



infobrief

A PUBLICATION OF ADC

Economic Diversification Studies:
***Why Are They Important
to Defense Communities?***

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Table of Contents

Introduction.....	3
What is a Diversification Study?	3
OEA Grant Eligibility.....	3
The Value of Economic Diversification Studies	3
Exploring Opportunities.....	4
Supporting an Economic Engine.....	4
Learn How to be a Good Partner	5
Do it Yourself	5
Strengthening an Existing Regional Plan.....	6
The Straw that Prompted a Diversification Study.....	6
Coping with the Implementation of a Diversification Study.....	7
Resistance to Regional Collaboration.....	7
The Value of Planning Ahead.....	7
State Moves Proposals Along	7
Patience is a Virtue	8
Tips to Conducting an Economic Diversification Study	8
Conclusions	8
Endnotes	9

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About the Association of Defense Communities

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ECONOMIC DIVERSIFICATION STUDIES: WHY ARE THEY IMPORTANT TO DEFENSE COMMUNITIES?

INTRODUCTION

The 2005 Base Alignment and Closure recommendations (BRAC) sparked a jolt of reality to many defense communities. With their economic base under threat, the need to diversify the local economy became an urgent priority for community leaders and underscored the support available from DOD to help these communities adjust to destabilizing events.

The potentially devastating economic, social and political harm resulting from a base closure or realignment varies among communities. To help affected communities deal with defense dependency, DOD's Office of Economic Adjustment (OEA) offers grants to conduct diversification studies. Such studies often are the first step that local leaders take to broaden and strengthen their local economy, including their industry and employment base. Communities also may conduct diversification studies without the assistance of OEA, via local or state funding.

WHAT IS A DIVERSIFICATION STUDY?

The aim of an economic diversification study is to help the community better understand its reliance on defense-related jobs and economic activity, and to become more self-sufficient and resilient to change, ensuring economic growth and diversification in the community if defense funding dissipates. These studies evaluate economic needs and opportunities, assessing realistic alternatives for transition from dependence on the defense industry to a more balanced economy with a greater reliance on the private sector. Diversification studies also examine civilian needs and markets.

A diversification typically begins with a SWOT analysis, evaluating the community's strengths, weaknesses, opportunities and threats. This analysis commonly includes:

- Identifying the industries or clusters for economic diversification, such as logistics or federal contracting
- Assessing current economic conditions and possible future trends
- Analyzing effects of policy changes and attractiveness of the community for new investment and new industries
- Assessing the characteristics of the local workforce
- Evaluating the educational system
- Evaluating the physical infrastructure, transportation

Once the initial analysis is complete, the study assesses the workforce and other community assets, such as the number of defense contractors in the area, the value of their contracts, the number of employees in the area and the percentage of workforce linked — directly and indirectly — to defense installations and facilities.

Geographically, the study would cover the towns or counties that are most

directly reliant on defense revenue, through direct salaries or military personnel living there.

Communities that conduct diversification studies can take different approaches, including:

- Exploring opportunities — in this case, the study may be the first step a community takes in tackling the diversification of their local economy.
- Supporting an economic engine — While the primary goal is diversification, one option for communities is to strengthen their links with a neighboring military installation through partnering efforts; for example, commercializing technology developed on the installation.
- Strengthening an existing regional plan — these communities use the study to complement strategic plans that the region already has initiated to help diversify the local economy.

From the viewpoint of community leaders, the study ultimately should become the basis of a strategy or action plan that these communities can incorporate into their broader economic development strategy. To ensure a successful effort, officials conducting the diversification study need to reach out to community leaders, as well as public and private sector organizations that have a stake in the community's economic growth.

Through this methodical analysis, a community discovers how to best capitalize on its human and natural resources and determines in what industries the community may have a competitive advantage over others.

OEA GRANT ELIGIBILITY

For communities concerned about a potential BRAC closure or realignment, or bracing for a contract or program cancellation or modification or a reduction in the number of DOD personnel, diversification studies are a natural first step to address the shift. Such studies are equally valuable, though, for defense communities neighboring active bases that do not face an impending reduction in military activity.

Applicants must demonstrate the degree to which the local economy is dependent on defense expenditures. This determination is based on the level of employment in the community that is tied to the defense facility — either in absolute numbers or as a percentage of the labor market. Once the application is reviewed and approved by OEA, the agency will provide a grant to the local or state government, or other municipal organization, leading the diversification study. In cases where a defense action directly affects a community, OEA can serve as a bridge to other federal, state, and local resources if it is deemed necessary to fulfill the adjustment efforts. OEA assigns a project manager to the community to assist it throughout the process. The community is charged with deciding who will carry out the study — typically an independent consultant.

THE VALUE OF ECONOMIC DIVERSIFICATION STUDIES

The approaches used by communities in conducting a diversification study will differ based on particular local needs and resources. The value of

these studies rests in the development of a clear strategy that is tailored to the individual community, including recommendations for attracting new businesses, growing existing ones, fostering entrepreneurship, and focusing on jobs that will leverage the strengths of the workforce and assets of the region.

Since the 2005 BRAC recommendations were approved, several communities have completed diversification studies and are taking steps to implement strategic plans, while others are in the process of conducting or beginning a study.

In some cases, the study may serve as an initial opportunity for a community to consider diversifying the local economy and learning more about its regional assets. For others, the study may be a complement to strategic plans that the region previously implemented to help diversify the local economy. In this case, the study can stimulate local stakeholders to better organize and delve deeper into devising compatible tactics. And for certain communities, fortifying the relationship with the military installation may be a key priority, with a focus on boosting economic development. While increasing the level of partnering with a neighboring installation is a common result of a diversification study, such a goal cannot be used to justify an OEA-sponsored effort.

The next three sections examine different ways communities have approached diversification studies and discuss the range of resulting outcomes.

EXPLORING OPPORTUNITIES

A diversified economy is essential to all communities — defense-based or not — and dependence on any key industry may impede a community's ability to explore different opportunities for growth. In this situation, the insight from an outside consultant is invaluable for an economic diversification study, bringing indiscernible advantages to light.

The Lowcountry region of South Carolina — home to the Marine Corps Recruit Depot Parris Island, the Beaufort Naval Hospital, and the Marine Corps Air Station Beaufort — was the first community to secure an OEA grant for a diversification study under the agency's advanced planning grant program launched during the run-up to the 2005 BRAC round. In 2005, community leaders of this rural region acknowledged a realignment could be devastating, and the Lowcountry Council of Governments jumped on the opportunity to take stock of its assets and develop a better economic development strategy, contracting an independent consultant to conduct the diversification study.

The study, completed at the end of 2005, revealed a major feature that community leaders had overlooked — logistics, and industry that would take advantage of the area's proximity to water and ample rail and highway transportation. A key recommendation from the study was for the region to focus on distribution and logistic centers that would create a window to establish a transportation corridor there and enhance connectivity between South Carolina and Georgia.

"It was an original suggestion that made a lot of sense, but the community

had not thought about it," remarked Ginnie Kozak, director of planning for the Lowcountry Council of Governments. The discovery of this asset opened the door to new opportunities for the region and this recommendation was gradually incorporated into local plans. Today, a new port is under construction using public and private funding. The project would serve as a distribution and logistics center near I-95, creating a few thousand jobs.

SUPPORTING AN ECONOMIC ENGINE

Technology plays a central role in some regions, driving the economy through technology transfer and innovation. In the case of a defense community that benefits from the presence of a military installation that conducts research and development, a diversification study can strengthen partnering efforts with the base while reinforcing a region's technology-based economic development strategy.

When the 2005 BRAC Commission recommended realignment of several missions at the Naval Surface Warfare Center at Crane in southwestern Indiana, local leaders realized the region needed a more resilient and diverse economy and turned to OEA to fund a diversification study. The approximately \$1.7 billion in annual revenue from Crane accounts for about \$400 million in salaries, explained Mike Gentile, executive director of Crane Technology Inc. (CTI). About 35 percent of the workforce over a six-county region is dependent on Crane, he added.

"Crane is the second largest employer in southwest Indiana and it was crucial for the region to develop strategies that would allow us to better capitalize on technologies developed at Crane," Gentile said.

CTI was tasked by the state's economic development arm, the Indiana Economic Development Corp., to recommend consultants for the study and oversee the process. In line with CTI's mission, the study focused on fortifying the regional economy, while at the same time leveraging Crane's assets, using the facility as a workforce model and identifying other state and non-profit organizations as potential Crane partners.

The warfare center is a good illustration of the importance of counting a region's military facilities — including its land and workforce — as part of a region's economic assets in a SWOT analysis. Beyond benefiting from technology transfer, businesses in southwestern Indiana can negotiate partnering agreements with the Navy allowing them to use labs, other facilities, and even the workforce at Crane. At other installations, for example, companies could take advantage of a military depot's industrial capabilities.

When the year-long study of the Crane region was completed in December 2007, the Crane Regional Economic Development Organization (CREDO) was created to assist in the implementation of the diversification plan. The regional alliance is made up of the six counties that are most reliant on the revenue stream from Crane.

Based on the results of the study, CREDO decided to focus on four strategic development approaches of the 12 outlined in the study:

- Create a national model Learning & Employment Center for Veterans with Disabilities at Crane

- Develop non-defense-oriented basic employers by creating a tech center in the region to leverage Crane's capabilities
- Develop support programs for technology-driven business sectors such as batteries and fuel cells to increase those sectors' jobs in the Crane region
- Promote the area and work collectively on projects that will further enhance the idea of regionalism in the community

'Learn How to Be a Good Partner'

Similarly, the counties surrounding Fort Leonard Wood in Missouri completed their diversification study in spring 2008. Presiding Pulaski County Commissioner Bill Ransdall felt that the study was imperative. "With 42 percent of the wage and salary employment in the county deriving from military positions, the loss of this vital resource would be devastating to the local economy," Ransdall said.

Notably, Fort Leonard Wood is a prominent technology hub in the area and the Missouri Research Park is established on the post — a first in the nation. The installation is home to the Army's engineer, military police and chemical corps schools.

"It makes it a rich environment for a cluster and the 200-acre R&D park has been a catalyst for development along the high-tech corridor in the region," stated Ransdall, underscoring the importance of the base to the region. "It's a tremendous resource and we need to continue to work with our defense community while growing additional strengths as well," he said.

In a similar vein, the Black Hills Region in South Dakota — home of Ellsworth Air Force Base (AFB) — following BRAC deliberations took advantage of the opportunity to apply for an OEA grant to explore the possibility of diversifying and growing compatibly with base activities. The secretary of defense had proposed closing Ellsworth during BRAC 2005, but the BRAC Commission overturned the recommendation, saving more than 3,800 jobs. A 2004 analysis estimated the base produced a \$278 million annual economic impact statewide.

Mark Merchen, economic development manager at West River Electric Association and chairman of Black Hills Vision said, "It was important for us to learn how to be a good partner and increase compatibility with EAFB, diversifying our economy around technology-based economic development and the core resources in our region, such as natural minerals."

Black Hills is halfway through its diversification study and several recent events are expected to bolster the study's impact. First, the South Dakota governor's diversification plan for the state, the 2010 Initiative, includes the goal of making South Dakota a leader in research and technology development. Second, the National Science Foundation designated the Homestake Gold Mine — the state's former gold mine that played a prominent role in the Black Hills Gold Rush of 1876 — as a federally funded underground physics lab in 2007. The region also plans on building a business incubator on the campus of the South Dakota School of Mines and Technology, located near Ellsworth in Rapid City.

"The ripple effects gained from federal funding and the increased possibility of receiving scientific grants to universities in the state could bring in millions

of dollars, further advancing the state's roadmap for a technology corridor and increasing the value of the OEA study for the region," Merchen said.

Do It Yourself

In the case of Naval Submarine Base New London in southeastern Connecticut, the secretary of defense's recommendation to close the base was later reversed. The realization that the closure of the base would have resulted in the loss of billions of dollars in lost wages and revenues and thousands of jobs, however, propelled Governor M. Jodi Rell to appoint the Commission for the Economic Diversification of Southeastern Connecticut in November 2005. The commission included state, regional, and local leaders from the government, business, education, and nonprofit sectors.

Similar to the Black Hills region, state and local leaders in Connecticut recognized that being a strong partner with the military and taking a proactive approach would benefit the community and the state as a whole. In contrast to the other diversification studies, Connecticut's did not rely on OEA funding, conducting the study in-house with the commission and staff from the Connecticut Department of Economic and Community Development.

The aim of the study was to focus on the strengths in the region around the submarine base's home in Groton, primarily by aligning strategies in individual towns with the state's economic development plans. In addition to the New London base and submarine manufacturer Electric Boat, located one mile from the base, the region has been dependent on casino gambling and bioscience due to the presence of drug maker Pfizer.

Regional leaders acknowledged the need to expand the economic base beyond the existing job categories, while at the same time adopting a strategy to shield the base from future closure efforts. As Joan McDonald, commissioner of the Department of Economic and Community Development, stated, "We understand the value of the military sector and wanted to be proactive in diversifying the region for the good of the locality and the state."

Connecticut's economic diversification commission focused on four main areas:

- Defense and homeland security — reduce the risk of submarine base closure through targeted strategic investments and by improving its relationship with the military
- Infrastructure and utilities — ensure that key sites are accessible and that development is feasible
- Workforce development and housing — cultivate a workforce that is prepared for innovative, knowledge-based jobs
- Marketing and advocacy — promote the region to private employers

The final report was completed in December 2006 and key recommendations included:

- Supporting the growth of the military cluster
- Building an infrastructure to support economic growth
- Expanding the region's tourism and pharmaceutical sectors
- Fostering partnerships for region-wide success

STRENGTHENING AN EXISTING REGIONAL PLAN

Disruptions in the local economy, often due to global forces, have driven many regions to develop strategies to strengthen their economic assets and promote diversification. For these communities, a diversification study is an important piece of a broader economic development plan — of which the military installation is one component — helping them to better direct community resources and guide them in decision-making. These communities tend to have a clear vision of their strengths and weaknesses and view the study as a multi-disciplinary undertaking, working closely with their consultant throughout the process.

The community of Wichita Falls, Texas, completed a diversification study in April 2008, but the region has been seeking ways to diversify since the 1990s. Wichita Falls has had a military presence since World War I, and Sheppard AFB was established in 1941. The region prospered in the early part of the 20th century due to the discovery of oil, but a decline in production in the 1960s reversed the effect, and closures in the manufacturing sector in the 1980s kept the region's economic development leaders busy seeking ways to revitalize and diversify their economy.

Recent manufacturing shut-downs and the BRAC recommendation to realign Sheppard's basic enlisted medical training mission to Fort Sam Houston prompted Wichita Falls to launch an OEA study. The closure of Delphi and the cessation of activity at the Saint Gobain-Vetrotex fiberglass plant will cut the region's manufacturing base by 10 percent. Sheppard's realignment will cost the region an estimated 1,990 direct and indirect jobs and could trim contract spending, which currently injects \$228 million into the local economy annually.

Integrating the OEA study with several existing economic development plans was crucial to community leaders, and marketing Wichita Falls to the larger Dallas-Fort Worth metro area also was high on their list of priorities. Even before applying for the OEA study grant, the community was already forming a committee of stakeholders that included the convention and visitors bureau, the chamber of commerce, city officials and other key players to create a comprehensive strategy to draw talent, industry and tourism to the city.

"We looked at this study as more than a simple diversification study. The OEA study was incorporated in this wider regional strategy, focusing on how we could better capitalize on the community's assets and better position ourselves," explained Karen Montgomery-Gagne of the city's planning office.

The results of the diversification study were presented to the city council and the mayor on July 15, 2008. It outlined three main strategies for Wichita Falls: (1) develop, retain, attract and engage talent; (2) diversify and grow the economic base; and (3) promote and enhance Wichita Falls.

"It was important that the focus of the study coincide with some strategies already in place in the region," Montgomery-Gagne said. Prior to the grant, for example, the city had been working on the issues of talent and workforce with Workforce Solutions North Texas to aid workers who lost their jobs at the Saint Gobain-Vetrotex plant. Officials also had been focusing on fostering local entrepreneurs by collaborating with the Small Business Development Center at Mid-Western State University, as well as trying to retain the region's

university graduates with good jobs.

"It was important to work with the consultants on this study and contribute to the development of realistic implementation guidelines for the community," Montgomery-Gagne stated.

The Straw that Prompted a Diversification Study

Great Falls, Mont., home to Malmstrom AFB, began a diversification study in August 2008 that was intended to be part of a larger, regional planning effort. The community has had a long association with Malmstrom, dating back to the Cold War and the North American Aerospace Defense Command or NORAD. The base's NORAD responsibilities were moved to Washington state in 1979, reducing the economic activity generated by the installation by 20 percent. Closures of manufacturing plants throughout the 1980s exacerbated the community's difficulties.

The region has been grappling with diversification for a number of years and successfully created public-private partnerships that have contributed to rebuilding the region, from building an airport runway — enabling FedEx and UPS to set up a hub in Great Falls — to expanding healthcare clinics. The 2007 Air Force announcement of plans to deactivate Malmstrom's 564th Missile Squadron, though, shook the region once again. The departure of the missile squadron will result in the loss of about 500 of the base's 3,600 military personnel.

"Applying for an OEA diversification study grant seemed like a smart idea to help strengthen the partnerships in the region and deal with this new challenge," stated Brett Doney, president and CEO of the Great Falls Development Authority. "We sought out the OEA study to delve deeper into those areas we wish to develop," he said. The development authority anticipates working in tandem with its consultant and OEA, and outlined its goals in the study's solicitation.

Specific tasks the authority asked the consultant team to consider included:

- Collect data to measure the economic impacts associated with the decision to deactivate the 564th Missile Squadron;
- Assemble an inventory of the region's existing businesses organized by industry cluster and establish a database that can be used by regional partners;
- Conduct a feasibility assessment of attracting and expanding the alternative energy industry in the region;
- Conduct a competitive analysis of the potential for various types of agri-processing in the region, so that the region can strengthen this industry cluster;
- Help prepare a regional plan to attract and support entrepreneurial development; and
- Analyze the local workforce and identify strategies that will best address the needs of the region.

COPING WITH THE IMPLEMENTATION OF A DIVERSIFICATION STUDY

There are a multitude of challenges that communities face when implementing the recommendations of an economic diversification study. The most notable stem from the difficulty in working as a regional entity and the lack of resources to implement strategies outlined in the study. For those communities that took an active role in the study, closely collaborating with their consultants, however, there were fewer barriers to carrying out a study's recommendations.

In some cases, communities went beyond partnering with their consultants and took steps while the study was under way to plan ahead for the implementation phase. By doing so, the communities set up a framework to reinforce the diversification strategy and helped ensure a seamless transition to implementation.

RESISTANCE TO REGIONAL COLLABORATION

Beyond recommending that local officials focus on the area's logistical assets, the 2005 diversification study for the Lowcountry Council of Governments also called for the formation of a regional economic development organization. That proposal never gained any support from the community due to local political resistance, and the absence of regional collaboration may have hindered the implementation of other aspects of the plan.

A similar situation confronted Pulaski County at the conclusion of its diversification study, which called for the cities surrounding Fort Leonard Wood to create a regional alliance. Several cities took part in the study, but they do not have a history of working together on a regional level. And even if there was the will for the cities to collaborate regionally, they currently lack the funds to do so.

"The region will literally need to start from scratch with the initiative, given that it does not even have a Web site," county commissioner Bill Ransdall stated. Ransdall is acutely aware of the value of implementing an organized economic development effort, however, and has suggested a quarter-cent sales tax increase to generate funds to hire an economic development manager for the region. His proposal is currently pending.

THE VALUE OF PLANNING AHEAD

On the opposite end of the spectrum, the community surrounding Crane created CREDO explicitly to have a structure in place to implement the study's recommendations. CREDO is made up of the six Crane-reliant counties, CTI, two utilities, and a small business development center. A non-voting representative from both the state and Crane also sit on the board to provide insight and support. Grants and donations drive the larger share of the group's resources.

In the seven months following the completion of the diversification study, CREDO has made progress carrying out the four diversification approaches it

chose to focus on, albeit in varying degrees. For example:

- The regional organization has created the Crane Learning and Employment Center for Veterans with Disabilities in cooperation with the state Department of Workforce Development and the Eli Lilly Foundation. The center is the first comprehensive program of its kind in the United States to help veterans with disabilities re-enter the workforce.
- Officials are in the process of creating the Tech Center. With support from the state, CTI will focus on regional and state business development, integrating Crane's capabilities into existing business clusters and incubating new capabilities.
- The state is showing some interest in the expansion of battery and fuel cells, but the region needs to garner outside interest as well. CREDO representatives are speaking with General Motors and Korean battery companies, as well as seeking funds from DOD and the Department of Energy to achieve this.
- The organization continues to promote regionalism by communicating with private industry and the federal government about the economic assets in the region.

State Moves Proposals Along

Similar to the favorable outcomes the hands-on approach of Crane community leaders has yielded, the state's involvement in the diversification study for southeastern Connecticut and the collaborative effort by affected stakeholders helped the region around Groton carry out many of that study's recommendations. Since the state funded the effort, implementing its recommendations was considered a normal part of the economic development mission of the Connecticut Department of Economic and Community Development. By partnering with local chambers of commerce and communicating regularly with community stakeholders, the agency received virtually no resistance in implementing the commission's recommendations.

Notably, the state created an Office of Military Affairs in 2007 as a result of the study. The director reports directly to the governor and has offices located in the economic development agency. This setup is beneficial as it allows the director to interact with community stakeholders and state leaders on a regular basis.

The state proposed spending tens of millions of dollars on needed infrastructure at the submarine base as a way to increase its military value. That plan never went forward, however, as the Navy was not willing to lease the improvements from the state. More recently, however, the governor offered to foot the bill for facility upgrades at the Groton base, in a bid to surmount the service's earlier objection. Separately, Connecticut has awarded a \$9.5 million low-interest loan to Electric Boat Corp. for the construction of dry docks, and collaborated with the company to help them attain enterprise zone tax breaks.

"These investments in the military help to fortify the base's strategic importance in the Northeast," Commissioner McDonald stated. To carry out another recommendation, the state venture capital arm, Connecticut Innovations, is seeking ways to expand the bioscience cluster in the region.

Now that its diversification study is finished, Wichita Falls believes it is well positioned to take advantage of its results, an outcome that directly stems from the close involvement of the mayor, city council, and planning office during the study process. The study's implementation guide outlines timetables and responsibilities in detail. For example, the city acknowledged that funding would be a principal concern, so the city's consultant created the timeline in conjunction with the city planning office. In this manner, the plan can be implemented in realistic phases, requiring resources in accordance with future years' budgets.

In a similar vein, the Black Hills region, while still in the midst of its study, realizes that a lack of funding could impede implementation and officials already are looking into ways to raise money for the forthcoming recommendations. The support the study has received from the governor's office and state and local legislators, however, is expected to simplify this challenge.

PATIENCE IS A VIRTUE

Conducting a study is more straightforward and less arduous than implementing a diversification plan and it is important to remind the community that another challenge could be around the corner. When communities invest a substantial amount of effort to launch a diversification study, typically there is a desire for instant results as soon as the study is completed, leading to frustration when leaders and residents discover that much of the hard work still lies ahead.

"The consultants were chosen in April 2007, but the study did not begin until July 2007. While the study was completed in April 2008, it will only be presented to the city council and the mayor on July 15, so we are forced to wait to get implementation underway," said Montgomery-Gagne of Wichita Falls.

And when a community does start carrying out the plan, residents need to realize there are no quick fixes. "In the last seven months since the completion of the study, the community has not advanced as quickly in the implementation plan as desired," stated CTI's Gentile. "It's good on paper, but actually getting it done is another hurdle," he added.

Another factor working against the successful implementation of a diversification study's recommendations is the natural tendency for stakeholder enthusiasm to wane once the local installation no longer faces an imminent threat of closure or realignment. This dynamic would apply particularly to communities that initiated a study after averting a "close call" in a recent BRAC round.

TIPS TO CONDUCTING AN ECONOMIC DIVERSIFICATION STUDY

Conducting and implementing an economic diversification study requires commitment and patience for a community. Unanimously, the communities examined in this report said the cooperation, customer service, and guidance their OEA representatives provided from the beginning to the end of the

process was outstanding.

Tips from communities that already have conducted diversification studies include:

- Get the community involved early on in the process.
- Be brutally honest in the SWOT analysis.
- Do not paint a gloom-and-doom scenario for the community; rather, be positive and outline the steps needed to reach the final product.
- Maintain a good relationship with the local military leadership; i.e., meet monthly with the base military affairs committee and consider new missions for the installation (if applicable).
- There is a learning curve when dealing with a federal government program and there may be misunderstandings during the process. Don't be afraid to ask questions!
- Set a reasonable schedule — for the study and implementing the plan — conducting it in phases to make it manageable.
- Be imaginative, yet practical, regarding resources and political realities.
- When developing the implementation plan, keep in mind the amount of resources available; be prepared to pool funds from various departments or agencies if necessary.
- Be patient — implementation can take from two to five years, or longer.
- Take advantage of membership in ADC.

CONCLUSIONS

The main goal of an economic diversification study is to help the community become less dependent on any one component of its economy and resilient to adverse events. Ideally the study should be incorporated into a broader economic development strategy for the region.

OEA grants for diversification studies are intended to help communities concerned about the consequences of a BRAC closure or realignment prepare for such a scenario. The studies often are the first step leaders take to strengthen and broaden the local economy, and likely the first time they've broached the issue in a public forum. OEA assigns a representative to the region, and in cases where a defense action directly affects a community the agency can serve as a bridge to other federal, state, and local resources. Communities can also carry out a diversification study through state or local channels, independently of OEA.

Studies typically begin with a SWOT analysis, evaluating the community's strengths, weaknesses, opportunities, and threats. Consultant also will examine workforce and other community assets, as well as confer with public, private, and nonprofit stakeholders to determine a region's competitive advantages.

While communities that conduct diversification studies use diverse approaches, the desired outcome is the development of a clear strategy designed for the individual community that leverages its workforce and local attributes.

Communities can expect to confront an array of challenges in carrying out a study's recommendations. The difficulty in working as a regional entity and the lack of resources to implement strategies outlined in the study are two

common obstacles. Unrealistic expectations as to the length of time required to implement a diversification plan can lead to frustration for some communities.

Taking a proactive role in conducting the diversification study — in contrast to communities that remained disengaged from the process — resulted in better outcomes. Communities that collaborated with the consultants and planned ahead, creating a framework for implementation, were in a better position to act on the strategies outlined in the study.

Economic diversification studies are valuable for defense communities, and are well worth the significant investment in time to conduct and implement. Community leaders and residents — as well as the military — need to recognize that although they are not a “quick fix,” the studies provide realistic alternatives to reduce a local dependence on the defense industry and achieve a more balanced economy.

Endnotes

¹ Crane Technology Inc., is a 501(c)3 that was formed to increase awareness of Crane and use of its services statewide, serving as a liaison for technology transfer across Indiana.

² Black Hills Vision is an organization that works in partnership with local economic development corporations to help create opportunities — primarily in technology research — for the region.

³ The Great Falls Development Authority is a regional partnership of five counties that was created six years ago to examine ways to diversify the regional economy and strengthen regional assets.



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