• Growth of service industry: Service has become (and will remain) the dominant competitive differentiator in much of the economy.

• Expanded importance of creative and knowledge economies: Knowledge-intensive activities have the highest value and demand increasing knowledge, skills and abilities. The future health of local economies may well be linked to a community’s ability to attract creative and knowledge-based workers, or to generate jobs that seek these types of talented individuals.

• Polarization of work reflecting knowledge, skills and abilities: Work is polarizing in which wages tend to reflect knowledge, skills and abilities.

• Outsourcing divides “value-chain” functions into more productive, interdependent activities.

• Expanded growth of entrepreneurs and the self-employed: Across the world, a growing number of people are starting their own businesses, many as self-employed people. For example, over the past two decades, the number of people who are self-employed in rural America has grown by 2 million and now represents 20 percent of its workforce. Estimates suggest that this rate will continue to accelerate over the next decade or more.

• Specialization of regions and communities: Regions and communities are becoming more specialized and connected to other non-contiguous places.

• Connections between places having complementary specializations or resources: Places are more frequently connecting to places with complementary specializations
MEGA-TRENDS FOR ECONOMIC DEVELOPMENT

• Ongoing emphasis on job creation as the key goal: Leaders continue to emphasize job creation as the ultimate goal for economic development.

• Continued focus on companies rather than industries or people: Many public sector leaders still understand economic development strategies in the three “waves” – which focus on companies rather than industries. Many are still focusing on attracting a major company to the community instead of seeking ways to further strengthen or add value to one of the existing key industrial sectors.

• Loss of private sector leadership due to:
  • Loss of corporate headquarters and priorities of branch plants
  • Focus on the global “value-chain”
  • Difficulty in engaging entrepreneurial leaders
  • Traditional economic development doesn’t work well with fewer “large” opportunities.

• Workforce talent is an important competitive factor: In order to survive in today’s global environment, manufacturing plants have had to raise the skill requirements of their workers and introduce technological innovations.

• Public economic development investments are under greater scrutiny (i.e. business incentives). The debate about the benefits and costs of offering incentives to companies to locate to a state or community remains pretty heated.

• Economic developers require new skills…
  • Focus less on making “sales” and more on conducting “market intelligence”
  • Facilitate linkages among a fragmented network of participants
  • Focus on the community or region “product”
## Stronger Economies Together Participants’ Guide

**Module Two: Regional Economic Development 101**

### Worksheet 2: Three Waves of Economic Development

### Table: Strategies for Industrial Recruiting, Cost Competition, and Regional Competitiveness

<table>
<thead>
<tr>
<th>Goal</th>
<th>Industrial Recruiting: Attract outside businesses</th>
<th>Cost Competition: Retain and expand existing businesses</th>
<th>Regional Competitiveness: Enhance regional resources to promote regional collaboration and clusters</th>
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<tbody>
<tr>
<td><strong>Strategies</strong></td>
<td>• Provision of financial incentives&lt;br&gt;• Building of industrial parks</td>
<td>• Reduction of taxes&lt;br&gt;• Deregulation&lt;br&gt;• Industry consolidation and cost cutting (i.e., lean manufacturing)</td>
<td>• Entrepreneurship&lt;br&gt;• Regional collaboration&lt;br&gt;• Identification and development of regional clusters and import substitution activities</td>
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<tr>
<td><strong>Keys to Success</strong></td>
<td>• Offer government funds for subsidies and tax breaks&lt;br&gt;• Develop an industrial infrastructure</td>
<td>• Develop training programs&lt;br&gt;• Strengthen the health of existing firms&lt;br&gt;• Provide social and physical resources</td>
<td>• Build on unique regional assets (such as human capital, amenities, creative economy; innovation)&lt;br&gt;• Focus on leadership development&lt;br&gt;• Develop/maintain quality environment&lt;br&gt;• Bridge economic and community development</td>
</tr>
</tbody>
</table>

*Source: Blakely & Ted Bradshaw (2002); Drabenstott (2006); Hembd (2008)*
### Current Strategies (List below) | Which “Wave” (1\textsuperscript{st}, 2\textsuperscript{nd}, or 3\textsuperscript{rd})?

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*Stronger Economies Together, Module Two*