

# A CASE FOR STRATEGIC ECONOMIC DEVELOPMENT

## WHY COMMUNITIES NEED TO FOCUS ON JOB CREATION

Author Jim Collins says that “Good is the enemy of great.” He means that when things are going well, it is difficult to muster the energy, sense of urgency, resolve and resources to push to the next level of excellence. This is as true for communities as it is for individuals and organizations.

Fort Collins is a wonderful community in many respects. That includes having an economy that is vibrant compared to many others. Consequently, it’s not always evident why the community should focus at all on economic development, much less expand efforts. There are several reasons, however, why Fort Collins and all communities need to constantly focus on a proactive economic strategy:

- **In the natural course of things, communities lose jobs.** The economy is very dynamic with new industry sectors and jobs being created and other sectors and jobs becoming irrelevant and disappearing. This ‘creative destruction’ element of the American economy is very powerful and has been accelerated by technology and globalization. As the fortunes of various sectors and companies wax and wane, capital, financial and talent assets are redeployed to meet new opportunities. An estimated 10 percent to 15 percent of jobs disappear annually<sup>1</sup> meaning that communities must work hard just to stay even economically.
- **The competition for base employers<sup>2</sup> is very intense and sophisticated.** Internationally, nationally, and regionally thousands of economic development entities are vying for a limited number of new or relocating high-paying base jobs annually. On the local level, the communities of Northern Colorado compete fiercely with each other to attract base employers and retailers. Fort Collins is feeling the effects of this competition.
- **One community’s base employers are another community’s prospects.** For that matter, they are another *country’s* prospects. A worldwide study conducted by Gallup revealed that the top priority of most people on the planet is a good paying job. With 3 billion people wanting such a job and only 1.2 billion full-time formal jobs available, it’s obvious that the world is hungry for jobs. Communities must build strong, positive relationships with their existing base employers or risk losing them and their attendant benefits to other places. In this regard, Fort Collins is not an exception.

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<sup>1</sup> “Getting the Best out of Creative Destruction,” by Stefano Scarpetta, The World Bank Group, March 2005

<sup>2</sup> **Base employer** (also called primary employer) – a company that exports at least 50 percent of its goods and/or services outside of the region and ‘imports’ revenue into the region that underpins the economy