

# **Targeting Regional Economic Development: An Outline of a National Extension Educational Program or: TRED: A How-To Guide**

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Presented at the 2007 CDS Annual Meetings, Appleton, Wisconsin  
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## **Targeting Regional Economic Development: An Outline of a National Extension Educational Program or: TRED: A How-To Guide**

- **Community and regional organizations vested with the promotion of economic growth and development are constantly searching for effective tools and methods to advance their efforts.**
- **The interest in cluster developments that has been spurred by the work of Michael Porter has renewed interest in targeted economic development efforts.**
- **There has been a concerted movement away from the old philosophy of “shoot anything that flies and claim anything that lands” to more strategic behavior in identifying the specific types of industry to promote at the local and regional levels.**

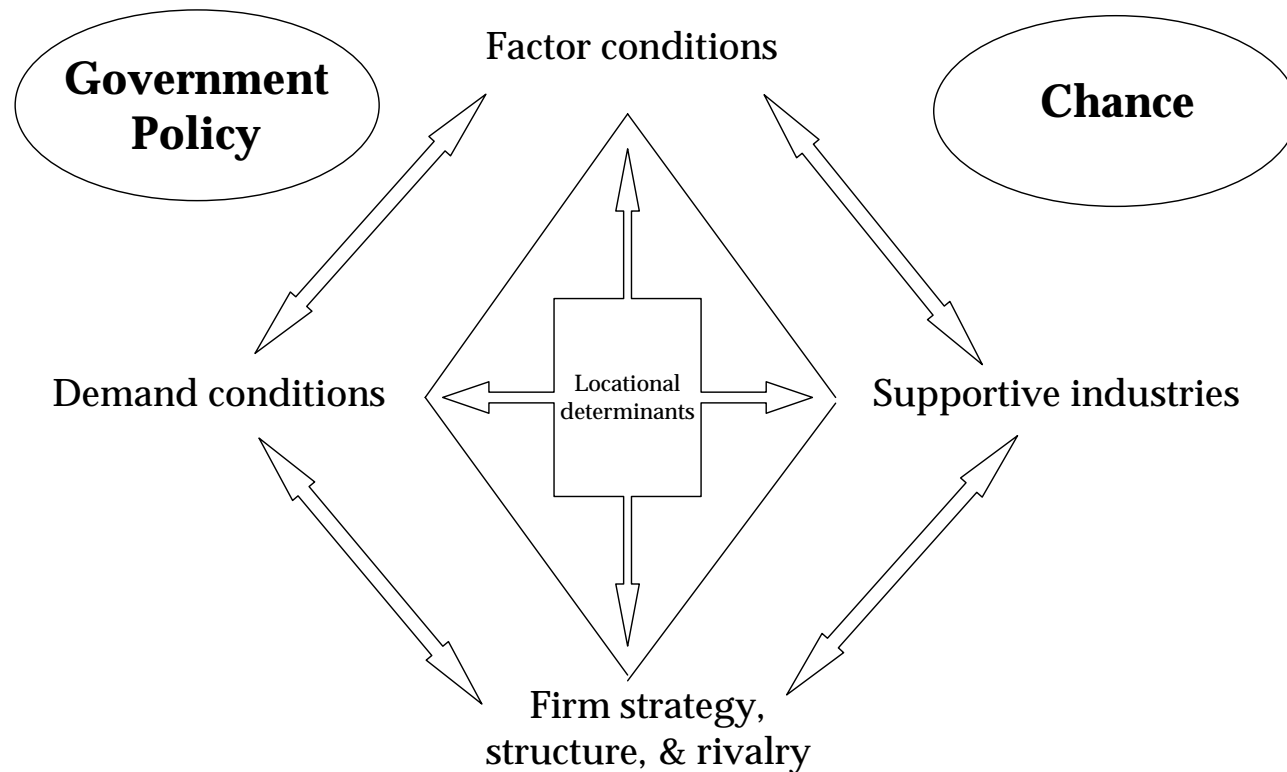
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- **Policymakers and economic development practitioners are now asking the more focused question; in what types of industry does our region have a competitive advantage?**
- **Despite this explosion of interest there are few if any educational or teaching resources available for practitioners interested in initiating, conducting or even evaluating TRED efforts in their local community.**
- **Our intent here is to outline a national effort of university researchers and extension specialists to develop an educational curriculum resources and materials to fill this void.**

**These materials draw from the forthcoming book, *Targeted Regional Economic Development* (Goetz, Deller and Harris, editors, 2008), and outlines a potential set of materials that practitioners can use in community economic development planning.**

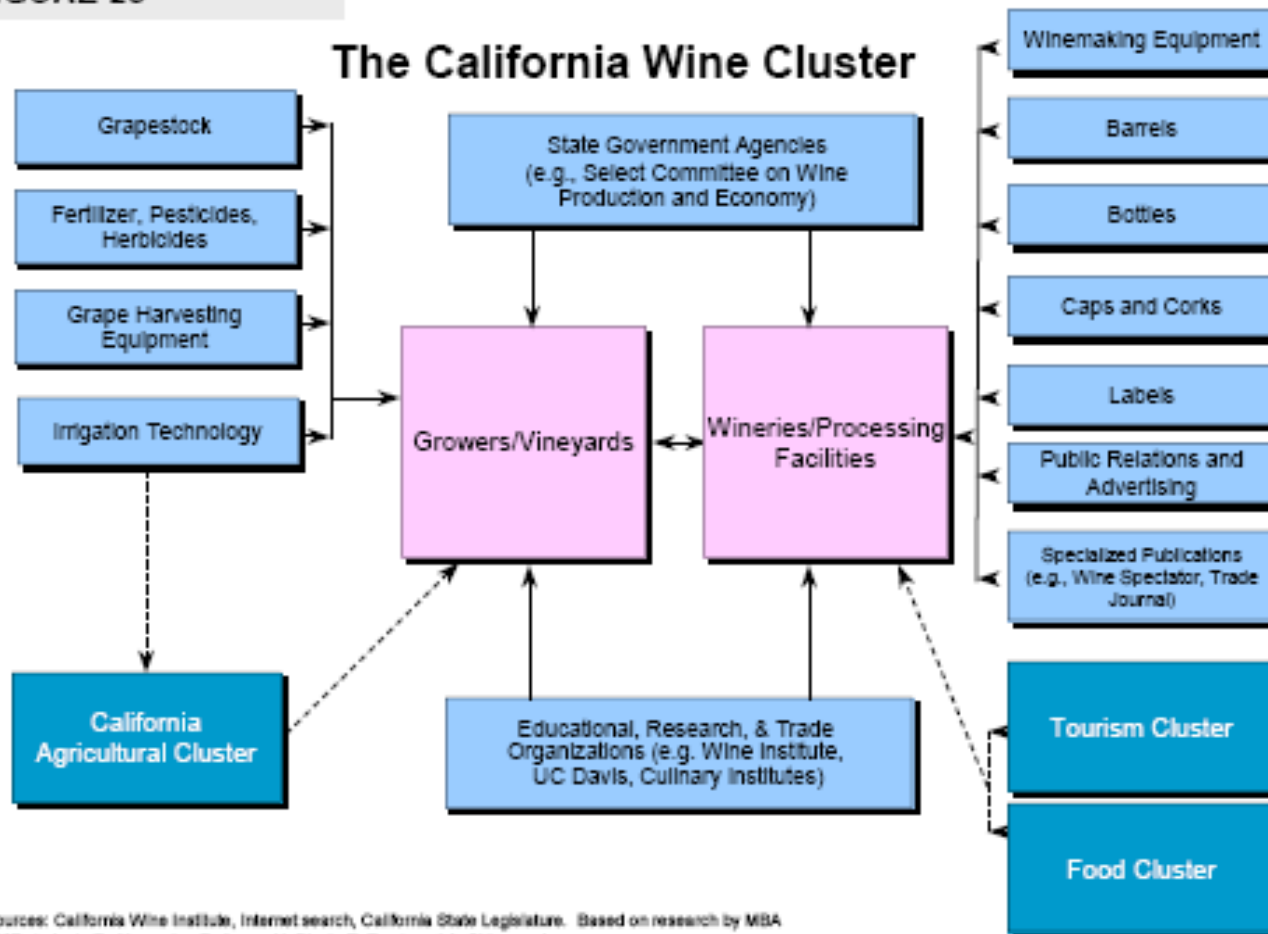
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## Porter Diamond



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FIGURE 25



Sources: California Wine Institute, Internet search, California State Legislature. Based on research by MBA 1997 students R. Alexander, R. Arney, N. Black, E. Frost, and A. Shivananda.

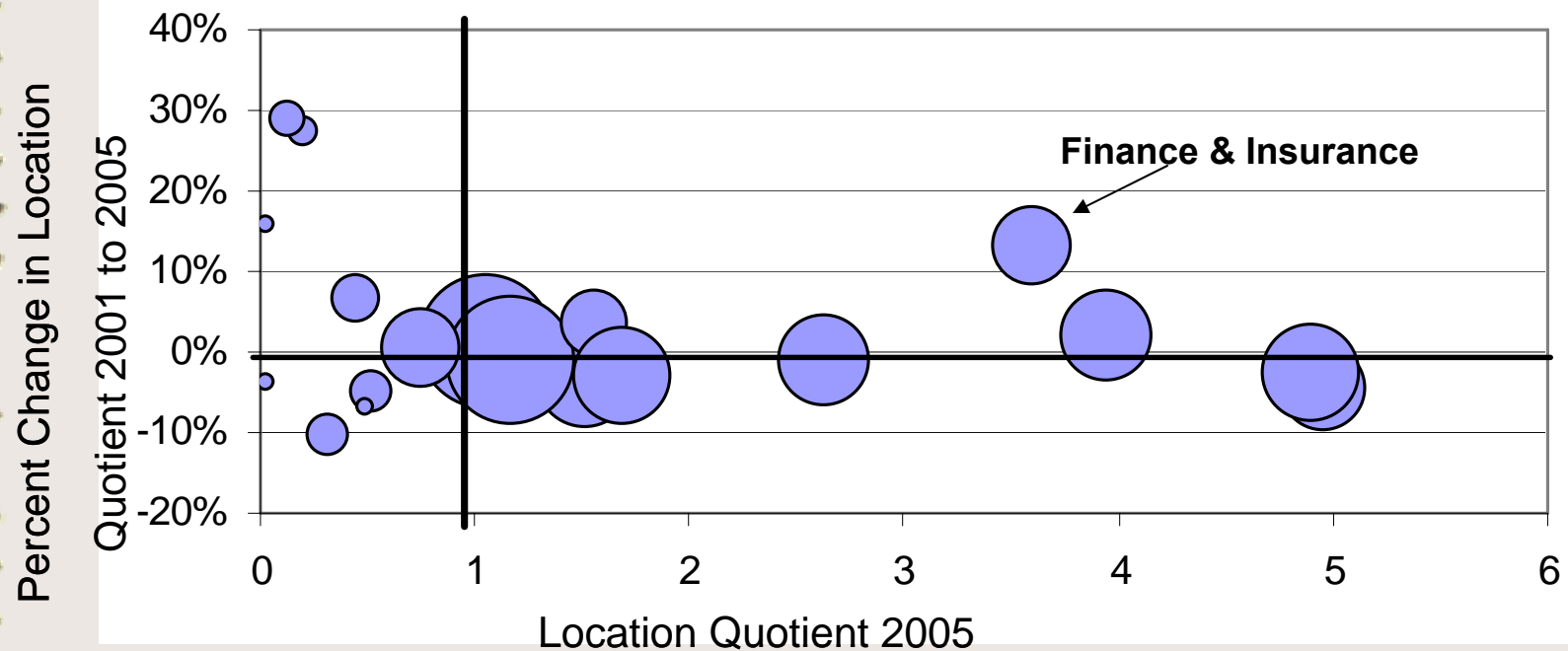
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Table 1: Location Quotients for Outagaime WI

	LQ 2005	Percent	
		Change in LQ 2001-2005	Percent of Employment
Construction	1.518	-3.5%	8.6%
Manufacturing	1.055	1.2%	16.1%
Retail trade	1.172	-1.1%	13.7%
Information	0.518	-5.1%	1.8%
Finance and insurance	3.603	13.2%	6.0%
Real estate and rental and leasing	0.447	6.7%	2.2%
Professional and technical services	1.558	3.5%	4.4%
Management of companies and enterprises	0.206	27.3%	0.9%
Administrative and waste services	4.964	-4.6%	6.2%
Educational services	0.322	-10.2%	1.5%
Health care and social assistance	4.908	-2.6%	8.6%
Arts, entertainment, and recreation	0.137	28.7%	1.5%
Accommodation and food services	3.948	1.9%	7.3%
Other services, except public administration	0.746	0.5%	5.3%
Government and government enterprises	1.687	-2.9%	8.9%
Federal, civilian	0.028	15.8%	0.4%
Military	0.492	-6.9%	0.4%
State government	0.030	-3.8%	0.3%
Local government	2.634	-1.1%	7.8%

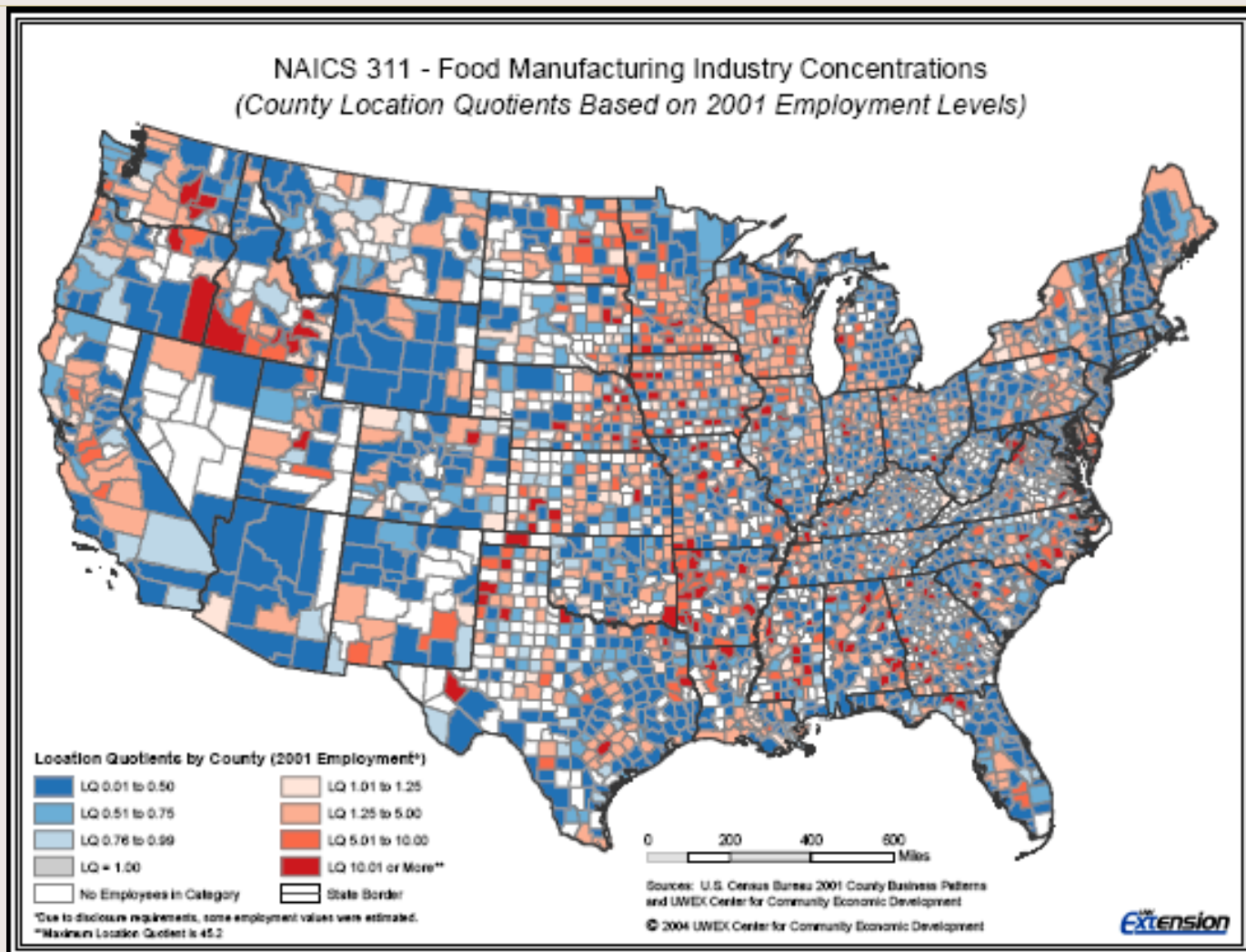
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Figure 1: Porter Cluster: Outagamie County WI



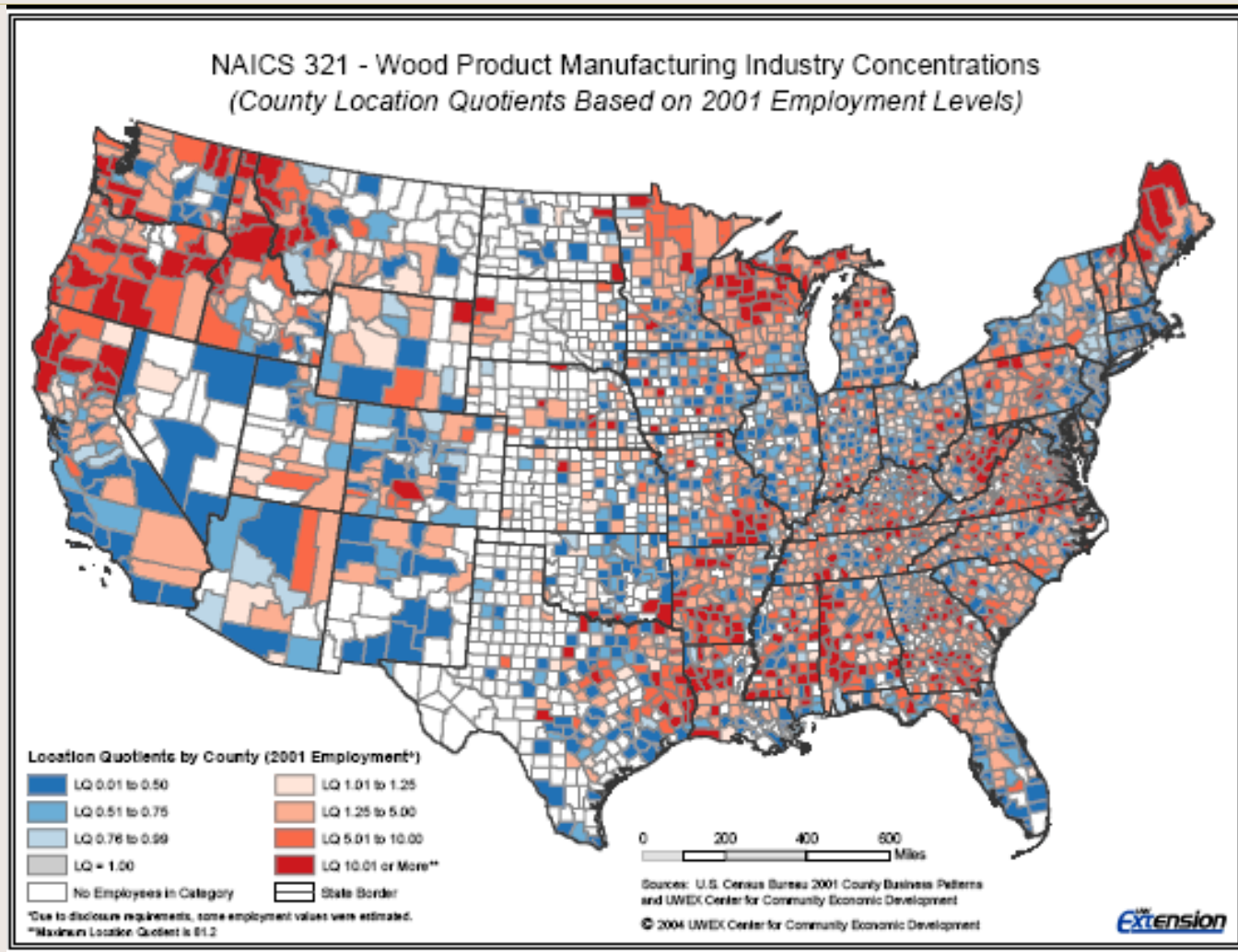


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**Other TRED “Tools”**

- ✓ **Firm Location Models**
- ✓ **Input-Output Based Models**
- ✓ **Analytical Hierarchy Procedure**
- ✓ **Community-Business Matching Models**

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**Firm Location Models**

$$y = \begin{matrix} 1 & \text{yes} \\ 0 & \text{no} \end{matrix} = \alpha + \sum_{i=1 \dots n} \beta_i X + \varepsilon$$

***y* measures if a firm of a part industry is present or there has been positive growth over some period of time.**



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**Given estimated values of  $\beta$  and data for any given community we can “predict” the probability of the presence of a particular type of firm or growth in the presence of that type of firm.**

**The higher the probability for a given community suggests that the industry has a higher potential for targeting.**

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### Input-Output Based Models

Simplified Input-Output Transactions Table

	Agr	Mfg	Trade	Service	HH	Exports	Total
Agriculture	\$202	\$182	\$10	\$12	\$100	\$235	\$741
Manufacturing	32	68	2	26	39	300	467
Trade businesses	47	35	991	334	1,200	172	2,779
Service businesses	86	59	565	561	1,500	262	3,033
Households	200	40	205	1,250	1,698	100	3,493
Imported inputs	174	83	1,006	850	333	1,053	3,499
Total inputs	741	467	2,779	3,033			14,012

One approach is to look at imports and exports to follow an import substitution strategy through “gap” and “disconnect” analysis.

# *Northeast Wisconsin Economic Opportunity Study*

[FAQs](#)[Strategy Report](#)[Subregion Reports](#)[County Information](#)[Presentation Library](#)[News](#)[Links](#)

## *Driving the shift to the New Economy in Northeast Wisconsin*

[Click here](#) to download the full report.

[Click here](#) to download the Executive Summary.

## *NEW ECONOMY RESOURCES*

### [Frequently Asked Questions](#)

The answers to all your most pressing questions about the NEW Economic Opportunity Study.

### [NEW Economic Opportunity Study Report](#)

This is the final strategy report from the study. Officially "Phase III" of the project, the 87-page report, produced by NorthStar Economics, Inc. of Madison, describes five key strategies and 98 action steps for creating a successful, knowledge-based economy in the region.

### [Regional and Subregional Reports](#)

Phase II economic analysis of the structure of the economy of Northeast Wisconsin and several subregions and projected economic trends for these areas.

### [County Information](#)

Includes statistics on county workforces, commuting patterns, and

A graphic of a spiral-bound notebook with a brown cover and a light beige page. The spiral binding is on the left side. The text is centered on the page.

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**Analytical Hierarchy Procedure**



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**Community-Business Matching Models**



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**Phase I → Edited Academic Book**

**Phase II → Practitioner “How-To” Manuel**

**The challenge that we face is how to provide the practitioner with a range of methods for TRED that can be both theoretically rigorous as well as practical.**

**An “educational” program based on community strategic planning in the spirit of *Take Charge* or *Community Economic Analysis*.**

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**Thank you for your time.....**