

Innovative Regional Planning for the 21st Century Global Knowledge Economy

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Michigan continues to struggle with the steepest economic downturn in the U.S. The impacts of the global financial crisis, continued stalling of global manufacturing, and auto company bankruptcies have caused irretrievable job losses and reversed income growth. The state unemployment rate of 15% in July was the highest in the country and exceeded the national rate of 9.4% by over five percentage points. The state's dismal economic picture hinges on the loss of nearly a million manufacturing jobs since 2000. Michigan's per capita personal income fell below the national average in 2007, according to U.S. Census Bureau data.

On a regional scale, Northern Michigan and the Eastern Upper Peninsula have long lagged economically behind the state's more urbanized, populous regions, and now face new challenges associated with the emergence of the global knowledge economy. These regions cover about one-quarter of the state (21 of the state's 83 counties) but have less than 5% of the state's population.

An experienced team of researchers based out of the Michigan State University Center for Community and Economic Development (CCED) stepped up and obtained a \$150,000 grant from the U.S. Department of Commerce in October 2008 to develop innovative economic development strategies with three regional planning organizations. CCED is collaborating with the Northwest Michigan Council of Governments (NWMCOG), Northeast Michigan Council of Governments (NEMCOG), and the Eastern Upper Peninsula Regional Planning and Development Commission (EUPRPDC) to align their local economic development priorities with the demands of the global knowledge economy.

The goals are to empower these three regions to compete successfully in the global knowledge economy and pilot innovative planning methods for the 21st Century.

"Our job is to identify and deploy the right combination of university and other resources to respond effectively to our partners' needs," said Rex LaMore, the team leader and director of the Michigan State University Center for Community and Economic Development (CCED). **"The process to identify these needs was conducted through lenses calibrated by a data-driven understanding of the global knowledge economy."**

In this innovative project, the CCED team is using the U.S. Department of Commerce Economic Development Administration (EDA) requirements for federally-designated economic development districts (EDD) to prepare a Comprehensive Economic Development Strategy (CEDS) as a vehicle to redefine the strategic framework for regional economic development planning. Regional planners are required to develop an "economic roadmap" with their stakeholders using a baseline assessment and identification of investment opportunities and funding sources. The region establishes economic goals and develops a plan of action.

Until this project, these comprehensive economic development strategies have relied on traditional 40-year old economic development planning models that fail to incorporate an understanding of the global knowledge economy in which regions must now compete. In this innovative approach, MSU and its regional partners seek to transform traditional regional economic development planning to a new planning model based on the development of Comprehensive Regional Economic Development Strategies (CREDS). These 21st century strategies incorporate critical new elements geared to the global knowledge economy like broadband infrastructure to augment traditional infrastructure like roads and sewers.

To effect this transformation, the MSU team and regional partners have created a series of co-learning actions to make better use of regional assets and create entrepreneurial opportunities in the global knowledge economy. The “Co-Learning Action Model” is itself an innovation in this university/community partnership. This model recognizes and values the knowledge, expertise and experience of practitioners, decision-makers, community leaders, scholars, and other stakeholders in acquiring and creating actionable knowledge to design and implement innovative strategies for transformative change. Based on this co-learning model, strategic actions can be identified to create new jobs and support entrepreneurs in these regions.

“At the end of the day, this is all about positioning these regions and the rest of the state to create good new jobs and real entrepreneurial opportunities in the Global Knowledge Economy,” stated J.D. Snyder, MSU Project Director.

How the Process Works: Transforming Regional Economic Development Planning to Successfully Compete in the Global Knowledge Economy

Successful regional economies today require a data-driven understanding of the global knowledge economy. This understanding was not required to succeed in a nationally-based manufacturing economy. In this EDA-funded project, the CCED team has designed an innovative process to transform regional economic development planning to succeed in the global knowledge economy: 1-Develop and apply regional knowledge economy indicators; 2-Create and implement effective co-learning plans to launch innovative strategic initiatives, and 3-Transform 20th century manufacturing-based comprehensive economic development strategies to 21st century innovation-based comprehensive intelligent development strategies.

1. Develop and Apply Regional Knowledge Economy Indicators

To measure and assess the progress of the three Northern Michigan regions in the global knowledge economy, the CCED project team and the three regional partners developed 32 Knowledge Economy Indicators in seven categories: Context; Talent; Innovation Capacity; Knowledge Jobs; Digital Economy; Globalization; and Economic Dynamism. These indicators are based on and expand upon the annual national State New Economy Index, currently published by Robert D. Atkinson of the Information Technology and Innovation Foundation and the Kauffman Foundation.

These regional knowledge economy indicators provide a new set of lenses through which 21st century regional economic development planning can be envisioned and effectively implemented.

2. Create and Implement Effective Co-Learning Plans to Launch Innovative Strategic Initiatives

Co-learning plans to date have targeted talent cultivation/retention; increasing export markets; expanding broadband coverage; developing alternative investment strategies; and expanding natural resource-based tourism opportunities as areas in which strategic initiatives can be designed to grab the most traction and provide the highest value to these regions to compete in the global knowledge economy.

The **talent co-learning team** obtained information on cutting-edge talent retention and attraction strategies and developed a rural community case studies primer. Specific challenges include retaining and attracting medical personnel and strategic support of entrepreneurial initiatives. The team is developing a dynamic and extensive network to better position the regions to compete.

Another co-learning team conducted a survey of **exporting activity in the Eastern Upper Peninsula**, and is investigating the expansion of Canadian and global export market opportunities. The project team is planning a panel this fall in Sault Ste. Marie on “Exporting 101” designed to encourage more local companies to enter exporting markets.

The **investment co-learning team has developed a primer on equity capital and non-traditional investment strategies**, and is designing and conducting a survey to identify the types of capital provided by organizations in Northern Michigan and the eastern UP. Providing greater access to investment capital by devising non-traditional strategies is critical to entrepreneurs in these rural regions where access to traditional capital sources is choked.

The **broadband co-learning team** conducted research to expand broadband coverage and provided strategic support of American Recovery and Reinvestment Act (ARRA) broadband infrastructure grant/loan funding proposals to benefit regional partner communities.

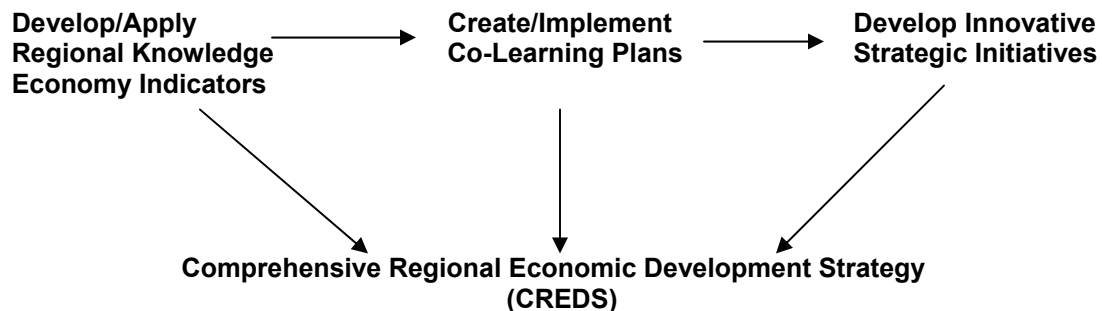
The **ecotourism co-learning team** has designed and is conducting a survey to identify Northeast Michigan companies engaged in ecotourism and resource-based recreation, the conditions of this incipient sector, and the types of assistance they might need. A clear understanding of this sector can provide a means to develop successful strategic initiatives to benefit this sector.

3. Innovative Regional Planning for the 21st Century: Creating Comprehensive Regional Economic Development Strategies (CREDS)

The identification and application of meaningful knowledge economy indicators and the knowledge gained from the co-learning process empowers regional planners and stakeholders to better understand their current economic conditions. Based on this data-driven understanding, the regions can effectively identify and prioritize strategic actions that can result in breakthroughs.

This magnified understanding, then, provides a turbocharged vehicle for innovative regional planning. With this vehicle, planners and stakeholders can drive innovative strategic initiatives to compete successfully in the global knowledge economy. The regional Knowledge Economy Indicators can be used to quantify and track changes associated with transforming economic development strategies from a traditional 20th century manufacturing-based model into a new 21st century model. This simple, knowledge-based model is configured to and reflects the very different dynamics of the global knowledge economy.

**Figure 1: Innovative Regional Planning
for the 21st Century Global Knowledge Economy**



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