BUILDING AND CONNECTING COMMUNITIES for the Future

The economic development profession can be a positive force for change in communities as we transition from a materialistic economy to a transformational society.

The global economy has changed fundamentally in recent decades, and the ways that we have traditionally approached economic development no longer work.

We are in a transition from an Industrial Society to a new, more organic society and economy. Fundamental principles of thinking and organization are not just reforming, but transforming. Reformation is about improving ideas and methods that have existed for many years. Transformational change redefines institutional structures and challenges their undergirding principles.

The weak signals of the next iteration of an economic system are beginning to emerge. Economic developers—individuals and organizations who are generally responsible for promoting and sustaining their communities' prosperity (good jobs, good homes, good schools, good infrastructure)—must be able to juggle multiple and rapidly changing priorities, accommodating both short-term and long-term perspectives. They're responsible for attracting and expanding business, developing a workforce capable of continuous innovation, and facilitating collaborations, among other interrelated challenges and opportunities.

The goal of economic development in this new environment is to help new knowledge emerge. The connection of new knowledge to new resources in the creation of transformational projects will seed what we call a Creative Molecular Economy. It is molecular in the sense of working with the smallest units of organization; it is organic in the sense of mimicking biological systems and processes.
How Economies Have Changed

As we emerge from the recent recession, it is clear that we must endow our communities with greater economic resiliency. We must prepare them for a different kind of economy that will require the ability to adapt to constantly changing conditions. And this resiliency cannot be achieved through just reforming the current practice of economic development. In other words, we can't just tinker at the margins.

Adding to the complexity of community development over the next 20 years are three different types of economies that are now in churn and mixed together:

- The first is the very last stages of the old Industrial Age economy based on hierarchies, economies of scale, mechanization, and predictability.
- The second is a transitional economic phase called the Knowledge Economy, which was recognized a decade or so ago and is based on knowledge creation and diffusion.
- The third is a post-industrial economy characterized by the new knowledge-based organizations and technology that is shaping our world.

Finally, this transition phase is reaching its maturity and will quickly shift within the next 10 to 15 years to an emerging Creative Molecular Economy. Biological principles—such as interdependence, systems thinking, and designing parallel processes—will form the framework for how this new economy will be organized and operate.

Preparing for success in this new economy will require leaders who are open to new ideas and who understand the challenges of transforming their approach to the future. Economic development must become comprehensive community transformation in order to address the following questions:
- How do you connect ideas, people, processes, and methods?
- How do you develop a culture in support of continuous innovation?
- How do you build new capacities for a new type of economic development involving as many citizens as possible with distributive intelligence?
- How do you create an environment for individualized, autonomous education and learning?
- How do you use mobile technologies to shift paradigms of governance?

And the list goes on.

Addressing these challenges is no small task for economic developers in collaboration with other community leaders. It will not be easy. There is no template, model, or standard operating procedure to guide the journey.

Since the profession first developed in the late nineteenth century, economic developers have primarily been focused on two functions: (1) attracting and expanding business and industry, and (2) more recently, business creation.

The Industrial Society brought with it the term jobs, so attracting jobs into the local community, region, state, or specific geographic boundary became the key focus of the economic developer. And thus it has been until more recently.

The profession rocked along for years until the weak signals of change in jobs provided per business relocation began to occur in the 1980s. Over the last 20 years, the number of jobs created per recruited business has declined.

Impacting this is the projection that, by 2015, only 4%-8% of all the jobs in the United States will be in manufacturing. Both the number of start-ups established per year and the number of jobs provided per start-up have fallen over the past 20 years, according to a 2011 Kauffman...
Foundation study, "Starting Smaller; Staying Smaller: America’s Slow Leak in Job Creation."

The confluence of these and other trends and weak signals reflects a continuous shift to a more digital, entrepreneurial economy driven by collaborative networks. This Creative Molecular Economy will be defined by the following:

- New ways to access capital for start-ups.
- What we call a Future Forward Workforce, which is able to adapt to any of the three types of economies—Industrial, Knowledge, and Creative Molecular.
- An ability to identify weak signals about what the future holds.
- A broadband infrastructure capable of uploading and downloading massive amounts of data and streaming video.
- A new approach to learning that supports transformational thinking and action.
- The formation of interlocking networks to build momentum for new ideas, whether related to economics, education, or governance.
- Crowd-sourced innovation.

Reinventing Economic Development

The economic-development profession now has an opportunity to transform itself to meet the changing requirements of a Creative Molecular Economy.

The last 30 years in business and industry have focused on increasing productivity, lowering costs, and pushing for more consumption to drive economic growth. In that environment, economic developers focused on competing with other places to attract, retain, and expand business within their specific geographic areas. This is done primarily through offering incentives to lower costs, providing necessary infrastructure, finding access to financing, and expanding worker training.

It was a natural fit for the special expertise needed in an economic system where specialization was the norm.

We are now moving into an age of dynamic connections and disconnections: The economic vitality and sustainability of any economic development jurisdiction—be it a local area, region, or state—will be based on the agility and effectiveness of decision-making processes affecting the workforce, capital availability, and the educational system.

Hierarchies will give way to interlocking networks; standardized processes will give way to multiple methods; and the need for predictability will give way to finding comfort with ambiguity and uncertainty, allowing us to identify newly emerging patterns from apparent chaos.

Economic development will increasingly be about building parallel processes where different people and organizations work in deep collaboration to help each other succeed—not just in individual communities, but across the globe as well. True transformation will not occur unless many projects, programs, processes, and people are involved in a totally new system of dynamic, adaptive planning and execution.

This emerging context of a new society and economy offers—perhaps requires—economic developers who recognize that only a system with processes of community transformation will provide a healthy economy, and that their local communities, by themselves, may not yet have the types of leaders who are able to build "capacities for transformation."

It also requires economic developers who are truly visionaries. This means individuals who can move from a commercial culture centered on economic materialism to a transformational culture that fosters a healthy economy and society based on continuous innovation, openness, and collaborative interlocking networks.

So economic developers will now
Growing beyond the context of our current economic development system, three levels of interlocking networks will emerge: regional, state/provincial, and national.

Within each are community-level collaborations. These areas can work both individually and in collaboration with others to promote systemic community transformation. As important, they can create interlocking networks of interested economic developers who are willing to become Master Capacity Builders, or Transformational Leaders.

Master Capacity Builders complement traditional leadership. Traditional leaders focus on concrete outcomes in the short run. Master Capacity Builders learn how to build capacities for transformation in people, groups, and communities, enabling them to adapt to constant change over the longer run.

Traditional leaders focus on projects, linear processes, and quantitative measurement. Master Capacity Builders focus on helping people learn how to shift their thinking, consider issues within a futures context, and build parallel processes so that true transformational change can emerge.

Looking Ahead

Economic developers who are a part of developing a culture of continuous innovation must be simultaneously involved in multiple concepts of economic development (including traditional business and industry attraction) as they learn this new approach to preparing local communities for a different kind of future.

There is no magic wand that will move us from old-school transactional economic development to the new world of never-ending transformation. Linking the two is a necessary transitional process. Economic developers have a critical opportunity and responsibility to make this happen.

The role of an economic developer is, itself, in transformation. No longer merely a recruiter of business and industry, a twenty-first-century economic developer will need to become a futurist as well as a facilitator of connections of ideas, people, and processes in comprehensive community transformation. As Christopher Meyer and Stan Davis argued in It's Alive (Crown Business, 2003):

Connectivity in the environment has accelerated change and increased the volatility in the business environment. Business must respond with more rapid and varied adaptation, and will experience fewer periods of stability in which efficiency is the dominant source of economic health.

About Center for Communities of the Future

Founded by futurist Rick Smyre and based in North Carolina, the Center for Communities of the Future is a global network of individuals and community organizations collaborating to develop new tools for governance, economic development, education, and learning, and leadership to improve citizens' ability to cope with a rapidly changing world. For more information, visit www.communitiesofthefuture.org.

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Communities of the Future: Case Studies

The Center for Communities of the Future has worked with a wide variety of community leaders to meet their specific economic-development needs. Several examples of this work are highlighted exclusively on the World Future Society Web site:

* "Future-Focused Community: Fayette County, Georgia," by Virginia Gibbs. The president and CEO of the Fayette Chamber of Commerce describes the process of developing Master Capacity Builders and self-organizing efforts. Among the projects that emerged were a Future Fayette 2030 art and science contest and an ongoing series of Community Conversations.

* "Building Capacities for Community Transformation: Iowa," by LaDene Bowen. The Institute for Dialectal Making at the University of Northern Iowa helps prepare rural community leaders in the community transformation process. Among its initiatives is a Global Rural Network to promote rural development and the new skills required for success.

* "Creative Molecular Economy Innovation Model: McAllen, Texas," by Steve Ablinis. The president of the McAllen, Texas, Chamber of Commerce describes its unique Innovators and Entrepreneur Network and Innovation Grant Program, key in its approach to create wealth and economic opportunity based on innovation.

* "Open-Source Ideation for Economic Development: Rhode Island," by Scott A. Gilbs and Danel A. Valles. The Economic Development Foundation of Rhode Island is using online crowdsourcing to make its innovation process more inclusive. The initiative, branded as Ridesion, is described by the foundation's president and vice president.

* "A Future Forward College: Wake Tech, Raleigh, North Carolina," by Steve Scott, Carol Collins-Wright, and Bonita Budé. A Future Forward Workforce starts with a Future Forward College, and Wake Tech in Raleigh is leading the way. The goal is to build communities with workforces who are adept in connective thinking, networking, and foresight integration—using trends and weak signals to create a context of futures thinking for all actions.

Read more at www.wfs.org/futurist/july-august-2012-vol-46-no-4