

THE MULTI-YEAR STRATEGIC INITIATIVE

AN EFFECTIVE MODEL FOR FUNDING AND IMPLEMENTING ECONOMIC DEVELOPMENT - BECAUSE IT TAKES TIME TO BUILD.

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A MULTI-YEAR STRATEGIC INITIATIVE (MYSI) IS BETTER THAN AN “ANNUAL PROGRAM OF WORK” FOR BOTH ORGANIZATIONAL FUNDING AND FOR IMPACTFUL ECONOMIC DEVELOPMENT.

THIS PAPER ADDRESSES THE BENEFITS OF A MYSI AND PROVIDES TIPS AND RECOMMENDATIONS FOR MAKING YOUR MYSI A SUCCESS.



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CHAMBERS OF COMMERCE AND ECONOMIC DEVELOPMENT ORGANIZATIONS ARE USING MULTI-YEAR STRATEGIC INITIATIVES TO SUCCESSFULLY RAISE CAPITAL THAT CAN BE USED TO FUND PROGRAMS, INITIATIVES, PROJECTS AND STAFFING NEEDS.

The multi-year strategic initiative is a proven approach that is different from the standard transactional model that heavily relies upon dues and annual sponsorships. While the transactional model works, it requires a great deal of marketing and sales effort without a guarantee that revenue will increase year over year. This makes it difficult to implement strategic plans that call for additional capital.

Multi-year strategic initiatives are the answer.

Instead of recommitting on an annual basis, investors commit to funding over a 4 to 5-year period – ensuring that long-term plans can be carried out for the maximum economic impact.

THE MYSI IS A PROVEN APPROACH

Organizations throughout the country have raised billions using the Multi-Year Strategic Initiative (MYSI). Over the past four decades National Community Development Services (NCDS) has used this model to help Chambers and Economic Development Organizations in rural, suburban and urban communities to raise the capital they need to implement their strategic plan. The results have been so successful that many of these communities launch a new MYSI as soon as the current one nears completion.

A \$50-MILLION SUCCESS STORY

Forward Sioux Falls, with the help of NCDS, has raised over \$50 million through 7 successive 5-year campaigns. Every 5 years, the boards of the Sioux Falls Chamber and the Economic Development Foundation come together to prioritize community needs and opportunities. NCDS raises funds for the joint venture, with funds going to the organizations as they are responsible for implementing their portion of the strategic plan. This has allowed for long-term planning, along with tangible activities and results. “The community feels that Forward Sioux Falls has worked incredibly well and are very proud of its success,” said Jason Ball, (former) President & CEO of the Sioux Falls Area Chamber of Commerce. As a result, they continue to fund a new MYSI every five years.

These are a few of the communities who have raised capital using a Multi-Year Strategic Initiative

- Atlanta
- Austin
- Charleston
- Chattanooga
- Columbus
- Denver
- Des Moines
- Fargo
- Indianapolis
- Lexington
- Madison
- Minneapolis
- Mobile
- Nashville
- Oklahoma City
- Phoenix
- Raleigh
- Shreveport
- Sioux Falls
- Tacoma
- Topeka

IN JONSEBORO & MISSOULA MULTI-YEAR STRATEGIC INITIATIVES HELPED TO CREATE THOUSANDS OF JOBS

In Jonesboro, Arkansas the first MYSI was so successful they will be launching a second one. NCDS completed a feasibility study and helped the organization to raise \$3.5-million. “We have 135 entities that have invested 3.5 million to ensure our successes. We created a separate board for Jonesboro Unlimited’s MYSI which provides an additional level of accountability, along with focused and acute communication between us and investors. It continues to provide the governance structure I think is appropriate when you have a high level of funding for a specific purpose,” said Mark Young, Jonesboro Unlimited CEO.

Their approach has worked. In the first three years of their MYSI, Jonesboro Unlimited has helped to create 2,100 jobs and over \$280-million in new development and construction. Young summed up the benefits of a multi-year plan vs. the annual transactional model when saying, “A 5-year plan seems like a long time but it’s not, so we are very focused on what we are doing, on executing and reporting back to investors.” There is a great deal of work that goes into implementing a strategic plan. The MYSI ensures that effort is spent on implementation rather than continually raising capital.

Multiple multi-year strategic initiatives can also help communities to come out of an economic crisis, as Missoula, Montana discovered. From 2007 – 2010 they lost their largest employers and 5,000 jobs. In 2011, NCDS helped establish the Missoula Economic Partnership, and to raise \$3.5-million over 5 years to fund it. James Grunke was hired as the CEO and subsequently completed two MYSI campaigns with NCDS. He attributes the success of the campaigns and economic results to the MYSI and community leadership. “Missoula is a success story with a very committed mayor and private sector leadership, led by the hospital CEO and a local bank president. With the right community leadership, a MYSI can be successful, and this one certainly was. 10,000 new jobs were created over the past nine years and 97 companies started in the community. There are more people working on the site (where the second largest employer was previously located) than when they closed,” said Grunke.

WHERE IT ALL BEGINS: COMMUNITY NEEDS AND OPPORTUNITIES

A MYSI CAN HELP TO TRANSFORM LARGE AND SMALL COMMUNITIES.

Every Chamber/ EDO's core mission is to create and enable prosperity for stakeholders in the community it serves (locally or regionally). Accordingly, they must address both needs (impediments...deficiencies...) and opportunities (i.e. competitive advantages and assets) that impact industry growth and profitability, job creation, investment attraction, etc. This is traditionally done through the development of a strategic plan, created either internally or by hiring an outside consultant. These plans will address both opportunities and needs, leaving boards and the executive team to determine which items to prioritize, how to implement each action item and how to fund the overall plan.

***"You need to
raise money for
things to be
transformative"***

- Cecilia

Harry, former President
& CEO of Envision
Greater Fond du Lac and
current Chief Economic
Development Officer at
the Colorado Springs
Chamber & EDC.

TYPICAL STRATEGIC OBJECTIVES FOCUSED ON OPPORTUNITIES

Examples of opportunity-based multi-year strategic initiatives include:

- Business attraction /expansion of cluster / target industries
- Talent attraction
- Retention of local college graduates
- Quality of place enhancements
- Marketing and PR to increase national / global awareness and reputation
- Cooperation and collaboration among local / regional organizations, agencies, governments
- Establish special districts (innovation hubs, technology corridors, etc.)
- Support entrepreneurs and start-ups

EXAMPLES OF STRATEGIC OBJECTIVES FOCUSED ON NEEDS AND IMPEDIMENT-BASED PROGRAMMING

- “Product” (industrial land, spec buildings, etc.)
- Workforce (local K-12 system, technical training, etc.)
- Affordable housing
- Broadband infrastructure
- Transportation deficiencies
- Downtown / Main Street redevelopment
- Loan / Grant funds
- Business retention/assistance programs
- Duplication / redundancy of development organizations
- Business “unfriendly” government / policies
- Economic inequity
- Air Service
- Negative image / reputation
- Economic diversification

DUE TO THE SHEER NUMBER OF OPPORTUNITIES AND NEEDS IT CAN BE DIFFICULT TO IMPLEMENT A STRATEGIC PLAN IN ITS ENTIRETY.

This can lead to gridlock where nothing gets done, simply because the plan itself feels so overwhelming. A MYSI can help by requiring the board to break down action items into categories based on near versus long-term priorities. Most multi-year strategic initiatives will align around a handful of needs and opportunities requiring immediate attention.

The first MYSI lays the foundation upon which future multi-year strategic initiatives are built. This systematic approach allows for the goals outlined in the strategic plan to be achieved. Jonesboro Unlimited, for example, accomplished their job creation and investment goals prior to the completion of their first MYSI. By demonstrating success, they are well-positioned to approach investors to fund their next campaign.

STRATEGIC PLANNING: MULTI-YEAR STRATEGIC INITIATIVE

The multi-year strategic initiative should be designed and positioned as a solution to pressing community needs and / or capitalizing on unique assets or opportunities, for the purpose of creating or accelerating economic growth and prosperity. Workforce development, education, entrepreneurial support, infrastructure, cultural / recreational assets, cluster development, community branding / marketing, and business retention / expansion are all typical components of strategic plans that can be funded through investment campaigns. Whatever strategies you adopt, they must be in response to your community's situation and clearly align with your stakeholder's interests. Determining their interest is critical and that's why it is wise to include key stakeholders in the planning process. Though there is no "one way" to do it, possible approaches include:

#1 HIRING CONSULTANTS

Experienced economic development consulting firms complete a SWOT analysis and provide recommendations for the board to consider. Their strategic plan should be based on data and feedback from stakeholders. If, for example, the community has an opportunity to attract more heavy manufacturing, but the community doesn't want this type of industry, it should not be part of the plan. Anything that's included will need the support of the community for it to be attainable. Good consultants will also provide plans for implementing their recommended strategies along with projected multi-year budgets.

#2 LEADERSHIP RETREATS

Leadership retreats that include the executive team, key staff members, board members, business and community leaders can be an excellent way to flush out ideas and to gain a more holistic understanding of the opportunities and needs facing the community. Hiring a meeting facilitator can be useful in keeping the meeting on track and for pulling out the best ideas. The key is to ensure that once the meeting is over, a report is generated with key findings and action items so that a full strategic plan can be completed.

STRATEGIC PLANNING CONT.

#3 SURVEYS

Larger communities may find that surveys are an easier way to receive input from all stakeholders. The key to launching an informative survey is to ask the right questions. Open-ended questions can provide some of the most comprehensive data, though they are difficult to categorize and quantify. For this reason, a combination of closed and open-ended questions should be asked, and someone should be assigned to sort through the data and come up with recommendations based on the responses from stakeholders.

#4 ONE-ON-ONE INPUT

The executive team may wish to schedule one-on-one meetings with key business leaders. These sessions can be incredibly insightful, especially if these are the same leaders who will invest top dollars to implement the strategic plan. Getting their input and incorporating their suggestions into the plan is wise and likely to result in higher rates of adoption and participation from the larger business community.

Most organizations will use a combination of the above when creating a strategic plan. Regardless of which approach is taken to complete a strategic plan, the plan should reflect:

- Data / research (including peer / competitor community comparisons)
- Trends (local economy, labor, existing / target industries, etc.)
- Experiential insight from leaders, business owners, HR managers, etc.
- Alignment with industry and existing community initiatives
- Actionable strategies with implementation budgets
- Measurable goals and outcomes

A good plan will also include all relevant stakeholders, either directly or by identifying how everyone can work together. As Rob O'Brian, former President of the Joplin Area Chamber of Commerce said, "No one has all of the funding they would like to have to conduct economic development. By combining and focusing resources, a region has better financial capacity to conduct economic development activities."

MYSI VS. TRANSACTIONAL FUNDRAISING

Communities who are new to multi-year fundraising are often skeptical about the differences between a MYSI and their traditional transactional model. Economic developers like James Grunke, President and CEO of Erie Regional Chamber & Growth Partnership, see it as the only way to fund strategic plans. “If you’re going to succeed you need to put together a 5-year initiative with widespread community support so that you can have the necessary resources. I believe this is the only real way to be successful.”

James has been in economic development since 1991 and has participated in multi-year strategic initiatives in communities throughout the country. When asked why the MYSI is better than raising money annually, Grunke said, “Economic development is not linear. You may not see results until year four or five because things take time. **If you raise all of your revenue upfront you have five years to focus on executing, instead of raising money.** It’s a luxury to spend time on deliverables rather than on the revenue side. This is why a pledge makes sense.”

MULTI-YEAR STRATEGIC INITIATIVE

Allows for long-term planning

Time spent to secure commitments once every five years

You have years to recruit companies, launch initiatives, improve quality of life, etc.

Investors support a vision and a plan

Hire staff to implement plan over five years

Spend time producing results

Allows for course corrections as-needed

TRANSACTIONAL FUNDING

Funding on an as-needed basis

Time spent to sell memberships and sponsorships annually

Results are often expected in the short-term

Members pay for personal benefits

Hire short-term help for specific projects

Spend time fundraising

A MYSI IS IDEAL FOR FUNDING A STRATEGIC PLAN BECAUSE EXECUTION ALWAYS TAKES MORE THAN A YEAR.

A five-year plan allows for a ramp up. For example, when launching a recruitment campaign, it takes time to prepare the marketing material, attend trade shows, and have conversations with site selectors and executives before they ever reach the decision phase. And location projects often have lengthy timelines. Likewise, a workforce development program requires input from the business and education community, time to create the curriculum, advertise the program, recruit participants and to train them, before workers are ever ready to join the workforce. This can't happen overnight! A MYSI takes that into account and sets realistic timeframes that are attainable. When a strategic plan involves a public-private partnership or calls for infrastructure and development projects, a longer timeframe is even more critical. Put simply – there is no other way to fund a strategic plan designed to make a transformative impact.

STEPS TO CREATE A MULTI-YEAR STRATEGIC INITIATIVE

CHAMBERS AND EDO'S COMMITTED TO LAUNCHING A MULTI-YEAR STRATEGIC INITIATIVE SHOULD TAKE THE FOLLOWING STEPS.

#1 DETERMINE YOUR NEEDS AND OPPORTUNITIES

#2 INVOLVE STAKEHOLDERS IN THE DATA COLLECTION AND DECISION-MAKING PROCESS

#3 CREATE A STRATEGIC PLAN AND GIVE THE INITIATIVE ITS OWN NAME (DISTINGUISHING IT FROM "BUSINESS AS USUAL")

#4 DETERMINE WHICH PRIORITIES SHOULD BE ADDRESSED IN THE FIRST MYSI

#5 CREATE A BUDGET THAT INCLUDES EVERYTHING NEEDED TO SUCCEED

#6 DEVELOP FINANCIALS TO SHOW INVESTORS HOW COMPLETING THE MYSI WILL BENEFIT THEM

#7 SECURE FUNDING COMMITMENTS

#8 TAKE ACTION AND DELIVER ON YOUR PROMISES

#9 GIVE INVESTORS REGULAR UPDATES VIA A NEWSLETTER, CALLS AND MEETINGS

#10 CELEBRATE SUCCESS AS IT HAPPENS AND ANNUALLY

BE INCLUSIVE

For a MYSI to be transformative, it must be inclusive of a wide variety of stakeholders. This includes obtaining support from the business community and governmental organizations, but also from other non-profit organizations. “In Sioux Falls there is a cultural expectation that organizations like the Chamber and Economic Development Foundation work together. With Forward Sioux Falls, our organizations avoid duplication of services. By combining forces, we are accomplishing more than we could do individually,” said Jason Ball, (former) President & CEO of the Sioux Falls Area Chamber of Commerce.

In Sioux Falls their desire to work together on multi-year strategic initiatives led to the creation of Forward Sioux Falls as a joint venture. In other communities, like Topeka, the decision was made to merge as a means of reaching their goals. President & CEO, Matt Pivarnik, said the decision also came down to competitiveness. “Why are we competing with ourselves when we need to compete with the rest of the world? If we are competing against the world we should be on the same team, rather than working separately from each other.” By merging the Greater Topeka Chamber, Go Topeka (EDC), Visit Topeka and Downtown Topeka Inc. into the larger GoTopeka, they were able to combine resources, raise additional capital, become more competitive and achieve accelerated results for the community. Envision Greater Fond du Lac was born for similar reasons. According to Cecilia Harry, the organization’s inaugural President & CEO, “the community responded very positive to the merger and is pleased to see there is one message going forward.”

In some communities being inclusive doesn’t mean creating a new organization or merging but understanding how organizations can work together to help achieve common goals. “There are many roles we don’t play (incentives, workforce training dollars, etc.), so we depend on other organizations for success. The five-year plan can help to bring everyone together, so they are on the same page,” said James Grunke of Erie Forward. “Often the opportunity is in using the regional effort as a catalyst to generate more resources to achieve the common goal,” said Rob O’Brian, CEcD, of O’Brian & Associates, formerly the Joplin Area Chamber of Commerce President.

ATTRACTING INVESTORS

True investors are believers. They are, in effect, investing for transformational reasons – not transactional ones. As such, investor campaigns require a very different approach than membership, sponsorship, or total resource sales. NCDS has completed over 700 campaigns that have raised over \$1.7 billion. This has helped us to **understand how to maximize investments from community stakeholders.**

First, develop the budget and be sure that investment requests match the implementation timeline. Expect feedback as well. “Over the past thirty years we have found that most major investors will want to examine the budget details and will often provide their feedback. This means that they are connected to the project or campaign and want to understand how their money will make an impact,” said Tom DiFiore, President & CEO of NCDS. In addition, investors need to know -

- Who has signed on to support the MYSI (who are the initial champions whose endorsement will attract others)
- How the strategic plan will solve problems, capitalize on opportunities, and enable economic growth & prosperity
- What specific programs and activities will be implemented as part of the strategic initiative
- How the money will be spent
- What reporting metrics will be put in place and how frequently activities and results will be communicated
- What the outcomes will be for the community
- What the impact on their industry will be
- What will happen at the end of the MYSI
- Will it “sunset,” continue, or will there be a new MYSI (investors love this)

Remember that investors can and should come from the public and private sector. In fact, a MYSI is ideal for public-private partnerships. It allows for all stakeholders to make “fair and proportionate” investments to get things done!

MULTI-YEAR STRATEGIC PLANS IN ACTION

Multi-year funding commitments require intense, up front funding, but eliminate the need for yearly fundraising. In addition, certainty of budgets enable better planning and execution, especially when hiring new staff members is involved. A well-thought-out strategic plan will outline the steps that need to be taken and inform the staff that needs to be hired in order to execute those steps. Once investors have committed funds, it is important to take action, monitor, and assess in order to deliver results.

GOVERNANCE & REPORTING

Sound governance and oversight are critically important. Key MYSI investors should help direct and ensure accountability to all investors. “The MYSI model has built-in measurement and accountability. Investors expect you to be accountable for what you say and for delivering results. Simultaneously, having a broad group of investors from 100 to 150 helps with this. You’re asking the best business minds in your community to be part of the MYSI and can leverage their input and participation to help it become a success,” said Grunke. The MYSI oversight committee can be a supplement to the current board of directors and doesn’t necessarily have to replace the organization’s board or require new bylaws. This can allow for investors to participate in the overall oversight and management of the MYSI, should they choose to do so.

Whether an organization forms a new board or a committee within the existing one, oversight is key to ensuring that the funds are spent effectively, and that reporting is conducted in a timely fashion. Investors will require regular updates on activities and results. This does not mean that results will be required immediately. However, if there is a lack of reporting on progress, and the community doesn’t perceive focused and intentional effort, there may be concern among investors. For this reason, it is necessary to overcommunicate and to establish set timeframes for when updates will be delivered. Our experience is that updates should go out on at least a quarterly basis, with in-person investor meetings on an annual basis, at minimum.

PLANS IN ACTION CONT.

CELEBRATE SUCCESS

Celebrate each success along the way. This includes the hiring of key staff members, the launch of marketing campaigns, new developments, job creation, etc. Each time something good happens that is either an action item or goal of the strategic plan – share that success with the community. This should be done by issuing a press release, sharing updates on social media and the website, and events as appropriate. For example, if a local business decides to expand, invite all investors to the ribbon cutting. If a quality of life project is completed, invite them to an event onsite. The combination of regular updates and events bring everyone into the process and ensure that investors can share in the organization's and community's success. This will make them more likely to want to continue participating. And always use these celebrations and announcements as a way to convey that “but for the MYSI, this would not have been achieved.”



LONG-TERM BENEFITS OF A MULTI-YEAR STRATEGIC INITIATIVE

MULTI-YEAR STRATEGIC INITIATIVES ARE THE BEST WAY TO RAISE CAPITAL TO FUND A STRATEGIC PLAN, BUT RAISING CAPITAL IS NOT THE ONLY BENEFIT.

The Watertown (SD) Development Company experienced this when they won an International Economic Development Council (IEDC) award for the marketing of their multi-year strategic initiative. As they discovered, the very launch of a MYSI can be transformative. WDC Board Chairman Jim Redlinger said, "The WDC's successful \$3.5 million capital campaign under the leadership of Chris Schilken marks the beginning of a new state of advancement for the organization. The WDC staff efforts – from developing our economic blueprint to the strategic plan – laid the groundwork and now our community leaders have shown their confidence by rallying behind WDC so it can implement the plan. Together we will pursue a bold new future for Watertown."

"If you raise all of your revenue upfront you have five years to focus on executing, instead of raising money"

*- James Grunke,
President and CEO
of Erie Regional
Chamber & Growth
Partnership*

ORGANIZATIONAL BENEFITS

- A MYSI ensures adequate and reliable resources to commit to needed staff and programs Budgeting and planning can be done based on strategy, versus what capital is available
- Deeper relationships are established with investors and key supporters
- Awareness of the organization increases in the overall community
- Staff gets off the annual hamster wheel of ongoing fundraising

COMMUNITY BENEFITS

- Transformation becomes possible
- Results have long-term economic and quality of life benefits
- Real change occurs
- An effective platform for establishing and implementing the community's agenda
- Compete more effectively with other communities

INVESTOR BENEFITS

- Ability to influence what the community becomes
- Leadership opportunities
- Networking opportunities
- Positive economic impact for their business and industry (bottom line ROI)
- Economy and quality of life improvements benefit them as well

IS IT RIGHT FOR MY COMMUNITY?

COMMUNITIES OF ALL SIZES CAN BENEFIT FROM A MULTI-YEAR STRATEGIC CAMPAIGN

You can do a multiyear campaign in an urban setting like Erie, Pennsylvania or a rural one like Cody, Wyoming. In Cody, for example, their goals were to recruit young families to get kids into school because enrollment was declining. Workforce attraction became their focus to ensure they didn't have declining school enrollment. By comparison, in Erie they have raised \$5.2-million and are working on attracting target industries. Though the goals, activities and fundraising requirements differ from community to community, the MYSI is typically an attractive way to help reach those goals. Still, it is important to complete a feasibility study to ensure that the community support and resources exist to make the campaign a success. NCDS completes these feasibility studies and provides campaign and fundraising recommendations based on the results.

With the right leadership, a MYSI can be a great success. Simultaneously, if the support just isn't there or the timing isn't right, the feasibility study will identify the obstacles and provide a road map for navigating them. It is better to launch a MYSI when the community is ready than to push it forward at the wrong time. With over 40 years of experience, NCDS can distinguish between the two and will make the right recommendation.

LAUNCH YOUR MULTI-YEAR STRATEGIC INITIATIVE

Since 1977, NCDS has raised over \$1.7 billion for multi-year strategic initiatives in communities ranging from small towns of under 10,000 people to large metro areas. Contact NCDS to determine if a MYSI is right for your community, and for information on campaign implementation.

*To learn more about
NCDS and how to
raise money to fulfill a
strategic plan,
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