return of meaningful results expected over time.

Assuming this initial partnership between CELab and REDI is successful, it is expected the REDI/CELab relationship will rapidly mature into partnerships in the retention and expansion and creation arenas, as well.

#### Marketing Strategy 5: Advertise in Visitor Guides

Since many of the clients Northern New Mexico is seeking to attract build up an association with the region over time, one of the best ways to promote the area as a relocation consideration is when people are here. We propose the region provide funding to ensure the region has a consistent attraction message presence in the State’s leading visitor’s guides such as:

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<sup>26</sup> The New Mexico Home Based Work Economic Development Initiative, December 2009, Community Economics Lab (CEL)

- *New Mexico Magazine* offers ¼ , ½ and full page real estate ads packaged together in a monthly section. All real estate ads qualify for the free Reader Response program that offers readers the opportunity to ask for information from specific advertisers. The typical press run of the monthly publication is 120,000 is received by 88,000 paid subscribers and is another 20,000 are placed in hotels statewide. A year long run of quarter page ads in this publication would cost about \$9,600.
- The official *Santa Fe Visitors Guides* is distributed annually to 400,000 potential customers. A full page ad is \$8,200.

The region should budget to maintain a continuous presence in these or similar publications. The main purpose of these ads is to: 1) plant the idea that “I could live and work HERE” in the minds of visitors when they’re most susceptible to the suggestion; and 2) to drive visitor’s to the REDI website for further information. REDI should seek to leverage any advertising purchases made with piggyback opportunities such as feature articles in *New Mexico magazine*.

REDI should consider contacting the NMFilm Office, local film offices, and Film and Theatre Workers Union to provide them with collateral materials promoting the benefits of relocation that they can share with out of state visitors who are here making films. These materials could also be provided to groups in contact with local event organizers such the Folk Arts, Indian, and Spanish markets

We specifically advise the region NOT advertise in magazines targeting site location specialists. Most specialists admit that these advertisements don’t influence their site location work. However, in visiting several on line services geared to site selection professionals in corporations and real estate firms, we note that there is no statistical or contact information for Northern New Mexico listed in any of the numerous free listing on line services offered by organizations like those listed below. Information about REDI business attraction services should be input into all of them.

[Area Development Magazine](#)  
[Development Alliance](#)  
[Business Development Outlook Magazine](#)  
[Business Facilities Magazine](#)  
[Expansion Management Magazine](#)  
[Harris Publishing](#)  
[Lexis Nexus](#)  
[Plant Sites & Parks Magazine](#)  
[Site Selection Magazine](#)  
[STAT USA](#)

Marketing Strategy 6: Involve Youth in Social Media Projects to promote the region

With its increasing influence among the general population, social media has grown past its reputation as entertainment for college students to become a valuable tool for businesses to effectively communicate and exchange information. As a result, there is an increasing interest in social media among economic development professionals.

IEDC and Development Counselors International (DCI) partnered surveyed economic development organizations on their use of social media in 2009.<sup>27</sup> The results suggest to us that social media is still in its infancy as an economic development marketing strategy and isn't something a program should expect to generate significant qualified leads in the short term. Nevertheless, the media will continue to and increase in importance so the potential for widespread exposure it may offer to key audiences, particularly the young, should not be overlooked entirely. Keep in mind, the young today could be tomorrow's clients.

We propose that REDI design an action research project suitable for use as an educational exercise in computer skills, business, marketing and/or local heritage classes in local high schools and colleges. Some suggested guidelines for such an assignment that can be discussed with school officials or teachers as a starting point are provided below.

The goal of the assignment is to create and implement a marketing plan to recruit new businesses into your community using social media.

1. Research the use of social media in economic development marketing campaigns
2. Read the REDI Economic Development Plan to learn more about the region's economy and business recruitment targets
3. Interview key economic development officials in the community to learn more about their interests and work.
4. Using this information, create a social media marketing plan that uses best practices in social media to promote your community's economic development interests.
5. Create the social media tools you have designed.

Once the program is established, the goal of the project is to "refine and continuously" improve the marketing tools created by the initial school based teams.

#### Marketing Strategy 7: Regional e con newsletter

We recommend that the region develop a quarterly one to two page e newsletter for distribution by e mail to prospective clients. The content of this newsletter that will be scanned very quickly by busy business people and site selectors should feature attractive images and strong, but concise messages about concisely profiling Northern New Mexico's attractiveness as a place to do business. Business success stories, news about New Mexico's incentive programs, amusing local flavor stories, and always direct contact information for business relocation staff would be developed and consistently e mailed to the businesses on the target list collected for cold calls by the New Mexico Partnership. Cost estimates provided to us during development of this plan received indicate this plan component can be implemented, inclusive of lead generation and results tracking for under \$10,000 a year.

#### Marketing Strategy 8: Direct mail New Mexico friends and family

New Mexico natives and people who have already expressed an interest in receiving information about goings on in New Mexico represent an group of people in New Mexico's extended family now living in and out of state who are in engaged in endeavors and in contact with people all over the

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<sup>27</sup> *How Are Economic Developers Using Social Media?* Jessica Tuquero, ED NOW, September 21, 2009 / Volume 9 / Issue 18

world. These friends of New Mexico are potentially valuable sources of referrals in support of Northern New Mexico's business recruitment program. Cost estimates received indicate that a direct mail campaign making customized appeals for help to 10,000 out of state New Mexicans can be designed and conducted for under \$10,000 a year.

Following is a list of some possible sources of lists that could be used to identify former New Mexicans who might be informed by direct mail about opportunities to return to New Mexico, or refer current friends or business associates to New Mexico, or contribute to other REDI efforts to grow the economy in their home state.

- High school and college alumni association listings
- Visitor and Convention bureau opt in lists
- Out of state subscribers to New Mexico based publications lists
- Repeat patrons to New Mexico commercial enterprises
- Former employees of New Mexico based laboratory or military facilities

We recommend that any individual on any list not be contacted more than once a year about possible involve with economic activities in Northern New Mexico.

#### Marketing Strategy 9: Site Selector Events

Initially, we propose that REDI develop a "weekend site familiarization package" for two prospective audiences:

- Editors of the site location magazines listed above who agree to provide a feature article on the region in their publication after the tour; and
- Major site location consulting firms, initially targeting those in the Southwest and eventually reaching those serving corporations globally.

The potential list of possible firms in this second category is quite large. We recommend that REDI staff seek the advice of and coordinate with NM Economic Development Department and NM Partnership staff to identify who they believe would be site location professionals whose clients would be open to considering Northern New Mexico as a site location and might be favorably influenced by a site familiarization tour.

The proposed three day (Friday evening to Monday afternoon) tour would be an all expenses paid visit to Northern New Mexico. The package would include overnight stays in premier local lodging establishments. Breakfast, lunch, and dinner at local eateries would be included. The main activity of the trip would be a driving tour during which the guests would receive an orientation to the rationale behind Northern New Mexico's business cluster strategy and its desirability as a site location destination for businesses in those sectors. The tour would make stops in all of the major communities in the region and local representatives of that community would be involved in the tour and provide the local flavor and knowledge

The trip could be planned to coincide with major local flavor events such as the International Folk Arts, Spanish or Indian markets and time allowed for guests to enjoy some of the festivities worked in.

Unless this strategy leads immediately to tangible referrals that lead to business relocations, it's too expensive to employ on an ongoing basis. However, since the region is not yet well known in the circle of national site location influence leaders, a long term commitment by local communities to business recruitment should make an effort to inform and create a little "buzz" about the region through special efforts to communicate with those influence leaders.

### Marketing Strategy 10: Free Media Campaign

Northern New Mexico's quality of life is superior. It's a distinguishing competitive advantage and one the region should capitalize on in its efforts to attract prospective relocation clients. As the many listings in the rankings section of the website indicates that the area is frequently mentioned in lifestyle and business publications as one of the more desirable areas of the country to live and work. The REDI partnership marketing effort should accentuate the inclination of such publications to provide the region with favorable news coverage.

The implementation model and budget provided below anticipate that a full time Marketing Assistant will help staff the REDI business services office and oversee many of the projects above involving website management, ad placements, newsletters, and so forth. One of the other major responsibilities for this person will be to elaborate on this starting point to design and carry out a long term free media strategy. The following areas of emphasis and storylines are suggested as idea starters:

- Customized Northern New Mexico site location profile for site location and economic development magazines and *websites*;
- Lifestyle or travel oriented publications or major newspaper articles and *on-line services* in Dallas, Denver, and Los Angeles on "the Northern New Mexico connection" featuring case studies and testimonials from former residents now living or working in the region;
- Publications aimed at senior citizens or retirees that could feature stories about retirees who've started second careers as entrepreneurs in Northern New Mexico;
- Articles profiling "Northern New Mexico's entrepreneurial edge in publications targeting young businesspeople
- Trade magazines for professionals in the industry clusters Northern New Mexico is targeting that center on unique "creative, innovative,

### *Conclusion*

It will take a REDI attraction initiative quite a while to get to get all of the ideas contained in this initial "top ten list" into action. But, diligence by the region to refine and carry out a marketing program like this over several years time will significantly improve the chances that prospective relocation clients will notice and consider moving their business to the region compared to having no program at all which is the situation today.

### **Business Retention and Expansion Services Plan**

*Introduction: Build on an existing base of BRE understanding and solid execution*

Los Alamos County, Santa Fe City and County, and the Town of Taos all have commendable business retention and expansion programs that contain some but all of the elements of the systemic regional BRE initiative proposed here. The Los Alamos and Santa Fe Chambers already operate business retention and expansion programs through contracts with Los Alamos County and the City

of Santa Fe. We propose that Chamber Presidents, with the continuing support of economic development officials in each community work together to continue to develop these existing foundational programs into more expansive, cooperative efforts along the lines suggested below.

### *BRE Case Statement*

Most of a community's job growth and capital investment comes from companies already located there. Based on Blaine, Canada Ltd.'s research, an urban/suburban community will average 76% of their growth from existing employers. Rural communities are even more dependent on internal growth.<sup>28</sup> Numerous studies provide similarly impressive results.<sup>29</sup> Surveys of U.S. economic development organizations consistently rank BRE as the number one economic development activity in the country.<sup>30</sup>

### *BRE Program Goals*

Business retention programs help local businesses to prevent their relocation and to help them survive difficult times. Retention programs usually involve partnerships among public and private organizations to assess the assets and opportunities of individual companies through periodic surveys, interviews, and visitations. The purpose is to establish relationships between community businesses and economic developers to strengthen existing companies, establish early warning systems to flag at risk businesses that need assistance, and ensure that public programs meet local business needs. Business retention initiatives usually include a mechanism for linking expanding businesses with public programs designed to mitigate growing pains and regulatory issues.<sup>31</sup>

The first conceptual BRE model developed by BRE originator, Dr. George Morse, shown above, summarizes the short , medium , and long term goals that BRE was designed to help communities achieve.<sup>32</sup>

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<sup>28</sup> *Business Retention and Expansion*, Blaine \* Canada \* Ltd., 2010, [www.blainecanada.com](http://www.blainecanada.com)

<sup>29</sup> *Business Attraction and Retention: Local Economic Development Efforts*. Kotval, Z., J. Mullin, and K. Payne. 1996. International City/County Management Association, Washington, DC

<sup>30</sup> *Business Retention and Expansion*, International Economic Development Council, Economic Development Reference Guide, 2010

<sup>31</sup> *Business Retention and Expansion*, International Economic Development Council, Economic Development Reference Guide, 2010

<sup>32</sup> *Implementing Local Business Retention and Expansion Visitation Programs*, George Morse, Scott Loveridge, 1998

## CONCEPTUAL MODEL OF THE R&E BUSINESS VISITATION PROGRAM

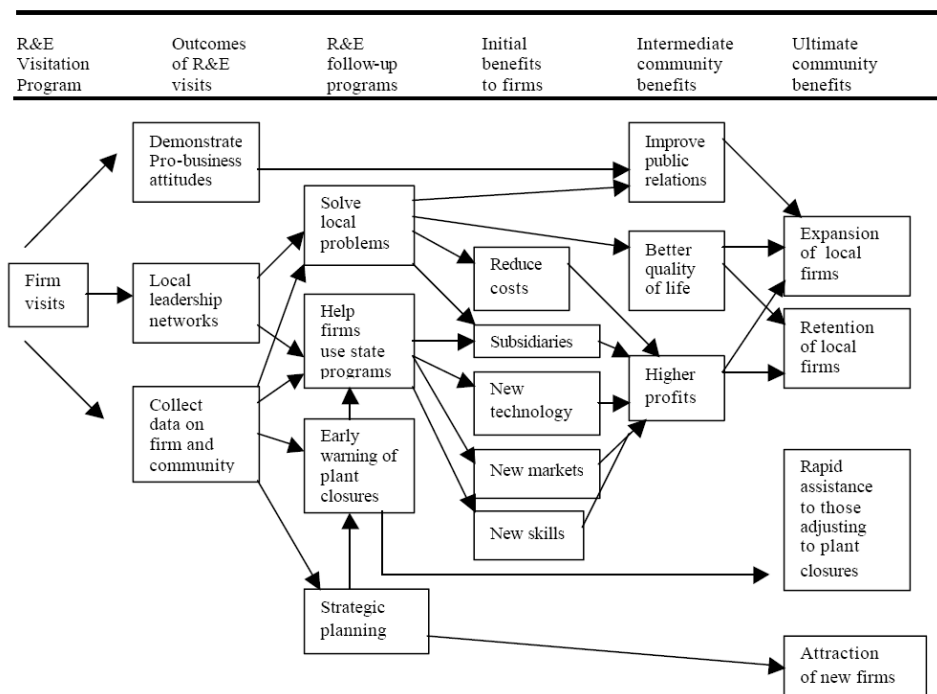


Figure 1.1. Conceptual Model of the R&E Business Visitation Program.

### *Successful New Mexico BRE Initiatives* <sup>33 34</sup>

The Business Retention and Expansion model of economic development was demonstrated successfully in New Mexico from 1991 to 1997. The New Mexico BRE project was launched in 1991 as a result of seed funding provided by the Western Rural Development Center to the Cooperative Extension Service at New Mexico State University. The BRE project was sustained from 1992 1997 primarily by an annual contract of \$15,000 provided to NMSU by the New Mexico Economic Development Department and approximately \$30,000 of annual in kind matching support provided by the NMSU Cooperative Extension Service.

During the six year demonstration, community based BRE programs were implemented in the seven project locales listed below.

	Years Program Initiated	Number of Businesses Interviewed	Number of Employees	Number of Task Force Members
Portales Roosevelt County	1992	80	2281	27
Silver City/Grant County	1994	100	3747	17
Deming Luna County	1994	71	2621	19
Torrance County	1994	55	792	23
Artesia	1995	78	1319	29

<sup>33</sup> Patricia Rael, 2007, *Business Retention and Expansion Research*

<sup>34</sup> Coppedge, Robert O., 1997, *New Mexico Business Retention and Expansion Background for Impact*, et. al.



Clovis Curry County	1996	139	3165	61
Grants Cibola County	1996	93	2979	24

A program evaluation in 1997 yielded the following results, attributed to the New Mexico BRE demonstration project most notably that the program created or saved 800 jobs.

### *BRE Program Design Considerations*

Retention programs almost always involve teams of trained volunteers from the participating agencies agreeing to implement one of the many variations of a BRE program that have grown from the following original model of the process. BRE is an extremely adaptable model. Following are considerations taken into account in developing a proposed suggested regional approach to BRE in Northern New Mexico.

#### Chambers of Commerce Suggested as Lead Institution

Existing businesses need access to a wide range of programs and services, including diverse areas such as workforce development, marketing land acquisition, and financing. Because of this diversity, BRE programs cannot be successful without partnerships. Service providers in both the public and private sectors must be actively sought out and engaged in the retention and expansion program and process. Typical partner organizations include educational institutions, workforce development organizations, Small Business Development Centers, local government regulatory and service providers, utilities, and professional associations such as the Chamber of Commerce.

The main roles of a BRE program lead agency are to identify all potential partners, to enlist those that will join in a collaborative relationship, serve as a focal point for identifying business needs to ensure that follow up action is taken, and determine the degree of success that is achieved in meeting the needs of the business.<sup>35</sup> Leadership of BRE programs has been successfully provided by a wide range of organizations with primary interests in economic development including all of those mentioned above as typical partner organizations.

We recommend that communities consider designate the local Chamber of Commerce as the lead agency for implementation of their Business Retention and Expansion initiatives for the following reasons.

- The REDI Plan expresses a preference for private sector led public private partnerships. This recommendation fulfills that condition.
- Chambers of Commerce are always looking for new members and new member services to enhance the value they provide to their members. BRE programs deliver value to both prospective and existing members alike.
- Strong Chambers of Commerce are valuable institutions in representing the interests of business in a community. Effective Chambers create stronger business communities and pro business activity. Giving Chambers a prominent role in carrying out the region's economic development plan is a visible way to improve of acknowledging their central importance in maintaining the economic vitality of the region.

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<sup>35</sup> Cothran, Henry M., *Business Retention and Expansion (BRE) Programs: Why Existing Businesses Are Important*, 2006, EDIS document FE651, a publication of the Food and Resource Economics Department, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL.

- Chambers of Commerce already exist in the each REDI partner community. Utilizing existing capabilities to implement the regional BRE program is a non duplicative, low cost approach to providing the service.
- BRE is already centered at one countywide Chamber in the region. This proposal suggests build that existing starting point and framework into a regional approach.
- Chamber centered BRE programs are a best practice that has proven to be successful in many parts of the country. Following are excerpts from the annual reports of two BRE programs carried out by Chambers of Commerce that are similar to the model we are suggesting Northern New Mexico employ.

**Case Study: Southern Oregon Regional Economic Development Inc. (SOREDI)** <sup>36</sup>

SOREDI's mission is to help local businesses in Jackson and Josephine County Oregon create and retain good jobs. To that end, SOREDI works with all local area chambers in their BRE efforts and strives to collect regional data for the benefit of the entire region.

The Grants Pass/Josephine County BRE program, coordinated through the Grants Pass/Josephine County Chamber of Commerce has been in existence since 1999 and is a collaboration of private and public partners that relies on dozens of volunteers dedicated to preserving and expanding local business with face to face interviews with business owners and managers throughout Josephine County. Official surveys, with follow up from economic development professionals and other key agencies, are implemented every third year.

The Medford/Jackson County Chamber of Commerce is initiating a similar BRE program which SOREDI will help facilitate.

Likewise, the Ashland Chamber of Commerce has a similar survey program focused on businesses in the City of Ashland.

**Case Study: Portfolio Austin**<sup>37</sup>

Portfolio Austin is the name given to the Austin Chamber of Commerce Business Retention & Expansion (BR&E) initiative. A 2006 BRE Program Annual Report showed that the Business Retention and Expansion initiative in Austin contacted over 200 companies contributing to the 33,100 new jobs created in central Texas. Through consistent monitoring of Central Texas media sources 65 regional expansions were identified, highlighting an increase in employment by approximately 2,919 employees as well as utilization of 675,000 additional square feet of real estate space.

In addition to surveying 119 key business executives, the BR&E team organized local business leaders to make 21 visits to the headquarters of regional companies in San Jose, Atlanta and Chicago. While there regional leaders discussed issues of importance to headquarter executives concerning their presence in the greater Austin area as well as encouraging additional investment. Throughout 2006 five regional executives were honored at special events and gift presentation ceremonies for accomplishments their companies achieved throughout the year. Outcomes of these activities included an initial public offering, a new downtown headquarters location, a successful new company presence as well as overall contributions to the corporate environment.

<sup>36</sup> *Southern Oregon Business Retention and Expansion*, 2010, <http://www.soredi.org/Page.asp?NavID=246>

<sup>37</sup> *Business Retention and Expansion Annual Report*, Austin Chamber of Commerce, 2006

### Governance Model: REDI Business Retention and Expansion Committee

It is proposed that Chamber Presidents from each of the four REDI partnership counties and any other communities in the region that wish to participate serve on a REDI Business Retention and Expansion Committee with the charge to further develop, manage, and report to the REDI governing board about implementation of the REDI BRE Plan.

The Committee of Chamber Presidents should conduct semi annual face to face meetings with the following standing agenda of issues suggested as a starting point for regional coordination among the Chambers:

- Business Retention and Expansion program management, training coordination, best practices, networking, and results
- Community Chamber activities updates, joint program opportunities, and networking
- Regional Chamber policy recommendations for the New Mexico Association of Commerce and Industry and REDI policy Committee

### Staff of existing ED organizations should partner with Chambers to implement BRE

BRE program teams can be implemented by volunteers or paid staff people. As the name implies, a “volunteer” approach to BRE relies in large part on community volunteers to carry out the program. Developed initially by New Jersey Bell Telephone and the Ohio Cooperative Extension Service in the early 1980s, this approach was designed to bring structure to what had heretofore been informal, unstructured efforts that focused on improving public relations between the community and its local firms. The “paid staff” approach relies on local economic development professionals to develop and direct the local program. Both approaches work.

In addition to Chambers of Commerce, nearly every community in Northern New Mexico is home to several locally based business serving organizations whose mission can be advanced with additional outreach to local businesses. Organizations in each regional community already responsible for connecting to local business include:

- Chamber of Commerce Presidents
- Small Business Development Center directors
- Northern Area Workforce Investment Board business development officers
- State Economic Development Department regional representative;
- Northern New Mexico Network Facilitators; and
- City and County Economic Development Department directors

It is suggested that the Chambers invite representatives of these organizations and other interested Chamber members to form BRE committees or workgroups. The BRE workgroups would be local partnerships by these organizations that align their strategic plans in joint commitment to make at least one BRE business visit in their community at a regularly appointed time each week.

### BRE visits should be informal and focus on company specific business assistance.

The cornerstone of many BRE programs is a business survey. Developing a personal relationship with local businesses through face to face contact is important, and the use of a written questionnaire to learn the needs and plans of local businesses during these contacts provides

valuable information to the program. The use of BRE surveys is so widespread that several excellent, free survey templates and affordable software tools to manage survey based BRE Programs are now available. These templates should be used as conversational guidelines to ensure that potential business needs in all areas

However, not all BRE programs employ surveys. Ensuring the availability of technical assistance to help businesses address their concerns has become an increasingly important and popular feature of BRE programs. Some communities now forego the survey in favor of personal contacts with a primary focus on linking companies to rigorously researched pre prepared lists of qualified referrals to specific technical assistance providers and government sponsored incentive programs that they wish to promote in business support areas such as finance; incentives; taxes; real estate; workforce issues; regulatory reform; and technology.

The informal, high touch approach is much easier to implement and will work quite well in Northern New Mexico. One of many free guidebooks available describing the establishment of a Business Retention and Expansion Program is provided as an Appendix to this report to assist local teams to set a BRE visitation program. We emphasize that this is not the recommended template for structuring of the program but a general reference that provides a base resource that should be helpful to Chambers and their partners to set up a professional quality BRE program. Special emphasis should be given to creating thoughtful visitation plans.

Every business visit should end with the BRE business client receiving the business card, name and phone number of a local contact to call if they need business assistance. Visitors should leave one or more local business resources directories. The SBA and Northern Area Workforce Investment Board Small Business Resource Guides would make excellent free giveaways.

BRE should be coordinated and targeted to REDI priority business sectors.

Customized BRE programs have been developed to address the specialized needs of communities who wish to support businesses in a specific sector of their economy. Cluster oriented BRE surveys and programs now exist for targeted economic sectors including manufacturing; mining; tourism; agriculture; technology; and retail.

In the first year of the BRE program, we suggest that teams identify the top 50 private sector employers in their community and visit those first. In subsequent years, BRE teams may want to coordinate their efforts and partner with cluster leaders to conduct sector specific BRE initiatives.

Benchmark All Local BRE Programs and Compile Regional Performance Results

Today, the nation's leading economic development trade group, the International Economic Development Council, recommends that communities benchmark and evaluate their Business Retention and Expansion programs against these results oriented goal standards:

Quantitative Measures

- Number jobs created/retained
- Number of retained businesses
- Cost per job created/retained
- Number of businesses visited
- Number of businesses surveyed

- Number of at risk businesses assisted
- Percent of jobs held by local residents/low income persons
- Average salary of jobs created
- Spinoff private investment

#### Qualitative Measures

- Business perceptions of local government
- Business perceptions of the community
- Relationship between business retention programs and city services available (e.g workforce development initiatives)
- Involvement of assisted businesses in other community activities<sup>38</sup>

#### REDI's Regional Coordination Roles

We propose that REDI operate their BRE program like the Southern Oregon, where a regional economic agency provides technical assistance to local Chamber BRE efforts. REDI can support Chambers by:

- Help recruit, train, and participate on local teams;
- Work with Chamber Presidents to develop standardized professional BRE policies and procedures for implementation around the region;
- Convene quarterly networking and annual planning and training activities for the Chambers and their BRE teams;
- Develop lists of firms;
- Provide research, technical assistance, and help respond to business concerns as requested;
- Assemble data results from all local programs to ensure quality reporting to stakeholders and investors in the regional BRE effort.

#### **REDI Business Creation Plan**

*Reasons REDI Communities are investing in small business and entrepreneurial support programs*

At the national level, entrepreneurship is a driving force of our economy. During the past 15 years, businesses less than five years old have accounted for about 70% of the net job creation in the United States. Small businesses will continue to play a major role in shaping the 21st century's economic landscape. They account for half of the U.S. nonfarm private gross domestic product and employ half of the U.S. private work force. More importantly, over the past decade, small firms have provided 60 to 80 percent of the net new jobs in the economy, and according to a U.S. Bureau of the Census working paper, almost all of these net new jobs stem from start ups in the first two years of operation.

Entrepreneurship is a job creation engine that has a positive impact on local, regional and national economies. After reviewing data from a variety of sources, it appears that the youngest and smallest firms are the biggest job producers.

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<sup>38</sup> *Business Retention and Expansion*, International Economic Development Council, Economic Development Reference Guide, 2010

- Firms of fewer than 20 employees generate the majority of net new jobs in the U.S.
- New jobs from start ups are an immediate and significant boost to the economy.
- Gazelles defined by business researcher David Birch as 'firms with revenue of at least \$100,000 (initial year) that sustained at least 20% growth in revenue over four consecutive years' contribute approximately 1 out of every 7 gross new jobs added to the economy each year.
- 70% of gazelles are comprised of firms with fewer than 20 employees at the end of four years of rapid growth.
- New dynamic theories of the economy suggest that the prevalence of small firms provide a constant tide of new ideas and experimentation vital to the health of the economy as a whole.

Of the 26 million firms in the United States today, 98% are small businesses with fewer than 20 employees. They have a large impact on the national economy, creating 60 to 80% of net new jobs annually and generating more than 50 percent of non farm private gross domestic product.

Entrepreneurs are as important here in New Mexico as they are nationally. Businesses with fewer than five employees account for 17% of overall employment in New Mexico and in rural parts of the state nearly one in five jobs is attributable to microenterprises. Eighty five percent of businesses in New Mexico employ fewer than 20 people. The small businesses add approximately 5,000 new jobs per year, accounting for over 60% of the job growth in the state. These same businesses account for 17% of the sales and receipts of all businesses.

In Northern New Mexico, the majority of entrepreneurs lives in rural communities and are hampered by infrastructure problems, geographical distances presenting networking and marketing efforts, and often distribution problems. While a vital economic development strategy, entrepreneurship development in this region has been held back by some of the same elements that make it such a rich source of enduring creativity and adaptability.

*Northern New Mexico's Vibrant Small Business Support Network*

### Small Business Development Centers

The New Mexico Small Business Development Center Network (SBDC) is a partnership of the US Small Business Administration, the state of New Mexico, the New Mexico Association of Community Colleges, and the private sector. With local centers in 20 communities around the state—including in Espanola, Los Alamos, Santa Fe, and Taos—SBDC's provide the FREE, confidential technical assistance services to local small businesses:

- Business Planning & Financing
- Business Start Up Guide
- Marketing
- International Trade – Import & Export
- Women & Minority Owned Business Programs
- Veterans Information Programs
- Small Business Loans
- Bookkeeping
- Financials
- Computing

- Selling To The Government

#### Northern New Mexico Connect

Northern New Mexico Connect is the principal economic development investment of Los Alamos National Security LLC (LANS) and Los Alamos National Laboratory. It a collection of small business six programs that help businesses reach the next level of success and create an entrepreneurial culture in northern New Mexico.

- Through LINK, LANS sponsors the Northern New Mexico Network Facilitation Initiative that provides coaching and networking for small businesses and entrepreneurs.
- Market Intelligence provides market research for small businesses and entrepreneurs.
- The New Mexico Small Business Assistance Program helps small business solve technical challenges with laboratory expertise.
- Springboard offers expert coaching for companies facing a strategic growth decision.
- The Venture Acceleration Fund makes investments in technology commercialization and start ups companies based on LANL technology or expertise.
- A Networking and Education program sponsors more than a dozen business networking events each year.

#### Microlender and venture capital support services

ACCION New Mexico is a nonprofit organization that increases access to business credits, makes loans, and provides training to enable entrepreneurs to realize their dreams and be catalysts for positive social and economic change.

The Loan Fund is a private, non profit organization that provides loans, training and technical assistance to business owners and non profit organizations throughout the state. Our services support the efforts of low income individuals and their communities to achieve self reliance and control over their economic destinies.

WESST Corp is a non profit organization that provides comprehensive business skills training to New Mexico artists and other small business owners. We offer a 16 week in depth series called "Market Link's Perfect Pitch." Our loan fund has loaned over \$1 million to small business owners since 1989.

#### Northern New Mexico Network Facilitation Initiative

Network facilitation is a people centered, community anchored approach to sustainable economic development. Our objective is to support the passion and ideas of local entrepreneurs and to facilitate the transformation of those ideas into viable businesses that contribute to lasting community economic vitality. It employs an approach in which a trained individual – A Network Facilitator identifies entrepreneurs in the community and helps them to access resources—like the ones identified here and others—to grow and support their business. These resources may be service providers, but they may also be private sector resources, including volunteers from the local business community. The facilitator functions as a connector, linking entrepreneurs with the resources and expertise they need when they need it. Northern New Mexico has Network Facilitation programs in operation at Greater Espanola Valley Community Development Corporation, Taos Entrepreneurial Network, and Santa Fe Chamber of Commerce.

## Northern Río Grande National Heritage Area

The Northern Río Grande National Heritage Area (NRGNHA) encompasses some 10,000 square miles in Río Arriba, Santa Fe, and Taos counties in northern New Mexico. The Northern Río Grande National Heritage Area Inc. is a 501(c)(3) non profit organization located in Española identified by Congress to serve as the coordinating body for the heritage area. It will receive funds from Congress, and can receive funds from the state of New Mexico, counties, and cities; grants from organizations; and tax deductible donations. NRGNHA has engaged local residents in the heritage area in planning discussion that have resulted in the identification of several projects with economic development implications. NRGNHA and REDI staff agrees that the organizations have common interests and should coordinate their economic development efforts.

## Other Valuable Regional Small Business Resources

In Santa Fe, the Global Center for Cultural Entrepreneurship, Santa Fe Alliance, Santa Fe Business Incubator, Santa Fe Complex, Warehouse 21, SCORE, Creative Santa Fe, and Space Alliance Technology Outreach Program are among the many other organizations with direct service to small business in their mission.

Similar organizations exist throughout the region including the Espanola Valley Fiber Arts Center, Greater Espanola Valley Community Development Corporation, Taos County Economic Development Corporation, and Los Alamos County Commerce and Development and among others.

### *Governance Model Best Practice: Entrepreneurship Development Systems (EDS)*

Northern New Mexico is rich in entrepreneurs and entrepreneurial support resources. The Regional Economic Development Initiative does not need to reinvent or duplicate services that most people agree are adequate to address any entrepreneurial need that arises in the region.

Between 2005 and 2010, most of the organizations identified above have worked as partners in Kellogg Foundation funded initiative called Empowering Your Business Spirit (EBS). EBS partners describe their common mission as a commitment to making Northern NM the perfect place to start and grow a business. EBS was one of six programs funded nationally to implement Entrepreneurship Development Systems (EDS) Pilot programs and Northern New Mexico's partnership won a 2008 award for Excellence in Entrepreneurship from the International Council of Economic Development.

The quote below from Brian Dabson (formerly of Council for Enterprise Development, now with Rural Policy Research Institute) defines what the EDS is all about:

*“An effective entrepreneurship development system integrates a wide range of programs and tailors products and services to meet the diverse needs of entrepreneurs. It should be comprehensive, flexible, culturally sensitive, and integrated, and should require providers to collaborate rather than operate independently or in isolation.”<sup>39</sup>*

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<sup>39</sup> Brian Dabson, “Fostering Entrepreneurship Development Systems in Rural America: First Review of the Results of the Request for Proposals,” report to the W.K. Kellogg Foundation. CFED and the Rural Policy Research Institute (RUPRI), January 2005,



EBS partners are well advised about the REDI plan and the possibility that collaborative work to further develop the local EDS will be included as a recommendation in the REDI Plan. Most are strongly supportive of the concept of continued collaboration as a working group under the auspices of REDI. We recommend that a REDI Entrepreneurship Development Committee comprised of the EBS partners, but open to all regional business serving organizations, be constituted to meet quarterly and continue development of the North Central New Mexico EDS by undertaking joint projects of mutual value such as:

- joint professional development;
- community brainstorming how to help particular clients;
- pro small business policy advocacy;
- collective marketing and fundraising efforts; and
- working to make their services more transparent or visible to customers and each other.

### **Regional Economic Development Services Plan Budget**

The following \$750,000 budget is an estimate of what it would cost to deliver all of the projects and programs described in this plan in North Central New Mexico.

It is important to note some important variables that should be considered when evaluating the reasonableness of this budget:

- About \$250,000 of this budget is already committed and being spent on existing projects in the community by various funders. We strongly recommend that these commendable efforts be sustained. The REDI budget acknowledges these existing investments and proposes to build on the strong foundation they have represent.
- We did not extensively investigate the potential of foundation and/or government grants that might be available to help fund this plan. However, the initial REDI plan suggested that up to one third of the initial three years budget might be derived from this source. We concur with that estimate. The U.S. Housing and Urban Development Rural Housing and Economic Development (RHED) program and U.S. Department of Agriculture Rural Community Development Initiative (RCDI) program are two sources that could provide such contribution of a third or more of the funding needed to carry out the REDI Economic Development Services Plan. If REDI leadership assumes this level of funding is attainable and successfully collaborates to leverage these new resources into new economic development projects in the region, the unfunded balance of the budget needed from internal resources is about \$330,000.
- Since REDI is conceived as a public private partnership, each side of a balanced partnership would need to contribute approximately \$165,000 a year to finance the entire plan. We believe this to be a low risk, cost effective investment in return for the potential benefits the region would derive from the economic activity surrounding the addition of 200 new jobs each year as a result of activities funded.
- The estimate of 200 jobs generated each year by this plan is exceedingly conservative. One of the initiatives we recommend be sustained as a REDI business creation partner is the Taos Entrepreneurial Network (TEN). In their first two years of service, TEN helped generate 28 new business starts resulting in over 100 jobs created or maintained in their community and brought upwards of \$550,000 in direct investment and \$1.2 million in NM capital outlay or grants into the community. Extrapolating results like these or similar programs to those proposed from around the nation to each of this plan's project elements would yield a much larger anticipated net economic gain than we are projecting. It is our

suggestion that REDI utilize the very realistic, achievable community expectations and goals project planners suggested and wildly exceed them rather than set overly ambitious goals and community expectations and fail to meet them in its initial years, especially given the tough economic climate the plan is likely to be launched in.

- This is a solid estimate. Nearly all of the line items are supported by primary cost research or reasonable third party cost estimates.

Annual REDI ED Program Budget	Total	Public	Private	Other/Notes
Personnel (fully-loaded FTE cost)				
Program Manager	\$100,000	\$50,000	\$50,000	
Marketing Assistant	\$45,000	\$22,500	\$22,500	
Website Contractor	\$8,320	\$4,160	\$4,160	
Cold Calls				NM Partnership
Direct Programs Recurring Expenses				
Attraction Services				
Special Projects	\$25,000	\$12,500	\$12,500	(1)
Business Travel/Expenses	\$10,000	\$5,000	\$5,000	
Outreach Activities	\$2,500	\$1,250	\$1,250	
Business Research	\$5,000	\$2,500	\$2,500	
Live/Work NM sponsorship	\$10,000	\$5,000	\$5,000	
Print Advertising	\$25,000	\$12,500	\$12,500	
School-based social networking	\$4,000	\$2,000	\$2,000	
E-newsletter	\$8,000	\$4,000	\$4,000	
Alumni and other direct mail	\$10,000	\$5,000	\$5,000	
BRE Services				
Santa Fe Chamber	\$20,000	\$10,000	\$10,000	(2)
Espanola Valley Chamber	\$20,000	\$10,000	\$10,000	
Taos County Chamber	\$20,000	\$10,000	\$10,000	
Los Alamos Chamber	\$20,000	\$10,000	\$10,000	
BRE Consultation		REDI Staff		
BRE Quarterly Trainings/Meetings	\$3,000			
Business Creation Services				
Taos Entrepreneurial Network	\$50,000	\$12,500		\$37,500
Espanola Valley CDC	\$50,000	\$12,500		\$37,500
Santa Fe Chamber	\$50,000	\$12,500		\$37,500
EDS Quarterly Trainings/Meetings	\$3,000			\$3,000
Business Cluster Initiatives				
Green				
SFBI	\$60,000	\$40,000		\$20,000

SFHBA	TBD			
Technology				
NMTC	\$110,000	\$40,000	\$55,000	\$15,000
Entertainment	TBD			
Value-Added Agriculture	TBD			
General Operations				
Indirect Costs @ 15%	<u>\$98,823</u>	<u>\$49,412</u>	<u>\$49,412</u>	
Total	\$757,643	\$333,322	\$270,822	\$150,500
(1) Year One: Website Development				
Year Two: Site Locator Familiarization Tours				
Year Three: Special Advertising Initiative				
(2) Chamber In-kind contributions				

**Where's there's a will, there's a way.**

A large body of economic development research points to one distinguishing characteristic that sets economically successful communities apart from those that are less successful: visionary leadership. The only thing that Northern New Mexico needs to implement regional approach to economic development is a decision by the political leadership of REDI communities to make it happen.

We recommend that the political leadership in all REDI partner communities and proposed partner organizations make the decision to move forward with this plan, to fund a reasonable fair share contribution to support the services proposed, and to authorize a designated person to represent them in finalizing and implementing elements of this plan in the various working groups recommended.