Economic Development Organizations in North and Central Florida

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Economic development organizations (EDOs) have become ubiquitous throughout the United States and elsewhere. The Dutch bluntly call it "City-marketing" (Borchert, 1987), and it is an established part of the activities of communities around the world (Crompton, 1985; Roberts and Noon, 1987; Morrison, 1983). Local economic development organizations numbered approximately 15,000 in the United States in 1981 (Levy, 1981). The number has certainly increased significantly during the 1980's. Nearly all EDOs have been formed since 1945; over half, since 1975 (Humphrey et al. 1988). Initial increases related to regional competition ("Sunbelt" versus "Snowbelt") have given way to widespread economic development efforts at the local level.

In the United States, promotion is done by any of several groups: public agencies or a unit of local government; purely private groups, usually connected in some way to the local Chamber of Commerce; semi-public groups with some government powers for taxing or bonding authority; and public-private partnerships (Levy, 1981). Whatever the form of organization, EDOs have several functions: public relations, advertising, marketing and information provision, ombudsman and liaison functions, financing assistance, tax abatement, and development planning, especially with regard to transportation and utilities location within the community (Levy, 1981, 17-22).

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1This research was initiated while Joost van der Stappen was an exchange student at the University of Florida. The authors are grateful for the helpful comments of an anonymous reviewer.
Many look with skepticism on the work of EDOs, suggesting that they may have little or no effect on economic development (Cobb, 1982; Goodman, 1979). Cobb (1984, 41) makes this observation about local promotion in the South: “... Most areas of the South had little to offer a new plant except an unskilled workforce and access to whatever raw materials might be nearby. Since most southern locations were equally attractive in this regard, local development activists were prepared to offer any giveaways and gimmicks likely to catch an industrialist’s eye.” The work of local governments and EDOs “might more accurately be called ‘hopeful anticipation’” (Goodman, 1979, 102).

The actual work of EDOs is more varied than these observations suggest. The various groups involved in economic development promotion provide locally-tailored campaigns that involve nurturing new firms and retaining existing companies besides “chasing smokestacks” in other regions. However, as the functions of EDOs have expanded, they have become sophisticated and costly, especially in the large cities whose markets are essentially international. Small cities and rural regions, unable to compete in the same league, tend to persist to some degree in the tried-and-true practices documented by Cobb (1982) and Goodman (1979).

This paper provides a perspective on where Florida EDOs fit within this national picture. Interviews were conducted with seven economic development professionals (EDPs) in central and north Florida and two state agency professionals in March and April, 1988. The study, although limited to only seven economic development organizations, spanned a range of community sizes, including Lake City, Gainesville, Ocala, Jacksonville, Orlando, and Tampa. In addition, the newly formed Suwannee Valley Regional development organization was included. The interviews
focused on several topics: (1) the organizational aspects of the economic development organizations, including budgets, employees, and functions; (2) market research, targeting, and promotional methods; (3) networks and relationships with developers, local governments, the state, and companies and consultants; and (4) competition, perceptions, and performance. While the individuals interviewed will not be named, we are grateful for their assistance and cooperation.

**Organization and funding**

Most of the EDOs are private, especially those of the three major metropolitan areas (Table 1). However, most are supported by

<table>
<thead>
<tr>
<th>City</th>
<th>Public</th>
<th>Private</th>
<th>Part of Chamber of Commerce</th>
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<tr>
<td>Suwannee</td>
<td>X</td>
<td></td>
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<td>NA</td>
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</table>

NA: Not Applicable (not a membership organization)
Source: Interviews
local governments or are funded by public funds. The Ocala/Marion Economic Development Council is both private and public, because funding comes from both the two governments and the members. Only the Columbia County Industrial Development Authority (IDA) and the Suwannee Valley Region development organizations in Lake City are fully public. The involvement of the Chambers of Commerce (and their newer counterparts, Committees of One Hundred) in the EDOs is very strong, as Humphrey et al. (1989) also found. The Chamber of Commerce and the local EDO may have different boards of directors and distinct budgets, but they commonly have the same executive vice president or director and may be located in the same building. All large and midsize city EDOs are membership organizations. As indicated by the budgets of the seven EDOs, those in Jacksonville and Orlando are the "richest," followed by Tampa, Ocala and

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<tr>
<th>City</th>
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<th>1987</th>
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<th>% Public</th>
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<tr>
<td>Orlando</td>
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<td>820,000</td>
<td>840,000</td>
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<td>40</td>
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<td>?</td>
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Note: Some figures are rounded or are estimates. Source: Interviews
Gainesville (Table 2). The EDOs in larger cities also tend to receive more money from private sources. The Suwannee Valley Region's budget was greatest during its start-up year in 1986 when investments in equipment, market research, and advertising materials were funded. The Suwannee Valley Region is administered by the North Central Florida Regional Planning Council, sponsored by the North Central Florida Private Industry Council, and it receives funding from the Job Training Partnership Act; thus the budget is a mix of public and private sources.

Roughly half of each EDO's budget is spent on staff (salaries and benefits). Changes in budget categories over the past few years have been toward fewer promotional expenditures, and toward more travel and especially more staff. The Suwannee Valley Region, as a new EDO in 1987, had large initial promotional expenditures to establish name recognition. The larger EDOs have the largest staffs, from a total of twelve in Jacksonville to one in Suwannee.

The organizational structures of the interviewed EDOs are different, but contain elements in common. The medium and large EDOs usually contain a research section as well as industrial and economic development professionals on staff. At least two include a "community relations" professional. Turnover rates in this field are very high, especially in the smaller communities where a three-year tenure was unusually long, confirming Rubin's (1988) description of the job as a frustrating one. In sum, the element of city size determines many characteristics of an EDO. Budgets and staff sizes, however, are only quantitative indicators; perhaps more important are the ways in which EDOs vary quantitatively.
The attraction and expansion of businesses

Economic development through the attraction of businesses is, implicitly or explicitly, the primary purpose of the EDOs. All but the smallest EDOs also mentioned efforts aimed at the expansion of existing businesses. As a result, they all implement promotional and marketing activities and maintain relationships with developers of sites and buildings. The EDO’s task is to help firms make contact with banks and venture capital companies and provide them with Industrial Revenue Bonds. They also assist with statewide programs, such as the Road Access Program, the Small City Program, and state loan programs.

The EDOs were asked to list the most important strengths and weaknesses of the counties or the region they promote, concerning the attraction and expansion of businesses. The most frequently-mentioned strength is the quality of life in Florida and/or in the county the EDO is promoting. This factor includes several indicators, such as climate, recreational facilities and sports, cultural amenities, and medical services. The three large cities have recently begun to pay attention to the educational system, considered necessary for the attraction of preferable businesses: those that are clean and offer high-paying jobs. Among the seven communities, only Gainesville and Orlando could list a university as a local strength. The other communities perceive education-related weaknesses: the lack of available, specifically-trained labor, especially with technical training.

Among the strengths of the three large cities are air transport and telecommunications, although Jacksonville acknowledges its relatively poor air connections when compared to Tampa or Orlando. The smaller communities are far behind with respect to these city size-related factors. What they do offer are low costs,
low taxes, and a large amount of available labor, and a location on I-75 or I-10. Finally, the smallest communities also lack available completed sites and buildings, which the large and medium-size cities can promote.

In conclusion, the large cities have many strengths and few weaknesses. Their principal weakness tends to be related to keeping up with growth demands on infrastructure and support for education. On the other hand, the small communities offer few advantages to businesses and have weaknesses in the most elementary fields. The advantages of the large cities -- air transport, education and telecommunication -- are totally different from the strengths of the small communities: costs and quantity of labor. This can be seen as a reflection of the persistent contrast between rural and urban areas in the South (Cobb, 1982, 1984).

**Market research and industrial targeting**

Vaughan (1988, 120) says that "nothing demonstrates the mistaken pursuit of precision more than the amount of time and effort devoted to identifying 'target industries.'" To a large degree, the error is the lack of sensitivity to the large differences within industrial categories in occupations and functions (Malizia, 1985; Thompson, 1987). Thus, the selection of target industries may be on the wane in the more sophisticated EDOs. The Orlando EDO, for example, does not target industries, because, to paraphrase its EDP, an industry that is not suitable probably would not come (wasting money and time), and by targeting a single industry, you put your eggs in one basket, and when that industry has a slowdown, the area is hurt, as happened in the computer industry in California.
To avoid a concentration in one or a few sectors, a ‘‘shotgun’’ approach makes no choice of industries. The shotgun approach, relying heavily on advertisements, is reflected by the promotional methods used by the Industrial Development Commission of Mid Florida and the Suwannee Valley Region. However, despite Vaughan’s warning, most EDOs continue to direct their main effort toward the other end of the continuum: direct mail campaigns to strictly selected target markets. Gainesville, for example, has targeted medical and surgical instruments firms (SIC 384) and purchased a list of 1500 target companies from a data collecting company, instead of doing in-house research. In its choice of markets, the Suwannee Valley Region is using a 1987 study by a consulting firm, which provided an initial list of 2000 companies. Until now, no in-house research in marketing has been attempted.

The methods employed for a targeted direct mail campaign can be relatively unsophisticated, as Ocala’s campaign suggests: ‘‘Basically what we did is, we went through each name, each company in the industrial directory of the State of Indiana and we took that one that employed over a certain amount.’’ This was expanded by including specific targets: ‘‘We also took those that had something to do with van conversions or mobile home manufacturing.’’

**Target Industries and Advertising**

The targeted industries show some important patterns. In the large cities, high tech industry is the central target, including electronics, biomedical, and defense-related industries. Information-related services, insurance, and financial services are also seen as important targets. Gainesville has also targeted biomedical firms. Ocala, Lake City, and the Suwannee Valley Region, on the other
hand, target more routine, labor-intensive activities, such as distribution and manufacturing. An especially attractive sector to all three is mobile home manufacturing (SIC 2451) and van conversions. Lake City is attempting to expand these activities both horizontally and vertically, to include suppliers of windows, lumber, and metal to mobile home manufacturers as well. Distribution (warehousing) is a dominant target sector in these places, which attempt to capitalize on their location on interstate highways.

Ocala also is trying to get a piece of the action related to motion picture development, which has recently begun to flourish in Orlando, where Disney/MGM and Universal Studios have built new facilities. Ocala believes it has a good chance of being used for site location filming. The industry is considered "clean, and movies are known for people coming in, dumping a lot of money, and hiring locals."

The regions to which the promotional efforts are targeted are generally the same for each EDO: the string of states from Illinois in the west through Massachusetts in the east. Executives from this region are familiar with Florida from vacations and are aware of Florida’s relatively low taxation. International promotion is seldom implemented, although recently Jacksonville established an international trade department. Leads from abroad are mostly supplied through the Bureau of International Trade and Development of the Florida Department of Commerce. The big cities have some experience with international promotion, but "it is very expensive and nearly impossible to do it good."

Besides determining target industries, other research activities concern the economic and demographic situation of the community: location, population, education, labor, transportation,
utilities, communications, government, taxes, finance, recreational facilities, and medical aspects. EDOs also collect data on local economic development, including available buildings and sites, service directories of manufacturers and major employers, and labor availability studies. Generally, the larger the organization, the more is available on computer files and the more frequently the figures are updated. The amount of available computer equipment and software shows the same trend found in other aspects of EDOs: the larger the EDO, the more it has.

The strengths and weaknesses have great influence on the recruitment efforts. Generally, the greater the local strengths, the more discriminating the EDOs are in their efforts to select incoming businesses. In Tampa, Jacksonville, and especially Orlando, the strengths are considerable, including a diversified economy, economies of scale, and high tech industries. Active recruitment remains important for large relocations. "The twenty biggest firms, the hard core, coming every year to Tampa have to be approached and recruited aggressively and intensively," notes one EDP. Despite the advantages of the large EDOs, they are not inclined to go too far afield from the existing industrial mix.

The midsize cities, Ocala and Gainesville, are below the level of the "big three," and therefore have other marketing strategies. They try to exploit their strengths and their potential, for which a "rival" approach is best suited. Important differences in approach are present between these cities. Gainesville perceives proper planning as a strength, reflected in the statement that their goals are "to attract businesses that they think are suitable in Gainesville." Ocala, on the other hand, primarily targets further attraction of firms in industries already in the area. Finally, in the rural Suwannee Valley Region and Lake City, the situation is the opposite of the big cities; the weaknesses outnumber the strengths.
Lake City and many counties of the Suwannee Valley Region do not have buildings or industrial sites available with all infrastructure in place. Without these elementary requirements, recruitment seems almost impossible. Therefore the emphasis is on trying to expand and retain existing businesses or attracting businesses linked to those in the area.

The choices of industry targets and the target markets are reflected in the methods used in promotion and implemented by the EDOs. Promotional brochures and videos (a growing format) sent to interested firms after an initial inquiry are a proven technique. Such materials are similar, regardless of the EDO; they are attractive in appearance, but provide little specific information. Most differences are to be expected: wealthier organizations offer a wider range of information; their materials look more professional and creative, and are updated more frequently -- as often as four times a year for fact sheets.

Advertising varies among the cities studied. Jacksonville recently reduced its advertising budget, after judging that it had finally reached its goal of becoming as well-known as Orlando and Tampa, after spending $5,000,000 on advertising over five years. Lake City stopped advertising as well when it became part of the newly established Suwannee Valley Region program. As a result, only three EDOs representing a wide range of city sizes, presently implement advertising as a major promotional method: the Suwannee Valley Region, Gainesville, and Orlando. Local publicity, aimed at local and regional newspapers, is part of the EDP’s job, to keep people aware of “the great place they are living and working in.”

For the newly-formed Suwannee Valley Region, a local awareness program was targeted to all people of the area because even the
name for the region was new. Mass media, TV commercials, radio spots and local newspapers articles made everybody aware of the region in which they lived (Figure 1). "Our purpose is to become as well-known as, say, Napa Valley." As a result, 40 to 50% of the total EDO budget is spent on advertising, in for example, the Wall Street Journal every Monday and in the "vertical" publications in the industrial location trade: Area Development, Plants, Sites and Parks, Site Selection Handbook, and Business Facilities.

Orlando and Gainesville are also regular advertisers in those magazines, which are thought to generate the best response. Orlando, despite international recognition related to Walt Disney World, also spends 50% of its promotional budget on ads, placing ads in the so-called "trade publications," like Industry Week, airline magazines, and general business publications (Fortune, Nation's Business, and Business Week). "And although it is an advantage in terms of publicity and familiarity of people within the city, that is just not all we have to offer . . . Orlando is a business city as well, and full of opportunities." Other EDOs follow the dictum: "You have got to keep your name out there." Rubin (1988) confirms the pressure on EDOs to advertise where their competitor communities' ads are found.

Besides advertising, direct mail efforts and sales missions by the EDO's representatives to interested firms are used to inform potential investors. Overseas missions are organized by Jacksonville and Orlando, at times in cooperation with the Florida Department of Commerce. Sales missions appear to have become more important over time as a promotional method among the large-city EDOs. The missions are expensive, and only the rich EDOs can afford them.
Special promotional events are also becoming more important to establish and hold a dynamic image. Organizing the Superbowl
(Tampa in 1991) or world-famous golf tournaments (Jacksonville, Tampa) provides a broad range of city marketing opportunities and publicity, not only for business recruitment, but also for tourism. When an event takes place, the host EDO invites corporate executives from their target markets. The program also includes business sessions, explaining the attractiveness of the city for site location. By contrast, small EDOs focus on smaller events, such as art festivals.

**Networks and relationships with other organizations**

Promotion of a more indirect sort also is a very important activity of EDOs: networking and contacts with other organizations. These include railroad and utility companies, corporate real estate executives and relocation consulting firms, and local real estate developers and state and federal government agency staff. In membership EDOs, in particular, the networks are largely internal; the developers of sites and other real estate people are all members and, with bankers, insurers, and people in construction, form the major part of the membership.

Relations with local governments are different. The most important direct link of local governments to the field of economic development is planning: zoning, permitting, and other local restrictions and requirements. The local governments are represented on the board of directors. In the membership organizations, usually the most important governmental persons are members, but little accountability accompanies such membership. Even if funded partially by local governments, the requirements of an EDO may be few, such as a single report at the end of the year.

All EDOs work closely with the Division of Economic Develop-
ment of the Florida Department of Commerce. This cooperation is strengthened by regular phone calls, visits and meetings, and daily exchange of information and data, especially the "kicking down" of leads to the local EDOs by the Bureau of Industry Development and by the Bureau of International Trade and Development. The Department of Commerce is not involved in the marketing efforts of individual EDOs. One EDP compares the state program with a wholesaler, while the local organizations are the retailers, who are finally responsible for selling the product.

Finally, the most important relationships are those with the "clients," corporate executives in both existing companies and in the target firms of the EDOs. "One of our major tasks is the development of personal relationships with the national corporate real estate executives," says a big-city EDP, "and we also work close with the major relocation consulting firms in the country." These non-local networks are developed by regularly participating in conferences, seminars, and trade shows. Trips, sales missions, and the organization of special promotional events, such as golf tournaments, support these efforts. The contacts with existing businesses are important for retention and expansion purposes, but also for leads and support in recruitment activities. Locally, meetings, parties, and visits are organized to maintain good local networks between the EDO and local businesses.

**Competition and perceptions**

Although all local organizations work closely with the state Department of Commerce, competition exists between them, as Bowman (1988) found to be the case throughout the Southeast. The struggle for businesses is fought at three quite separate levels. The highest competitive level is represented in Florida by Orlando,
Tampa, and Jacksonville, which compete with each other and in national and international markets. Their major competitors outside Florida are Atlanta, Dallas, cities in the Research Triangle, and Nashville. Jacksonville also identifies Richmond and Savannah as competitors.

The second level is represented by the interviewed cities of Ocala and Gainesville, which compete with each other and with other Florida cities in the same size range, such as Lakeland and Tallahassee. For Ocala, competitors also include Tampa and Orlando, mainly because of their proximity. Gainesville, on the other hand, believes that counties in Georgia and Alabama are their direct competitors. This indicates the lingering perception by the business community of Florida: North Florida (including Gainesville) generally is perceived as part of the Southeastern countryside, while Ocala, south of the line, is perceived as part of Florida, the Sunshine State, but with attractively low wage levels.

The lowest level of competition is found in all rural areas, including Lake City. They scarcely compete nationally, and most competitors are within a 300-mile radius. Lake City's major competitors, for example, are similar cities in Georgia.

The newly formed Suwannee Valley Region development organization adds a new concept to the promotional organizations, being between the state and the county. This multi-county, or regional, approach is considered innovative, and is thought to improve the competitiveness of the rural counties involved. At the same time, the region cannot be regarded as a competitor of the level two or one cities. "The competition is really tough, so this kind of cooperation or fusion will be inevitable," says a large-city EDO.

At all levels, each EDP generally perceives his budget figure to be
low, compared with his competitors: Tampa and Orlando refer to the large amounts available to Miami and Jacksonville. Gainesville, and to a lesser degree, Ocala view their budgets as low relative to Tallahassee and Lakeland. Consequently, most organizations seek an increase in income to stay competitive in the marketplace. However, the total budgets tend not to increase dramatically; an annual increase of 8-10% is normal.

**Performance**

The performance of an EDO is difficult to gauge, but there is a high degree of similarity. "All EDOs in the big cities are professional," says a big-city EDP. Measuring actual performance of an EDO is impossible, but the standard yardstick is an estimate of the number of firms attracted and jobs created (Rubin 1988). The estimates the EDPs provided were as follows: Jacksonville 150 businesses in the past 3.5 years; Tampa, 48 in 2.5 years; and Orlando, 110 in 1987 (including expanded industries). In numbers of jobs, the estimates are rather high. Jacksonville's Chamber of Commerce estimated that expansions and relocations created about 5000 new jobs in 1987, the same as in 1986. Tampa's attracted companies created 5890 jobs in 1986 and 3390 new jobs in 1987. Orlando's efforts resulted in 2500 jobs in 1987 vs. 2700 in 1986. For Lake City, however, since 1983, only five plants were attracted, with an estimate of 550 jobs in total. Ocala and Gainesville did not have information available.

Other measures that EDOs mentioned to show performance, especially in the absence of job creation, include the number of incoming inquiries, the number of prospects, and the percentage of response to direct mail or advertising -- all actually more related to inputs than to development results. The number of jobs created remains the criterion on which EDOs are judged.
The external image of an EDO is an important, if subtle, criterion. The opinion of EDOs is much the same: Although the final decisions will always be based on facts when corporate decisionmakers think about expansions or relocations, the promotional techniques will influence them to consider settlement in the promoted area. "At least perceptions and images can be changed," says one. Another adds: "This can't be an emotional business, because a lot of times, the sum of the site selection criteria is about equal, so sometimes it gets down to an emotional decision." In those cases, perceptions can turn the scale toward the best promoting city.

**Conclusion**

Because this study is based on only nine interviews, it is based less on statistical findings than on impressions. Three groups of EDOs appear to exist among the seven economic development organizations in communities of North Florida. The first group, the *market leaders*, are professional EDOs. The various activities they implement are part of a complex structure of the marketing plan. Because there is a strong local economy with a very attractive economic climate, it is possible for them to be selective about the businesses that are interested. Aggressive recruitment only occurs in relocations and expansions of large major corporations. These are similar to the successful EDOs in larger metropolitan areas in the studies by Humphrey *et al.*, (1988, 1989).

The second level EDOs, the *specialists*, compete with other midsize cities in Florida and the Southeast. The existing economy has both strengths and weaknesses, neither dominant. A selective recruitment approach is the strategy of this group, targeting specific industries likely to come to such an economy.
The lowest level, the problems, are found in communities in rural areas. Fundamental weaknesses of the existing economy, make the EDOs’ job difficult. Marketing strategies are poorly developed and a lack of financial and professional support exists.

The future economic development of communities is difficult to predict. However, the cumulative advantages of the large cities -- more money, larger networks, more publicity -- are likely to be more successful at business attraction than will occur in the smaller communities. The establishment of regional EDOs like the Suwannee Valley Region may be able to make communities in rural areas partly competitive. The rural EDOs know that they operate at a lower level in the hierarchy from the large cities, but all represent a "professional" approach to economic development that attempts to go beyond wage levels and taxes as lures to outside businesses. At the bottom line, however, no EDO can really sell its community as more than its strengths or less than its weaknesses. Thus, the large cities tend to get the better jobs of corporate divisions of labor, while small communities get routine facilities. What EDOs actually get for all the effort and expenditure described in this paper remains a real question, not only in Florida, but elsewhere as well.

References


State University Press).


