

eCities 2011

iLabs – Center for Innovative Research

College of Business

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eCities is an annual research study that examines the factors – at the community level – that foster entrepreneurship and encourage economic development. The focus is on entrepreneurship because of its importance to expansion and diversification of regional economies and small business impact on job creation. The primary purpose of eCities is to help communities benchmark their efforts and hear the best practices from other communities.

Background

Across the country, economic development activities are carried out by various entities, including state agencies, regional associations, and counties. While these broader organizations engage in promoting economic development in Michigan, similar activities are also undertaken by many townships, cities and villages. Given this, the eCities study uses the community as the unit of measurement and not a county or metropolitan area as other studies have used. The eCities project provides benchmarking tools and overview reports for participating communities and has assembled a collection of Best Practices of what local communities are doing to promote entrepreneurship and economic development. While there is no single solution for every community, the Best Practices allow communities to understand strategies that can be tailored to local resources and cultures.

Data Sources

A six-factor, 32-item analytical tool is the key research instrument in the eCities study. The factors consist of Clustering, Incentives, Growth, Policies, Community, and Education. All of the quantitative data comes from publicly available records. Such records include the US Census, local building department databases, city and county assessing rolls, and state crime reports. The quantitative findings are validated with personal interviews with city managers, township supervisors, and others involved with economic development at the local level. The analytical tool compares the items and weights the factors to identify top performing communities. The items were selected based on knowledge of what information local government's track and what data is relevant to business attraction and retention.

The six factors and the items they include are:

Clustering: Examines concentrations of business property and municipal infrastructure investment.

Incentives: Examines tax rates, tax abatements, and the use of tax incremental finance tools employed by local governments.

Growth: Examines changes in business activity and commercial construction occurring within communities.

Policies: Examines organizational support for entrepreneurship and the use of economic development tools by local government.

Community: Examines the socioeconomic and cultural factors for economic development in cities and townships, including percentage of households reporting self-employment income, average household self-employment income, and crime rates.

Education: Examines education levels of residents, which provides businesses with a pool of knowledge-based workers.

2011 Top Performing Communities

For the 2011 project, over 100 communities participated in the study, with 89 completing the process to receive benchmarking and overview reports. Seven communities were recognized for their innovative and successful efforts at fostering entrepreneurship and encouraging economic development: The City of Auburn Hills, City of Grand Rapids, the City of Frankenmuth, the City of Novi, the City of Port Huron, the City of Rochester, and the City of Wixom each stood out for their Best Practices.

The City of Auburn Hills has a high-tech atmosphere. Auburn Hills is home to 22 high-tech parks and its proximity to 5 universities and colleges provide a desirable talent pool. The City supports the needs of high-tech firms with streamlined permitting processes, ordinances to assist with electric vehicle charging stations and green building programs. They are proactive in writing policy to assist with high-growth and new technology companies.

The City of Frankenmuth is an incredible tourist destination, anchored by iconic, world-renowned companies. They are home to major agri-business, insurance underwriters, and hundreds of small and medium businesses that make up a lively business environment and provide a valuable support structure for new firms. Partnerships and assistance mechanisms for new and existing businesses are highlighted on the City's website. There, the networking and connection to marketing tools, funding opportunities, and support networks are highlighted and easy to find.

The City of Grand Rapids highlights their incubator and accelerator resources as well as opportunities for larger manufacturing. Leveraging the largest employers in the community, GRid70 is an innovation and design hub that cultivates ideas, experience, and learning to spark innovative thinking in smaller firms. GRid70 is one of only a few innovation and design hubs in the world and operates with the motto: "Talent attracts talent..." Additionally, the City has leveraged a wide-range of public-private partnerships to be a catalyst for life sciences and biotechnology growth. They also highlight how the resources in the West-side of Michigan, such as workforce talent and supply chain contacts, support Grand Rapids as a regional business destination.

The City of Novi highlights their customer service and accessibility. The City takes pride in their ability to interact with and assist a broad spectrum of businesses and interests. The City's staff connects new start-ups with planning and funding resources. For more established firms, the City's staff focuses on walking them through City processes such as permitting. The accessibility includes their website, social media tools, and monthly newsletter all targeted to a business audience. Novi was an early adopter of a Business Assistance Team (BAT) to continue assisting and guiding businesses. The BAT provides more than just basic retention visits and includes volunteer professionals who act as a think tank to address business concerns in the community.

The City of Port Huron has a true partnership with the Economic Development Alliance (EDA) of St. Clair County. In fact, the EDA helped craft the message the eCities best practices panel reviewers read. The partnership dates back 50 years and is truly a collaborative team. Together they lease buildings to support automotive and logistics companies. The City supports incubator spaces, quarterly business network meetings, small business loan programs, and online job databases. The City also points out the invaluable proximity to the boarder and the 700,000 Canadians who come across the Blue Water Bridge every year thus providing the City with Foreign Trade Zone opportunities and programs to help business with the destination travelers who come into the area from Canada.

The City of Rochester Hills highlights their talent pool and how it is a perfect match for engineering, R&D, testing, and sales support to nearby manufacturing. Having Oakland University and its new medical school nearby will only increase the opportunities in life sciences and biotech resources. Beyond the talent, the City also has designed programs and partnerships to engage the business community. The Mayor's Business Council and its associated events bring CEOs from both small and large companies together looking for opportunities to start new businesses, increase sales at existing businesses, and encourage collaboration between businesses.

The City of Wixom has experience in addressing economic challenges as demonstrated by their ongoing efforts to diversify the tax base and keep property values stable. The idling of a Ford plant in 2007 served as a catalyst for subsequent efforts to diversify their economy and attract alternative industries. The City has encouraged new development targeted to be flexible and affordable for start-up business needs as well as mixed-use retail and office. The City also focuses on being efficient themselves as a way to pass on savings and provide resources to both business and residential taxpayers. Wixom has privatized services where appropriate to keep utility costs and tax rates low.

2011 Five-Star and Four-Star Communities

In addition to the seven top performing communities, forty-four other communities were honored as 5-Star and 4-Star communities. The 5-Star and 4-Star communities in the eCities project are part of an elite group of Michigan communities making up the top places for business.

Five-Star Honored Communities

City of Ann Arbor	City of Midland
City of Auburn Hills	City of Rochester Hills
City of Dearborn	Village of Quincy
City of Farmington	Scio Township
City of Grand Haven	City of Southfield
Village of Jonesville	City of Sterling Heights
City of Kalamazoo	City of Sturgis
City of Kentwood	City of Tecumseh
City of Litchfield	City of Troy
City of Marshall	City of Wixom
Charter Township of Meridian	

Four-Star Honored Communities

City of Alpena	City of Northville
Alpine Township	Charter Township of Northville
Cascade Charter Township	City of Novi
City of Coldwater	Village of Oxford
Charter Township of Comstock	City of Plymouth
City of East Lansing	City of Portage
City of Frankenmuth	City of Romulus
City of Grand Rapids	City of Sault Ste. Marie
City of Grandville	Superior Charter Township
City of Holland	Thomas Township
City of Madison Heights	Charter Township of Waterford
City of Marquette	

Discussion

Each of these recognized communities utilizes strategies to strengthen their broader goals and philosophy to attract and retain business. While no single solution is right for all communities, common themes and trends emerge.

A critical aspect to understand is that business and entrepreneurs find added value in being able to quickly recognize a local government that is supportive and provides connections and resources within the community. Thus, leading communities are not merely providing resources, but know how to effectively utilize partners to connect entrepreneurs and new business with other organizations.

Successful communities make investment in infrastructure and support policies that make government red tape more navigable and manageable. They provide perspective on what makes their community, and Michigan, a great location through personalized interaction with the

business community. Additionally, they make readily available the staff contacts and community resources that will make a difference and enhance the local business climate.

An invariable fact, from year to year, is that successful communities listen to their local businesses. Through various and diverse channels of communication, communities connect with their business community on a variety of issues. It is through connecting and listening that communities can understand the needs of existing businesses, budding entrepreneurs, and prospective new companies. A result of this dialogue is increased understanding and the emergence of lasting relationships which are key components of success – for their business and the community.

Conclusion

eCities 2011 continued the tradition of helping communities to improve the State's entrepreneurial climate by collecting and sharing the Best Practices of local communities and providing an understanding of what strategies are successful in engaging the business community. The eCities project continues to expand and create a body of knowledge that can assist local communities with the tools and skills needed to foster entrepreneurship and encourage economic development in Michigan. This year in particular, the project recognized that communities are doing more with significantly fewer resources. As such, eCities has begun crafting new and innovative for communities to have a more access to an abundant mix of data points. The goal is to make communities more responsive to economic development by providing tools communities can use to supplement and improve their performance.

Much like the entrepreneurs whom they covet, communities need to understand that Best Practices cannot be copied and installed without forethought. Communities need to recognize and match their resources to best meet the needs of their businesses if they are to encourage growth and attract entrepreneurial investment.