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THEME: Technology-Led Economic Development

Spreading the Wealth: Building a Tech Economy in Small and Medium-Sized Regions

Paul Sommers and Deena Heg



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Paul Sommers presented a keynote address at the Seventeenth Annual Summer Institute conference.

Executive Summary

The tech boom of the 1990s created many successful companies, significant wealth, and expanded job opportunities in a new and growing sector of the nation's economy. However, the benefits of technology development have largely accrued to a relatively small number of regions nationwide leaving many other communities both envious of this success and interested in replicating it.

Communities in Washington state, where outgoing Governor Gary Locke made technology-based development an explicit policy focus, provide useful case studies for how to broaden the impact of technology to a wider number of places. This study examines five Washington regions – Bellingham, Tacoma, Spokane, the Tri-Cities, and Wenatchee – that have chosen a technology focus for their local economic development efforts.

These five areas are located in different parts of the state, have varied economic bases, and somewhat different goals and strategies for expanding their respective technology sectors. Their efforts to grow or attract new companies provide insights on strategies that may be useful in other regions outside the major “techpoles” that want to pursue similar opportunities.

Although they are not likely to achieve the spectacular success of Silicon Valley, Seattle, Boston, or Austin, there is a role for an IT strategy in smaller cities. Based on a review of economic data, and in-depth interviews with company executives and economic development leaders in the five Washington communities, the authors have several suggestions on how communities around the country can enhance their own economies through

technology-based development:

- *Invest in broadband and other telecommunications infrastructure necessary for technology development.* Adequate broadband capacity is a prerequisite for IT growth. Meeting demand can be achieved in creative ways based on an expansion of utility systems used for power system management, augmentation of public sector systems, negotiations with existing telecommunications companies, or fostering startup telecommunications operations.
- *Focus on “grow your own” strategies for technology development.* Given the history of the techpole regions in this country, entrepreneurial development deserves far more attention relative to marketing and recruiting-based strategies. The establishment of robust networking, mentoring, and startup capital programs, combined with improvements to infrastructure, education, and real estate offerings are key to enhancing the competitiveness of local firms.

SOMMERS, continued on next page

- *Find ways to link research institutions to the local economy.* Research institutions play an important role in fostering and supporting technology-based development through the generation of commercially viable ideas, training sophisticated workers, and problem-solving for local companies. Branch campuses, cooperative extensions, and other outreach programs can play an important role in bringing the benefits of the research university to smaller communities.
- *Continually monitor and evaluate strategies and results.* Regional leaders must carefully monitor and evaluate their efforts to ensure that the results achieved are commensurate with the resources invested to extend the benefits of technology into their communities. Understanding what is working, and what isn't, is essential to ensuring that program and policies evolve appropriately over time.
- *Work with state level research, education, and infrastructure efforts.* Local technology development strategies need to be supported by state level policies and programs that are tailored to each local community. Leadership at the state level is also necessary to provide a sense of direction and project a positive outside image that can powerfully complement local efforts.

Ultimately, the most successful communities will be those that employ a rich and varied mix of economic development strategies that capitalize upon local industries and assets. These small and medium-sized regions have a real opportunity to build a niche for themselves in the high tech economy, and to reap some of the benefits such development can generate.

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A summary of Dr. Sommers' address at the 2004 Summer Institute Conference will be available as part of the conference proceedings this fall at www.cedp.msu.edu.

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Economic Development and EDA in the New Economy

C. Robert Sawyer

C. Robert Sawyer, Chicago Regional Director of the U.S. Department of Commerce, Economic Development Administration (EDA), made the following remarks at the Seventeenth Annual Summer Institute conference, hosted in East Lansing on June 30 by the MSU-EDA University Center.

I would like to begin with a sentence from a recent article in the *Chicago Tribune* entitled, "Win Cycle for a Maytag Town." This is what the *Tribune* said, "With besieged manufacturers jettisoning workers and factories like sandbags from a hot air balloon, inspiring employees to run plants more efficiently can spell the difference between prosperity and disaster in places like Downstate Herrin."

Herrin is a small town in Illinois about 300 miles south of Chicago. For more than fifty years, Herrin has built washers and dryers in a factory that has had four owners, most recently Maytag. In the last couple of years the Herrin plant was threatened with closure if it did not become more productive; and it did become more productive because management and labor collaborated to work smarter. Working smarter is essential to success in today's economy.

EDA contributed to the Maytag factory's success with a \$1.7 million investment to improve the roads, and sewer and water serving the factory. This investment will support the factory's expansion, which will create 180 jobs and attract \$32 million in private sector investment.

In the old economy, being a cheap place to do business was key. In the new economy, being a place rich in ideas and talent is key. One of the things management at the Herrin plant did was tap the ideas and talent of the workers to improve productivity. Thanks to this improved productivity, Maytag selected the Herrin factory to build new products and add 180 jobs.

In the old economy, attracting companies was key. In the new economy, attracting educated people is key.

In the old economy, a high-quality physical environment was considered a luxury that stood in the way of cost-conscious businesses. In the new economy, physical and cultural amenities are critical to attracting knowledge workers.

In the old economy, regions won because they held a

fixed competitive advantage in some resource. In the new economy, regions prosper if organizations and individuals learn and adapt. Learning and adapting were essential to the survival of the Herrin plant. If they had not learned and adapted, if they had not embraced a new way to do business, they all would have lost their jobs.

In the old economy, economic development was government-led. In the new economy, only bold partnerships among business, government, and the nonprofit sector can bring about change.

President George W. Bush, the 21st century's first president, said, "The role of government is to create conditions in which jobs are created in which people can find work."

Assistant Secretary David Sampson in his Senate testimony on April 28, said, "The bottom-line of economic development is prosperity – a high and rising standard of living. Productivity and productivity growth are the fundamental drivers of prosperity and innovation is the key driver of productivity.... The economic development focus of the Bush Administration is supporting innovation and competitiveness on a regional level across America. Increased innovation and competitiveness empowers distressed regions to attract private-sector investment thereby improving the opportunities for American workers."

As we enter the 21st century, America leads the world in developing and commercializing new technologies, as we did in the 20th Century.

One reason why so many observers identified the 20th Century as "the American Century" is because so many Americans pioneered so many scientific discoveries and research breakthroughs during that period. Now, in genomics to quantum computing to nanotechnology and so many things in between, American scientists and high tech workers are generating new products and making revolutionary discoveries every day.



EDA Regional Director C. Robert Sawyer (r) receives award for Outstanding Leadership in Community Economic Development from CEDP State Director Rex L. LaMore.

Technological innovation is critical to Michigan and our nation for many reasons. Let me focus on the most important. Technology fuels sustainable economic expansion, creating high-wage jobs, world-class exports and productivity growth so critical to our long-term global competitiveness. Innovations also improve our quality of life with new drugs and cures that help people live longer and healthier lives and agricultural advances that permit more bountiful harvests that help feed the world.

Technology fuels sustainable economic expansion, creating high-wage jobs, world-class exports and productivity growth critical to our long-term global competitiveness.

Advances in technology are vital to our efforts to protect our homeland by hardening our infrastructure, detecting dangers and empowering our defenders. Energy innovations are the key to meeting our future power needs while protecting our environment, and technology holds extraordinary promise for the future of education. By exporting our technology around the world we help improve everyone's standard of living.

State and regional public policies directly impact the pace of economic growth, high-wage job creation, global investment, and technological innovation. Decisions made at the local level play a critical role in establishing the environment needed to let innovators innovate and entrepreneurs create jobs, companies, and community wealth. Here's where good planning comes in.

Of course there is no single strategic plan that works to foster innovation and technology development in all regions.

This insight may be the most valuable lesson from Michael Porter's cluster research. Porter found that all regions are different, with different competencies and different strategies for success. Every region should NOT expect to become the next Silicon Valley or the premier biotech center of excellence. Communities cannot simply decide to become good at something without a strong base to support their ventures.

We at EDA have found that there are four basic steps community leaders can take to nurture and to sustain technology growth.

First, policy makers can take steps to promote innovation by supporting research excellence at universities, federal labs and within industry, itself; protecting intellectual property rights and encouraging technology transfer; providing a certain and navigable regulatory framework that supports innovation; and encouraging linkages and consortia between knowledge creators and commercializers.

Second, local leaders need to nurture entrepreneurship, by pursuing tax policies that encourage investment; encouraging entrepreneurship education at all levels; supporting business incubators; and reducing impediments to new business formation.

Third, policy makers looking to develop technology leadership must upgrade infrastructure, such as community transportation systems, energy generation and transmission infrastructure, and zoning and real estate laws. Strategic recruitment of firms allows local leaders to reinforce cluster strengths among partners and suppliers. And the telecommunications infrastructure is particularly critical in the information age, with broadband networks holding a key to enterprise efficiency and cross-cluster productivity.

And **fourth**, local leaders need to empower people. Flexible, well-educated and continuously trained workers are critical to innovation, and entrepreneurs will often look for such a workforce when deciding where to start their businesses. Entrepreneur networks are needed to connect researchers, innovators, investors and businesspeople. The dynamics and amenities that make regions desirable locations to live and raise a family, their quality of life, are critical to attracting the best and brightest innovators and entrepreneurs.

There are many efforts underway at the Department of Commerce and EDA to support innovation, entrepreneurship, infrastructure development and citizen empowerment. We are committed to developing new partnerships and to expanding our deal flow to strategically invest in drivers of regional economic growth and prosperity, as we have in Michigan.

C. Robert Sawyer is Director of the Chicago Regional Office of the U. S. Department of Commerce, Economic Development Administration (EDA), which is responsible for EDA investments in a six state region that includes Michigan.

Gladstone Goes Wireless!

Last fall the Upper Peninsula city of Gladstone (pop. 5,000) established a wireless broadband network to provide high-speed internet access to area residents. The network, operated as a public utility by the city, is believed to be the first municipally-owned wireless service in Michigan, and is one of a small but growing number around the country.

According to Gladstone City Manager Brian Horst, “With this state-of-the art wireless broadband setup, we can offer high-speed Internet services to businesses and residents alike. That’s a big plus for our community.”¹ Having broadband will also be a valuable asset in the future. “I think that Internet accessibility and broadband accessibility is really going to be a commodity in the future. It’s something that everybody will have to have, said Horst.”²

The network, which reportedly cost about \$70,000, was created by FixedWirelessONE, a Minneapolis-based firm.³ “Wireless technology can be set up very quickly,” says Horst. “If a community doesn’t have broadband, they are simply not going to be able to keep their young people there or to attract industry. That’s why we consider it a utility. In its own way, it’s just as important economically as electricity and water.”⁴

His opinion is shared by a growing number of planners and scholars. A recent report on technology planning asserts that “technology today is as vital to economic growth as transportation and utilities systems were in the past.” The report’s authors highlight the lack of coherent planning for technology in many communities, and point out that “communities that integrate technology into their strategies and plans have a distinct edge over those that play catch-up.”⁵ Gladstone hopes to be among the leaders.

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2. WLUC TV6, 10-28-03 (www.wluctv6.com)
3. WLUC TV6, 10-28-03 (www.wluctv6.com).
4. Quoted by Mike Wendland, Detroit Free Press, November 7, 2003.
5. Charles H. Kaylor and Christopher Steins. July 2004. “Today’s Scheme for Tomorrow’s Technology,” *Planning Magazine*. Online at <http://www.planning.org/planning/nonmember/default1.htm>

For more information...

To learn more about wireless broadband, municipal owned broadband services, and related issues, check out the following websites:

www.MuniWireless.com

Provides reports on municipal wireless and broadband projects

www.dailywireless.org

“All wireless all the time”

www.communityfiber.blogspot.com/

A Web log on Community Broadband Networks

www.news.com.com/2008-1037-5190220.html

CNet News article, “Broadband for the Masses?”

www.w2i.org

“The Wireless Internet Institute: Bringing wireless stakeholders together”

**[www.wifinetnews.com/archives/
cat_broadband_wireless.html](http://www.wifinetnews.com/archives/cat_broadband_wireless.html)**

Daily reporting on Wi-Fi. Archives include news in various categories, including this link to broadband wireless news

www.broadbandreports.com/?cat=municipal

“The ‘bible’ for Information on DSL, Cable and Other High Speed Internet Services”

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For opposing points of view on the merits of public ownership of broadband networks, check out these two sources:

An American Public Power Association report challenging the arguments against public utility participation in developing broadband networks, “Community Broadband: Separating Fact from Fiction,” is available online at

**[www.appanet.org/legislativeregulatory/
broadband/index.cfm](http://www.appanet.org/legislativeregulatory/broadband/index.cfm)**

On another side of the issue is a Heartland Institute policy study, “Municipally Owned Broadband Networks: A Critical Evaluation,” which is available online at

www.heartland.org/Article.cfm?artId=10681

Comparing American and German Approaches to the Knowledge Economy

Alexander Jung

The changes currently occurring in the economy constitute a major shift, and there continue to be differing opinions about what outcomes will result, and how the development can be nurtured in order to create more jobs and wealth for everybody. But one thing seems certain, no matter whether the dawning economy is called knowledge economy or creative economy or simply new economy: knowledge, information and the ability to use and apply these are crucial to growth.

Because economic development efforts in the knowledge economy are not strictly restricted to the economy but also to education and other layers of society, they cannot be viewed independently from one another. Looking at other countries and seeing their approaches to these global challenges may offer interesting lessons. In this article I comment on these questions with insights gained from studying spatial planning with a focus on economic development at the University of Dortmund and my graduate assistantship with the Dortmund-project, and with the knowledge I have gathered during my internship with the Community and Economic Development Program at Michigan State University.

When comparing the discussion in these two countries it is essential to know that the term knowledge economy does not exist in the same way in German. Either the English terms of knowledge economy or new economy are used, or it is referred to as *Informationsgesellschaft* or *Wissensgesellschaft* that can be best translated as knowledge-society or information-society. While the English term “knowledge economy” restricts itself to the economy, the German term also covers the social implications that go along with the changes that are happening right now. This refers for example to the vast amount of information available nowadays especially over the Internet and the need to filter and process these information.

Most economic development efforts that are undertaken in Germany at the moment on the local and regional level can be related to Michael Porter’s

cluster theory and the development of competence fields that are supposed to be highly competitive. Mostly these competence fields are found in high tech related fields of the economy, which is actually due more to political expectations than to solid research and analysis. As a result, the German approach, as is the case in America, is very much high-tech driven. However, local economic development planning in the United States appears to also emphasize retaining businesses and jobs by providing incentives.

The Dortmund Project

The economic development company that I worked for in Germany is a public-private partnership with the goal to create 70,000 new jobs between 2000 and 2010. The Dortmund Project is focused on boosting jobs in competence fields identified by a McKensey analysis as potentials for Dortmund. These fields include information technology, micro electronic devices (MEMS), and e-logistics.

But the approach taken by the Dortmund Project goes further than most other cluster development strategies, which are mainly based on incentives, attracting firms and offering them cheap land. It is a rather holistic approach. In addition of preparing a good location and trying to attract new firms in these sectors the project also focuses on activities such as workforce education and assisting and promoting new start-ups. Efforts in these fields include, for example, a new two-year program (the shortest in Germany) at the University of Dortmund to get a degree in computer sciences. Another example is the practice of staying in contact with firms to recruit more apprenticeship placements in order to make sure that there are enough well-educated workers in the future.

To assist start-ups, the main tool is the annual formation contests for IT, MEMS and an open one where every idea can participate. The contests are designed to fulfill two goals: 1) assisting the



Plan for the Dortmund Phoenix project, Dortmund, Germany.

founders by the creation of a solid business plan and bringing them in contact with the resources, people and networks they will need after the foundation of their company such as venture capitalists, lawyers, people from the university or someone else in their field who is already longer in business and can give them some advice; and 2) fostering an entrepreneurial atmosphere in Dortmund which is a vital component for a thriving knowledge economy.

Comparing German and US Approaches

An important similarity in the discussion between Germans and Americans in the time of knowledge economy is the debate about the role of universities and their importance and contribution for economic prosperity in a region. To my mind there are two layers to this debate. The first is how important a university is for a regional economy in order to stay competitive in the global economy. And secondly, how can the contribution that the university makes be improved; i. e., how can the number of spin-off firms be increased or how can the number of patents filed by the university be increased. The notion I have is that these questions are very often debated in both countries and are considered to be essential for economic vitality.

Therefore it is even more surprising that the issues which are discussed about this change in the economy are very similar on both sides of the Atlantic. One example is the importance of education and this does not only mean higher education but also K-12 as the Americans call it. Also the discussion about the role of universities for a region is discussed very similarly in both countries. While in Germany a cluster development approach is

favoured, the notion I got here in America is that it is rather about retaining businesses and firms. The similarity is that both are quite often aimed at high-tech or innovative companies since they promise the biggest growth.

Also the debate about life style and amenities seems to be pretty similar on both sides of the Atlantic. The notion that one not only has to attract firms but also attract people who are willing and able to work for these firms plays an important role nowadays in economic development efforts. For example, the team in the Dortmund Project which is in charge of the reuse of the Phoenix brownfield not only prepares it for new firms but will also build an artificial lake of about 75 acres (on the left in the schematic above). Around this lake a subdivision of houses will be created in order to offer knowledge workers who are going to work in the technology park a high living-quality possibility in proximity to downtown Dortmund (about 3 miles from the site).

The starting point of the discussion about knowledge economy or “knowledge society” also indicates some differences in the approach to this topic. The economic change that is occurring today is not only an economic one but also needs to be reflected in almost all layers of the society from education over welfare to immigration international perspectives can be a major help because they allow to take a look at very different forms of how societies can be organized.

Alexander Jung recently completed a semester of study at the MSU CEDP while on leave from the University of Dortmund in Dortmund, Germany.

The Melting Pot of America and its Negative Impact on American Culture

Ron Jimmerson

First of all let me say, that America is the greatest nation in this world and there is no other place that I wish to live. As any great nation, we have our faults, and in many cases we choose not to address these issues in a straight and forward manner, but will go all the way around the block, and still miss the objective.

To understand the impact that the Melting Pot has on our American Culture, we must first understand the purpose of the Melting Pot.

The Melting Pot of America was neither designed nor implemented for people of color. When we look at Webster's New World Dictionary definition of Melting Pot, we find "A country, place, or area, in which immigrants of various nationalities and races are *assimilated*." Now, when you look-up the word *assimilate*, we find that it means, "To absorb and incorporate into one's thinking, to absorb (groups of different cultures) into the main culture (middle class), body, to make like or alike; cause to resemble."

By the very definitions of assimilation alone, one would understand that people of color have not been and can not be assimilated into the America culture, due to their skin color.

Now the Melting Pot worked for Euro-whites, and if you were to test this theory, the next time you are with a group of (white) strangers, and you do not know their last names, try to guess who is Dutch, German, Polish, Irish, Italian, etc. What you will find is that the Melting Pot worked in theory for Euro-whites, but if you were to put a person of color in that group; it is much easier to determine their national origin.

Now ask yourself, why is it that most government forms include identification for ethnic background, African American, Asian American, Hispanic American etc., and White American? Instead of White American shouldn't we be consistent by listing Irish American, Polish American, German American, Italian American, etc.? Not doing so only supports the Melting Pot theory for Euro-whites.

The Melting Pot of America was designed to create what is now called "Middle (White) Class America." This has resulted in what is known as "White Privilege," which has led to racial bias and has created an environment of stereotyping, discrimination, racism, and prejudice towards people of color.

It is also demonstrated in jokes, when a person of Polish origin is told one of those old dumb Polish jokes, they generally laugh at it, because they no longer consider themselves as being Polish, but as White American.

The "Melting Pot" also reinforces a superiority/inferiority belief system in America, that people of color are inferior to whites. The purpose of this process was to exclude people of color from the America dream, and create an environment/culture of exclusion.

If you look at the time frame of the Melting Pot of America, you would begin to understand, that people of color were not a part of this process. We were living in a separated society that was very much black and white. One would only have to go back 60 years and see that minorities were not allowed to vote in many states, nor permitted to share restrooms, eating facilities, nor attend the same schools as whites.

Many Americans – white, black, yellow and brown – still believe that everyone started off equal, and I always hear that old saying, "My family pulled themselves up by their boot straps when they came to America, why can't they?" or "I pulled myself up by my boot straps, they should too." Well, this is very hard when the playing field did not start off equal, and many people of color were forced to live in what is now known as the Lower Class of American Culture. Not by choice, but by a system that was designed for exclusion. And this is still demonstrated today in the areas of "Redlining," discrimination in bank loans, housing, neighborhoods, schools and other areas.

When we talk about the class system of America, we all understand that in America we have

the upper, middle, and lower class, with many divisions between. Ruby K. Payne, Ph.D., writes in her book, *A Framework for Understanding Poverty*, “Each economic class has its own culture complete with hidden rules, characteristics, and language structure that shape behavior. The behaviors of each class can be appreciated if the hidden rules and characteristics are understood.”

We have created an environment of exclusion, but we expect everyone to know the middle class rules that we have been exposed to.

What we failed to realize, is that after 200 years of exclusion, now we expect all lower class people and people of color to understand and abide by the Hidden Rules of Middle Class. Ruby K. Payne also writes that, “The world of work and school are based on middle class rules, and those who wish to succeed must learn the hidden rules of these cultures. In other words they must be able to use two sets of rules.”

How can one succeed, if they have been excluded from learning the middle class rules of White America? So in many cases, people come to your company with their lower class rules and wonder why there is conflict. This is one of the prime reasons why American businesses continue to see employee commitment go down and turnover rate go up. This is also one of the main reasons the playing field has not been leveled.

We still view financial resources as being the means of moving lower class folks to middle class. This is done by providing them with the opportunity to work in a middle class society. However, we do not teach them or provide them the resources needed to be successful in a middle class work environment. This results in organizations unknowingly perpetuating exclusion.

Not only do we not teach them the rules to be successful but we also place them in a hostile work environment that still allows harassment, bias, and discrimination. Then when they lose their job, we

simply say they are lazy and do not want to work.

In Dr. Payne’s book, she talks about the many resources that are not being provided, and how we as middle class Americans assume that everyone knows and has these resources. We have created an environment of exclusion, but we expect everyone to know the middle class rules that we have been exposed to.

Let’s say that I was born and raised in a high-rise apartment building in Chicago; generation after generation we live in this building. My father comes into a large sum of money, and we move into your neighborhood. We never knew about taking care of grass, or how to keep a house up. No one taught us or gave us the resources on how to take care of grass or upkeep on a house. The first thing you think or say when I move in is, “There goes the neighborhood.” Your effort to exclude people of color from moving into your neighborhood is a form of racial bias.

Just as we work to exclude people of color from moving into white neighborhoods, many companies use the same practice in keep people of color from being promoted in their companies.

Since America is experiencing a lack of skilled workers, we have developed a new buzzword called “diversity.” Many American companies are developing diversity programs as a stand-alone effort, and it is very hard to measure the effectiveness of this effort. The big focus is on diversity, and companies are rewriting their vision and mission statements to reflect this effort. What organizations fail to realize is that they have been diverse for years, but have excluded individuals of color. They have continued to maintain a “white privilege” culture within their companies, yet wonder why complaints for discrimination, racism, sexism and harassment continue to rise, with companies paying out \$337 million in 2001.

Fred P. Keller, Chairman & CEO of Cascade Engineering writes, *“In today’s world it is not enough to simply have technology, and in fact, technology by itself is not even a sustainable position. Any other company can buy equipment just like we use. They can purchase the same raw material we use, build buildings just like us. However, the one thing they cannot buy is our*

David Hollister: Innovation and Passion in Public Leadership

Bette Downs

Early in his public service career, David Hollister, director of Michigan's new Department of Labor and Economic Growth, gained recognition as an innovator. An outspoken and passionate activist, he has demonstrated his creativity in all his political and professional work.

Graduating with honors from Michigan State University, Hollister taught social studies in Michigan schools, first in Durand, then at Lansing's Eastern High School. In Durand, he brought to the classroom union leaders from nearby Flint to discuss the labor movement.

While at Eastern, he became an advocate for both student rights and faculty rights. He defended a student in trouble for refusing to pledge allegiance to the flag on the grounds that our country does not provide "liberty and justice for all." He helped organize teachers following passage of legislation giving them the right to bargain.

While a teacher, Hollister engaged in two programs that challenged him and inspired others: Re-Entry and the Student Tutorial Education Project.

He presided over Re-Entry, an alternative school initiated by parents and the community to restore order following a ten day student strike which erupted in support of a fellow student. Classes met at Cristo Rey Community Center in a room Hollister describes as "about the size of this office." But such limitations, he says, "taught me how to be resourceful." Hollister recruited teachers for the untested territory, among them Senator Debbie Stabenow, an MSU intern at the time. Opened in 1971, Re-Entry continued for five years. The school helped rebellious students find their way, and ended with a success story for most.

In 1965 and again in 1968, Hollister traveled with his young family to Rust College in Holly Springs, Mississippi as a member of STEP (Student Tutorial Education Project). He and other Michigan volunteers followed a rigorous six week schedule; helping freshmen entering Rust College strengthen their reading, english, math, and science skills. During his travels south, Hollister's exposure to racial discrimi-

nation coupled with his early contact with Dr. Martin Luther King, Jr. reinforced his dedication to the civil rights movement.



David Hollister, Director of DLEG (r), with former Grand Rapids Mayor John Logie.

Hollister began his political career in 1968. Crushed by the assassination of Robert Kennedy, he and friends brainstormed about action they could take to atone for the tragedy. All decided to run for public office, parcelling out various slots. In a surprise victory, Hollister was elected Ingham County commissioner, the only winner of the group, although others later made successful bids for state and national posts.

While an Ingham County commissioner (1968 through 1974), Hollister helped recruit, organize, and train candidates, changing representation from two Democrats to a majority. "We turned the commission around," he says. "We changed it from a stodgy to a progressive organization."

While a very visible leader in the Michigan House of Representatives (1974-1993), Hollister served his constituents through the Community Service and Referral Center. Early in his campaign for the House seat, his supporters, while canvassing, learned that voters feared he would no longer be available to address their concerns as he had done as a county commissioner. Formation of CSRC, with its convenient neighborhood location and hard working volunteers, allayed those fears. The Center became a vital resource, responding to what needs

the staff encountered. Services included a furniture bank, a clothing bank, and a lunch program.

While a state representative, Hollister crafted over twenty public acts, focusing on social, mental health, public health, and open government issues. Hollister never gives. In a typical example of his tenacity and his ability to get along with diverse groups, he worked for sixteen years for passage of the Patient's Bill of Rights which requires insurers to provide clear, detailed, written information about their policies. He considers this and passage in 1976 of the Zoning and Community Placement Act among his most significant accomplishments. The latter stipulates that group care facilities cannot, through zoning, be excluded from residential areas.

While Mayor of Lansing (1996-2002), Hollister labored to fashion a "World Class City." At City Hall he fielded questions about two of his audacious proposals, now brought to fruition, the sleek Capital Area Transportation Authority Center and Oldsmobile Park, a state-of-the-art stadium. Home of Lansing's minor league baseball team, the Lugnuts, the structure offers much more. Hollister promoted Oldsmobile Park as a place for family entertainment and he has fulfilled this commitment. Architectural details friendly to children include plenty of space for running around. Two amiable figures, Big Lug and Ratchet appear regularly. Clowns sometimes attend. Games, a magician or a treasure hunt sometimes add to the fun. Hollister proudly says that Oldsmobile Park was built with union labor.

Asked if he considers himself a risk taker, Hollister explained that he is not a reckless risk taker but a prudent risk taker. His successes and his personal philosophy have raised people's expectations. "We created a sense of competency at City Hall," he says. "We changed people's attitudes about how the City functions."

Hollister brings to his position as director of Labor and Economic Growth a background of other achievements. He left Lansing \$2.9 billion in investments and a commitment by General Motors to build two new plants. He also formed a partnership with the State of Michigan that has brought to Lansing new buildings for the Legislature and the

Hall of Justice, a handsome new home for the Supreme Court. Constitution Hall, completed in the fall of 2001, now provides offices for 1,000 State employees.

When Governor Jennifer Granholm launched programs for her new Department, she turned to Hollister with the goal of "taking the City of Lansing model to the statewide level." In his post as Department director, he seeks ways to further economic development, create jobs, and achieve urban, revitalization.

Last December, Hollister planned a trip to the Upper Peninsula to encourage local action. The whirlwind schedule included lunch at the Ameurasia Restaurant in Houghton with the Keweenaw Industrial Council and lunch in Marquette with the Upper Peninsula Economic Development Alliance.

In Marquette the schedule called for attendance at an executive board meeting of the Lake Superior Community Partnership and a visit to Northern Michigan University where he spoke at the annual meeting of Operation Action U.P.

The Marquette schedule included an event certain to touch the heart of Hollister, ever the dedicated educator. At Bothwell Middle School, he met teachers Derek Anderson and Joe Lubig and seventh grade students enrolled in an entrepreneur curriculum. The students form business plans critiqued by community leaders and create products for display at "Bothwell Mall." They will report later on whether they made a profit.

One strategy for attaining Governor Granholm's ambitious goals calls for a linkage of culture, community, and the economy to create "Cool Cities," urban centers with the amenities that attract and retain 24 to 35 year olds, the age group most likely to add vitality to Michigan cities. To this end, an all day conference dubbed "Creating Cool" brought together a record 1400 participants.

Hollister offered welcoming remarks at the opening session and, at the closing session, he strolled among the six-to-eight member teams assembled to find ways for making their communities cool. The enthusiasm of the teams provided an ideal occasion for the grass roots communication

Grand Rapids' Economic Development as a Model for Michigan Communities

Matt Dugener

The national economy is rapidly evolving as low wage, low skill jobs are increasingly sent overseas and high tech communities such as San Diego, Austin, and Boston are proving to be the big national winners in the New or Emerging Economy (also known as the Knowledge Based Economy). Michigan communities are heavily impacted by many factors including international competition and ever increasing improvements in technology. In order for Michigan communities to compete more effectively, practitioners must develop and implement new economic development methods and tools while community leaders must be open to shifting the economic development paradigm.

The Progressive Policy Institute in its recent publication "Metropolitan New Economy Index" identifies the following categories as the primary indicators of economic development success in the New Economy: knowledge jobs (professional, managerial, highly technical jobs, and entrepreneurs); globalization (export focus by manufacturers); economic dynamism (job churning, initial public offerings); digital economy (online population, broadband capacity); and innovation capacity (high tech jobs, R&D funding, degrees in science and engineering, commercialization success).

It is important to note that no Michigan community finished higher than twenty-eighth (Detroit/Ann Arbor) out of the fifty largest metropolitan areas in the U.S. The study states that two of the primary indicators for economic success in the New Economy are innovation capacity and entrepreneurial achievement.

To that end, Grand Rapids area leaders have decided to implement a strategy for assisting businesses in their quest to innovate. The West Michigan Science and Technology Initiative (WMSTI) at Grand Valley State University is an



Matt Dugener, Executive Director of the West Michigan Science and Technology Initiative

economic development organization organized specifically to assist entrepreneurs (both in the new company start up sense as well as existing companies) in commercializing new products or discoveries.

Basic research is the cornerstone of any commercialization effort. However, the professionals who conduct basic research rarely have the skills or interest in translating that

research to commercial application. The WMSTI is a bridge on which emerging technology makes its way off the shelf and into the hands of experienced entrepreneurs.

The WMSTI has forged relationships with major research institutions such as the University of Wisconsin and the Wisconsin Alumni Research Foundation and the University of Texas to import valuable new technologies into West Michigan. Further, the initiative has formed a commercialization consortium with the five principal life sciences institutions in Grand Rapids (Van Andel Research Institute, Spectrum Health Systems, St. Mary's Mercy Medical Center, Mary Free Bed Hospital, and Grand Valley State University) to identify, evaluate and commercialize valuable research conducted within those institutions.

As valuable new products, processes or business concepts are identified there is often additional applied research and development work that must be completed before these new technologies can be made and sold commercially. Examples of this type of work include clinical trials, prototype development and product testing. Grand Valley State University, Grand Rapids Community College and the other life sciences institutions mentioned above have made a commitment to make available their substantial resources and assets to assist local entrepreneurs in the completion the necessary commercial translation activities.

The West Michigan Science and Technology Initiative is one example of a community stepping outside of traditional economic development roles in an effort to ensure future economic vitality. Another example of a unique economic development program in West Michigan is the Van Andel Global Trade Center, which focuses on providing solutions to those companies that wish to engage successfully in international trade.

Research is the cornerstone of any commercialization effort, but professionals who conduct basic research rarely have the skills or interest in translating research to commercial application.

The Right Place, Inc. (the regional economic development agency for greater Grand Rapids) has developed a strong manufacturing innovation agenda that focuses on developing tools to promote innovation and collaboration within certain manufacturing sectors such as the tool & die industry and plastic injection molding firms. The concept in the Right Place innovation agenda is that the sum of the parts is greater than the whole and by working together these firms make themselves more competitive in a global environment.

Lastly, community leaders in Grand Rapids are developing a program to assist local family owned companies that do not have logical heirs, in the transfer of ownership those firms to other local ownership. This ensures the succession of the company within the community rather than being absorbed into a large national corporation or bought and moved to a new community.

Matt Dugener is Executive Director of the West Michigan Science and Technology Initiative in Grand Rapids. He also serves on the Board of Directors for the Michigan Economic Developers Association, and is a member of the MSU-EDA University Center Statewide Advisory Committee.

DOWNNS, continued from page 11

that has figured as a staple in Hollister's entire professional experience.

Modest in his social life, Hollister has always eschewed high priced fundraisers at elitist locations. Instead, he has become famous for his low key, low priced pig roasts held annually for over 30 years in a public park or supporter's back yard.

Some years ago at his 40th birthday event, Hollister pointed out that a crisis offers a made-to-order opportunity for the grass roots organization he considers crucial. In 1971 when he headed the Re-Entry alternative school at Cristo Rey, he faced a crisis. Working with an anxious grass roots group of parents and others, he reached out to troubled students and stabilized a crisis situation.

John Duley, Hollister's mentor, colleague, and friend says, "Dave has always been the kind of person who is found at the seams of this society working to make it what is was intended to be, and often viewed as a "troublemaker because he is not afraid to speak the truth to power."

Bette Downs is a regular contributor to Community News and Views. She lives in East Lansing.

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CULTURE, the loyalty of our employees, that is a sustainable position."

Over the years, Cascade Engineering has continued to develop a culture of inclusion and as a result of this effort we are able to have one of the most successful Welfare-to-Career programs in the nation. We currently have over 100 clients working in our company with a monthly retention rate of 95%. This is higher than the national turnover average for middle class employees.

Companies can continue to develop wonderful vision and mission statements, but the question should be, what is the culture of your organization? Are you developing a culture of inclusion or exclusion?

Steven Rivelis, a Baltimore-based consultant, sums it up: "Your edge in the competitive world is not your technology, and it's not your product either for the most part. Your edge is your people. And if your people are all performing at 100 percent, if you're utilizing all the talent in your room, if you're utilizing all the diversity, then you're going to move forward faster."

Ronald B. Jimmerson, Sr. is Manager of Community Partnerships and Workforce Diversity for Cascade Engineering, Inc., of Grand Rapids, Michigan.

CEDP

MSU Public Housing Institute 2003-2004 Graduation



Maureen Taylor of the Michigan Welfare Rights Organization

On June 18, the MSU Public Housing Institute celebrated another successful year. Over one hundred participants and their families, colleagues, and other supporters came together at the Kellogg Center in East Lansing to mark the conclusion of the eight month training and capacity building program for public housing resident leaders across Michigan.



Rex LaMore of the MSU CEDP and Sally Bond of the Detroit Housing Commission



Public Housing Institute participants from Muskegon Heights.



Celeste Starks of the MSU CEDP recognizes the family of the late Clinton Smith.

Seventeenth Annual Summer Institute



Workshop panelists (l. to r.) Michele Richards, Ken Kudek, Sue Houghton, and Ron Jimmerson

On June 30, the MSU-EDA University Center hosted the 17th annual Summer Institute conference. More than 150 participants gathered to learn about and discuss creative communities and innovative approaches to economic development in Michigan.



Kalamazoo Mayor Robert B. Jones, Sr.



John Czarnecki of the Michigan Economic Development Association (at podium) and Summer Institute attendees.



Workshop panelists (l. to r.) Paula Biskup, Garry S. Cole, and Chuck Newman.

UPDATES

A Cool Tool For Creative Communities

LeRoy Harvey



A new handbook from MSU CEDP offers some fresh ideas for thinking about problems and solutions. Rather than specific instructions or quick fixes, **The Creative Communities Handbook: A Leap to Possibilities Thinking**, offers practical

suggestions to stimulate personal and group creativity.

Creativity, entrepreneurial spirit, and innovation have always been key to successful communities, businesses, and organizations. With increasing globalization, the knowledge economy, and the growing significance of the “creative sector” in our economy, creativity is more important than ever. While investments in technology, improvements in education, and support for “cool regions” can be helpful, a deeper and more fundamental change in our thinking is necessary.

The authors suggest that the first and most important step to foster creativity is to **cultivate a creative climate**. Each of us has the power to nurture creativity or kill it. The authors share six areas where we can make help each other get off the ground.

- § an open and inviting context
- § a learning organization culture
- § information chemistry
- § involvement and inclusion
- § shared vision to build trust and sense of community
- § “squelch consciousness”

Just like a seed the grows into a plant and eventually bears fruit, creativity, creative people, and new ideas take time to root. Changing “the way we’ve always done it” can be scary. Creative climate change is simple and powerful yet has baffled many experts, managers, and leaders since the industrial

revolution. because it calls into question old habits and “sound management principles.” By its nature, creativity *is* new and different. Some are afraid to let go of control, predictability, performance, success, power, knowledge, expertise, and being right. Some of these values have maintained a tight grip on businesses, institutions, families, faith-based organizations, and governments since the industrial revolution. New understandings in science are helping shift our views as “world as a machine” to a more holistic “living systems” perspective. Offering “Fo ur Keys to Creativity,” the authors share a few popular creativity tools that can be useful in unlocking and unquenching creativity. Described in more detail in the handbook include:

- § **Appreciation**
- § **Brainstorming**
- § **Concept mapping**
- § **Dialogue**



While a list of action steps is provided, the focus of the Handbook is more about questions than answers. It’s more about stimulating creative processes than prescribing specific outcomes.

Creative communities and organizations are alive, stimulating, and very productive. As such, they are attractive and fun places to be. Whether we are seeking to succeed in business, attract and retain qualified employees, enhance the quality of life in our community, or just solve problems in our own backyard, creativity can offer new possibilities. Order or download a copy from MSU-CEDP today.

To obtain a copy of
the **Creative Communities Handbook**, visit
[http://www.cedp.msu.edu/web_pdf/creative
community_handbook.pdf](http://www.cedp.msu.edu/web_pdf/creative_community_handbook.pdf)

or call (517) 353-9555.



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