

COVER STORY

Connections Matter: Using Networks for Economic Development

by Camille Cates Barnett and Oscar Rodríguez

Only hours before Hurricane Katrina hit, Lieutenant Governor Mitchell J. Landrieu of Louisiana connected the dots at a conference in New Orleans. He emphasized the connections between creative individuals and the potential for wealth and job creation in various cultural industries. Later, making the connections clear, he said, "In Louisiana, we don't refer to 'your home as where you live.' In Louisiana, 'your home is where y'at.'"

Now Wynton Marsalis and other cultural icons are raising money to help hurricane victims and to guide the long rebuilding of Louisiana's cultural economy. Thousands of families and friends have hosted evacuees, who are relying on their connections with individuals.

A few years ago, Tuscumbia, Alabama, birthplace of Helen Keller, was so broke it could not afford the match for federal development grants. The downtown was dying; tax revenue was paltry. Then a millionaire businessman named Harvey Robbins returned to Tuscumbia, his hometown, to retire. Once resettled, he led a successful movement to turn things around. He invested in economic development and spurred others to do the same. The town's finances are now back in shape and so is a sense of community.

In El Salvador, Jamaica, and Nicaragua, remittances sent by expatriates working abroad account for more than 15 percent of gross national income, an amount larger than total exports and larger than foreign investment and foreign aid combined. The extended communities of many of these countries have even come to represent significant export markets.

Pollo Campero, a popular fried-chicken restaurant chain once found only in Central America, now has outlets in Los Angeles and Washington, D.C., serving primarily a Central American clientele. Likewise, the Dominican Republic and Central America, served by airlines with a majority of passengers traveling to and from the United States, are members of a large, extended community.¹

The city of Philadelphia is serious about the advice offered by New York Times columnist Thomas Friedman on August 3, 2005: "The world is moving to an Internet-based platform for commerce, education, innovation, and entertainment. Wealth and productivity will go to those countries or companies that get more of their innovators, educators, students, workers, and suppliers

connected to this platform via computers, phones, and PDA's." Philadelphia is making the entire city a "hot zone," where any resident can have cheap, high-speed access to the Internet.

A COMMON THEME

What do these stories have in common? Connections. Using connections that people have to their communities is a key to economic development. Developing and using the ties that bind will help to build the economy.

It works. Your community's connections can be a major asset for promoting economic development, just as a university's alumni are a main support for its endowment and just as some developing countries' expatriates are their vital source of foreign income.

Economic development today takes understanding your community's networks. It takes seeing the connections and making them.

To take full advantage of such an asset, however, you have to see the world of public management as a world of networks. To do a good job, public managers have to design and facilitate those networks. In the past, economic development meant marketing a community's competitive advantages in natural resources, labor, or existing industry. The goal was to attract new industry and win new business for existing industry that would employ local residents and buy locally produced goods and services. Of course, this needed to be done while keeping other communities from stealing your existing employers.

Today, economic growth and wealth accumulation depend increasingly on information technology and intellectual capital, and the critical factor is the talented workforce that runs these new economic engines. Now, regions of multiple communities compete globally. The economic development game has changed. Success means attracting your fair share of this new workforce and working with your network of residents and former residents to do it.

In his book, *Cities and the Creative Class*,² Richard Florida explains how the economic development game has changed for cities. The case he makes is that highly skilled workers have become the critical factor of economic growth and that industry now follows them-instead of the other way around. Florida argues that the presence of workers engaged in creative industries is the best predictor of future growth and wealth accumulation today.³ It is a greater predictor than housing prices and the quality of public schools.

In this new environment, the key for communities wanting to promote economic development is being able to attract highly skilled workers so industry will follow them. This is the reverse of the adage from the 1990s movie *Field of Dreams*: build it and they will come.

According to Florida, these workers' preferences are known well enough that local governments can assess-even improve-how they stand with regard to the critical markers that creative workers seem to look for when they decide where to live. Using a series of indexes that correlate strongly with each other and with recent growth and prosperity trends, Florida points out the salient characteristics of the most competitive localities:

- Tolerant local society
- Proximity to a quality natural environment
- Abundance of entertainment and cultural opportunities
- Existing critical mass of creative workers.

Washington, D.C., New York, Boston, Austin, and Seattle are among the cities that have fared well by this rising class of workers. Richard Florida shows that creative workers are attracted to places with the three Ts: technology, talent, and tolerance.

So how does a city play the new game? Here are some strategies to help you develop a game plan.

1. Know where you are; assess your locality and region. Use Florida's research to see how your community and region look to the creative class. His books have ranked the large and small regions in the country by the percentage of creative workers and by a "creativity index" that combines data on the creative class, high technology, innovation, and diversity.

Louisiana commissioned a groundbreaking report on the economic impact of the cultural economy. It's called Louisiana: Where Culture Means Business.⁴ This study also helped Louisiana learn something about how to use connections to residents to shape strategies to improve tourism. Here is what Louisiana learned:

- One-quarter of Louisiana tourists are residents of the state who are exploring other areas.
- One-third of all nonresident visitors to Louisiana stay with friends and family while visiting Louisiana.
- Two-thirds of all Louisiana visitors use information from friends and family as their primary source for planning a leisure trip.
- Therefore, the image of Louisiana offered by Louisiana residents themselves can be extremely important to potential visitors who have ties to families and friends to Louisiana.

For more information, visit the Web site at <http://www.crt.state.la.us/CulturalEconomy/MtAuburn/culturaleconomyreport.htm>.

2. Know who your community is; include everybody with connections to your area. If you count only the people who live within your jurisdiction today, you have fewer options than if you recognize everybody who considers your city their hometown. Your population of creative workers is likely to be higher if you use the more inclusive definition, allowing you greater leeway to market your community to creative workers.

NATIONALS WORKING ABROAD (MILLIONS)

Russia	10.2		Bangladesh	3.3
Mexico	7.9		Italy	3.0
India	7.2		Turkey	2.8
Ukraine	4.7		Indonesia	2.4
Philippines	4.1		Nigeria	2.1
Pakistan	3.8		Portugal	1.7
United Kingdom	3.4		Thailand	1.6
Germany	1.5			

Source: Anne Harrison et al., Working Abroad: The Benefits of Nationals Working in Other Economies (Paris: Organization for Economic Cooperation and Development, 2004), 10, <http://www.oecd.org/dataoecd/30/20/32297831.pdf>.

The same goes for the effectiveness of your marketing effort because it is driven for the most part by your ability to reach a receptive audience. If your target is the creative class at large, you will end up spending more time and resources on people who will never consider moving into or investing in your community than if you focus on creative workers whose heartstrings are already pulling them there.

Today, economic growth and wealth accumulation depend increasingly on information technology and intellectual capital, and the critical factor is the talented workforce that runs these new economic engines.

Many communities in the developing world have been on this road for decades. Along the way, they have learned a lot about why and how to keep in touch with their expatriates. Their experience demonstrates that working with extended communities improves the prospects for local economic development.

To cope with so many of its people living abroad, the community as a whole began to see itself less as a place fixed in time and space and more as the center of a network of its members' life paths. This new way of seeing themselves allowed both the expatriates and the hometown to stay engaged no matter how far or for how long they were apart.

To be sure, mass emigration is not restricted to the developing world. Of the top countries with sizable national populations living abroad today, one-third come from the ranks of industrialized countries (see box).

What is true for these countries may very well be true for your community. Most communities in the United States have significant expatriate populations. Residential mobility has always been an important characteristic of American life. Americans are more stationary today than in the past, but still one out of every six Americans has moved during the past five years.⁵ Chances are that a lot more people contribute to your community's sense of itself than just those who live there now. Getting to know who they are will pay off.

The purpose of knowing your broader community is not to simply identify the people who share a particular tie to your community, but to understand the networks that connect them and the strings that pull at them, and what can be done to strengthen the other strings.

Check the box ahead to find the basic questions you should ask about your extended community.

3. Pull on the heartstrings. Once you have a clear picture of who makes up your extended community, identify the strongest ties that bind your expatriates and the ones that tug at the largest numbers of them. Then pull on those ties. In the new economic development game where the aim is to attract creative workers, this means making your extended community the target of promotional and marketing efforts.

Targeting your extended community sharpens the focus of your marketing efforts. Your focus is creative workers who still harbor ties to their hometown. You tap into an audience that is already receptive to your community. It will make you a more viable tourist destination and a more attractive investment site. It may also help your local businesses gain access to external markets that would otherwise not exist or be accessible without the presence and assistance of your expatriates.

The goal is to maximize the contribution of the extended community to the economic development of your community. Not everybody will contribute in the same way or for the same reason. Some expatriates may move themselves and their companies or capital back home. This happened in Tusculumbia, Alabama, when Harvey Robbins moved back home and saw he needed to help his hometown recapitalize its downtown.⁶

New Zealand saw this too when Peter Jackson filmed his award-winning film trilogy *Lord of the Rings* in his home country and jump-started a national film industry that has become a magnet for creative talent from around the world. Now the government's national economic development agency, New Zealand Trade and Enterprise, is targeting music, design, digital innovation, fashion, and gaming for strategic development.⁷

To attract expatriates to enhance your local economy, you will have to show them that you are not seeking a one-way relationship, that you are not calling on them only when you are raising funds or marketing locally produced or locally owned products. A network functions because it serves everybody who supports it. If you can demonstrate to expatriates that their support of your community is also in their best interests, their commitment will be greater and more sustainable.

Your promotion and marketing strategies should include activities for helping your expatriates help each other. You may decide to promote economic development in your community by strengthening the network itself through information and contact sharing among your expatriates, so they too can prosper and become even stronger and more able supporters of your community.

4. Facilitate your community's networks; develop networks where there are none. Economic development today takes understanding your community's networks. It takes seeing the connections and making them. It also takes developing them when there are none, strengthening them when they are weak, and maintaining them so they remain effective. College alumni associations and international emigre communities offer a lot of experience from which public managers can draw lessons learned and pick up best practices. These range from simple newsletters to high-stakes public-private investment matching programs. Connections matter.

What to Know About Your Extended Community

Basic Questions to Ask	Sample Answers
1. Who are they?	Alumni from the local high school, summer camp, or college; retirees who moved away; second-home owners; snowbirds
2. What ties do they have to the community?	Family, schools, churches, nostalgia, property
3. What image do they have of the community?	Perfect place to raise a family, vacationland, refuge from the city, ideal spot to retire, the "only place I call home"

4. Where are they?	In the same region, in the nearest metropolitan center, in a vacation or retirement center
5. Who among them are creative workers?	40-year-olds living in large cities, second-home owners, wealthy alumni from the local summer camp, alumni from the local college who majored in film
6. Among the creative workers, which ones want to return?	50-year-olds who own their own companies, new families whose children are still in elementary school, women who are heads of households, middle-aged couples with elderly parents still living in the community
7. When do they visit?	Holidays, long weekends, funerals, weddings, class reunions, special ceremonies at the local summer camp or college
8. Why do they return; why would they return?	Raise a family, vacation, retire, take care of elderly relatives, get away from city life, start a business
9. How do they stay in touch?	E-mail, column in the local newspaper, alumni newsletter, blogs, informal calling tree, reunions and special events in their current location
10. What networks do they use?	Local-newspaper readers, local summer camp association or college alumni association, family connections, key individuals, Internet

The most successful communities and the most successful managers are those that master the art of networks.

¹Manuel Orozco, "Transnacionalismo y desarrollo: Tendencias y oportunidades en AmŽrica Latina," *Foreign Affairs en Espanol*, vol. 5, no. 3 (Julio-Septiembre 2005): 19, http://www.iadialog.org/publications/oped/july05/orozco_fa.pdf; <http://www.iadialog.org/programs/policy/trade/remittances>.

²Richard Florida, *Cities and the Creative Class* (New York: Routledge, 2005).

³Creative industries are those whose added values are creativity and/or invention, for example, art, research, writing, and music. The most widely used definition for the creative industries is that set forth by the United Kingdom Department of Culture Media and Sport (DCMS) in 1998: "those industries which have their origin in individual creativity, skill and talent and which have a

potential for wealth and job creation through the generation and exploitation of intellectual property. This includes advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer games, television, and radio."

⁴Mt. Auburn Associates, *Louisiana: Where Culture Means Business* (Baton Rouge: State of Louisiana, 2005), <http://www.crt.state.la.us/CulturalEconomy/MtAuburn/culturaleconomyreport.htm>.

⁵Peter Francese, "A Nation of Homebodies: People Moving Less Often," *American Demographics* (January 1, 2002).

⁶Chris Warren, "Re-Creation Instead," *American Way* (July 15, 2005), http://americanwaymag.com/aw/business/feature.asp?archive_date=7/15/2005.

⁷Mt. Auburn Associates, *Louisiana: Where Culture Means Business*.

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