TRANSFORMING REGIONS THROUGH STRATEGIC DOING

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Regional communities are made up of thousands, even millions of people, without an official hierarchy and with no single individual in charge. The establishment of a change agenda for such an entity and management of an action plan to implement the change are formidable challenges even for highly skilled organizational development experts. Virtually all individuals, however, belong to just such an organization, because they live and work in a regional community. According to the Brookings Institution (2011), 83% of the U.S. population lives in metropolitan regions, 85% of jobs are based there, and these regions represent the nation's hubs for economic growth. Because they are home to such high concentrations of population and economic activity, it is important to understand how regions function. This article examines a new model for regional transformation, Strategic Doing, and offers North Central Indiana as a case study.

A New Framework for Regional Transformation

Perhaps one of the best chances for regions to transform their economies is through innovation (Council on Competitiveness, 2005), and most need help to develop and guide these innovations strategically. Conventional strategic planning, which is mechanistic and linear, does not work well in this context. The process is too rigid, too costly, and too tightly tied to a "command-and-control" mindset to be effective in complex environments that are constantly shifting. Strategic Doing (Purdue Center for Regional Development, 2011) enables people organized in loosely joined open networks, to think, behave, and act strategically. Instead of developing broad visions, they pursue measurable strategic outcomes. Instead of focusing on problems and deficits, they define new opportunities by connecting their assets, both economic assets in the community and their own assets—experience, expertise, passions, and personal networks. Instead of looking for a visionary leader, they recognize that leadership in open networks is a shared responsibility. Strategic Doing is simple but not easy. It asks four basic questions: (1) What could individuals do together, (2) What should they do together, (3) What will they do together, and (4) How will they continue to learn together.

It takes time for members of communities to learn these new approaches. Old habits, born in a silo mentality, fade as civic leaders practice the common-sense disciplines of collaboration. As civic leaders learn how to cross old boundaries, they come to understand the power of "linking and leveraging" their assets to define new opportunities. Eventually innovations emerge that transform entire regions. Civic leaders focus their energies on initiatives that are replicable, scalable and sustainable. In Strategic Doing, metrics take on new importance. In order to "learn by doing", civic leaders use metrics to measure progress and figure out what works. They focus more on facts, and less on politics and personalities. Perhaps most importantly, Strategic Doing emphasizes the importance of civility as a strategic asset. Without civility, people cannot perform the complex thinking needed to innovate.

Transformation in North Central Indiana

One of the first large-scale implementations of Strategic Doing occurred in North Central Indiana where civic leaders were launching a four-year regional transformation initiative. Like many other communities, the cities of Kokomo and Greater Lafayette experienced steady growth during the industrial boom occurring after World War II and like many of these same communities, the restructuring that has occurred in the manufacturing sector over the last 25-30 years has caused tremendous social and economic distress, especially in auto-dependent Kokomo. The condition of these and other Midwestern cities is documented in Caught in the Middle: America's Heartland in the Age of Globalism (Longworth, 2007) describing communities in which family farms, steel mills, and auto plants have virtually disappeared; and referring to these types of regions as places in which "reinvention is yet to come" (pg. 44).

In 2004 new data on commuting and trade patterns indicated that a regional strategy for economic growth, one that encompassed both Greater Lafayette and Kokomo, could make sense. In 2005, Civic leaders from both communities as well as those from nearby smaller cities and towns came together in an attempt to explore how their communities could function as a region.

As this understanding of regional interdependency evolved, an opportunity emerged to respond to a federal request for applications from the U.S. Department of Labor's Employment and Training Administration (DOLETA). Staff from the Purdue Center for Regional Development (PCRD) helped to craft a proposal and the region was funded in the first round of DOLETA's Workforce Innovations in Regional Economic Development (WIRED) initiative (United States Department of Labor, 2010). PCRD was asked to serve as both the fiscal and programmatic lead for the region.

Unlike most federal grant proposals, the North Central Indiana proposal did not detail how all the funds would be spent. Instead, it outlined a few broad areas of strategy and then described a mechanism for providing incentives for collaboration to the region's institutions and organizations; these incentives were targeted towards developing new ideas for regional transformation. Much of the funding was set aside in an Opportunity Fund from which these civic investments were made. Strategic Doing provided the framework for the partners to come together in a series of civic forums to consider the four simple questions listed earlier. The PCRD developed a phased investment mechanism and a streamlined contracting process to quickly provide the new partnerships with the resources needed to move into action.

Participants in these kinds of regional economic development efforts are often tempted to put too many eggs in one basket in the hope that one or two large-scale initiatives will lead to economic transformation. The North Central Indiana effort took a "swarm innovation" approach instead, launching dozens of smaller-scale efforts all focused on moving the region forward in one of the previously agreed upon strategic directions. Over the course of the four-year WIRED effort, over 40 partners worked together to launch 60 different initiatives. Over 80% of those initiatives continue today, long after the federal funding was exhausted.

Each of the 60 different initiatives represents a compelling story. Two of these are provided here:

- *KokomoInnovates*– When Kokomo-based Delphi Electronics announced a massive layoff that included 600 engineers a solution was quickly developed and funded to assist some of those engineers to become entrepreneurs. Several new businesses emerged and new jobs were added to the regional economy. The following link is to a YouTube video that tells more of that story. http://www.youtube.com/watch?v=vI9LpKVQEs4

- *Guitar Workshop*– In one of the WIRED civic forums a few individuals had the idea of exposing young people to advanced manufacturing. The result was a summer workshop in which students learned and applied advanced manufacturing skills in building their own electric guitar. The following link is to a YouTube video that tells more of that story. http://www.youtube.com/watch?v=s4G5mWbYjQE

The North Central Indiana WIRED effort focused on four strategies, and all of the initiatives aligned with one or more of them. Metrics were tracked and collected. What follows in an overview of those strategies, including the goals and metrics achieved. These metrics were reported and verified by the U.S. Department of Labor Employment and Training Administration.

Entrepreneurship Strategy

The purpose of this strategy was to create a vibrant entrepreneurship culture in the region by: (1) Providing existing and emerging entrepreneurs with new learning opportunities and new resources; (2) Educating future entrepreneurs, including high school students as well as adults; and (3) Helping existing businesses become more entrepreneurial by helping them to develop their in-house capacities to innovate. Over 20 entrepreneurship initiatives were launched as part of this strategy with dozens of partners – universities, community colleges, high schools, Small Business Development Centers, and local economic development organizations - contributing to this strategy area. The following are some of the aggregated metrics achieved by the partners:

- 1,537 existing and emerging entrepreneurs trained
- 708 new business/growth ideas developed
- 145 individuals in 11 companies using entrepreneurship strategies to increase top-line growth
- 18 new business plans created
- 17 new products or services developed

- $1.2 million in sales growth
- 12 new start-up companies
- 45 new jobs created
- 52 new jobs retained
- $510,000 in cost savings
- 47 school corporations offering new entrepreneurship programs
- 166 teachers trained to teach entrepreneurship
- 4,918 school-age students trained in entrepreneurship
- 22 entrepreneurship curriculum programs developed
- 10 angel investors engaged

21st Century Skills Strategy

The region's transition involved moving toward an economy that required a higher level of skills, especially in advanced manufacturing. This strategy area was designed to develop a regional workforce with 21st Century skills by: (1) Developing STEM (Science Technology, Engineering, and Math) skills in the emerging workforce, (2) Helping the existing workforce to acquire the skills, credentials, and resources needed to be part of the 21st Century economy, (3) Equipping older workers and the companies that employ them to be productive in this transitioning regional economy. The partners involved in this strategic area included universities, community colleges, and the regional workforce board. The following are some of the results of this strategy area.

- 15,042 workers trained
- 1,262 degrees or certificates awarded
- 1,634 individuals trained in global commerce—language, culture, business practices
- 9,534 individuals assessed for careers in advanced manufacturing
- 3,165 placed in employment within targeted industries
- 7,593 high-school students in new STEM education programs
- 126 scholarships awarded
- 33 "stop outs" back in college
- 130 new college internships developed

Innovation Strategy

This strategy area focused on moving innovations—new technologies, new business models, new skill profiles—into the region's key industry clusters by: (1) Linking and leveraging university and industry assets to make firms more globally competitive, (2) Developing leading-edge skills in workers at the same time that they were creating new industry demand for those skills through technology transfer, and (3) Implementing new training programs that demonstrate immediate return on investment to industry. The partners involved in this strategy area include universities, technology parks, and the Manufacturing Extension Partnership. The following are some of the results of this program area.

- 5 new training/certificate programs developed—nanotechnology, energy efficiency, health care cost control, supply chain management, green manufacturing
- 500 companies engaged in supply chain training for their workforce
- 23 university faculty newly engaged with industry
- 150 individuals with Nanostructured Coatings Technology certificates
- 67 individuals with Energy Efficiency certificates
- $1.4 million in energy cost savings identified as a result of training program

Regional Civic Leadership Strategy

The focus of this strategy area was to create an infrastructure of regional leadership to support the continued economic transformation of North Central Indiana by (1) Creating a new regional network of organizations that can help foster regional leadership, (2) Engaging a growing number of regional leaders in developing a vision for the future and in the development of strategies to move the region toward that vision. Several new networks, coalitions, task forces, and other groups developed as spinoff efforts, most of which continue functioning today, launching new initiatives and securing new resources for the region. Indiana University Kokomo took the lead in this strategic area. The following are some of the metrics for this strategy area.

- 1,304 civic leaders engaged in regional collaborations and activity engaged in regional economic transformation efforts.
- Three new ongoing regional initiative spin offs—Clean Energy Forum, the Indiana Energy Systems Network, and the North Central Indiana IHIP Asset-Inventory Group
- Creation of regional communication tools—newsletters, blogs, collaborative workspaces, etc.
- Launching of a new Regional Leadership Institute

Lessons Learned from North Central Indiana

After launching the North Central Indiana effort, Purdue Center for Regional Development staff, along with partners, distilled the lessons learned (Hutcheson, 2008, 2010). In January, 2012 Purdue launched a national certificate program to train professionals from economic development, workforce development, higher education, and others to learn to utilize Strategic Doing in their own regions (http://www.pcrd.purdue.edu/What_We_Do/SD/default.aspx).

The following are three key lessons about the requirements for successful regional transformation.

Thinking Differently

Individuals today live and work in an environment in which the most effective work is done within networks that are embedded in still other networks; in order to meet the challenges they face and the opportunities presented to then, individuals need to learn to think differently. By understanding how transformative work gets done, they have the opportunity to build more dynamic and responsive businesses, communities, and organizations. Networks are different from conventional industrial-age organizational structures. In a network there is no top or bottom; instead, networks consist of hubs and spokes. Networks require a solid core group of organizations and institutions to function effectively, but they also need porous boundaries so that others can join at any time. Civic leaders need to understand how networks function (Vangen and Huxham, 2003; Bland, et al, 2010).

Behaving Differently

Thinking in new ways is not enough. Individuals also need to translate their thinking into different ways of behaving towards others. Collaborations are built on foundations of mutual respect. Individuals learn to trust by deciding whether a person's actions align with their words. Exploring their own behavior and the behavior of others enables individuals to build stronger, more enduring collaborations.

Working Differently

It is clear how a world of networks requires individuals to think differently. It is also evident that collaboration in networks calls participants to high standards of behavior that reinforce mutual understanding and respect. This leaves the biggest question. How can networks be guided strategically? How can collaborations be designed and managed to get big, complex projects underway? How is transformation through collaboration achieved? What are the civic spaces in which this work can occur? To answer these questions, it is necessary to understand how to design and implement strategy in open networks.

Managing a Generational Transition

Previous generations mastered the challenges of innovation by figuring out how to convert raw materials into useful products. They built large hierarchical structures capable of delivering massive volumes of products to giant markets. These hierarchical organizations operated with remarkable efficiency, generated enormous wealth for the U.S. economy, and met many of the needs of the masses. The results of this "Greatest Generation" are readily apparent in our communities: the factories, libraries, schools, grand courthouses, cultural institutions, and philanthropic organizations.

Industrial-age corporate hierarchies mirrored themselves in the civic life of communities. Government and nonprofits organized themselves into hierarchies too—a proven organizational formula for getting things done. Chambers of Commerce emerged to drive local economies and large social service organizations were established, in turn driving communities and the nation. These civic organizations can remain relevant but the environment in which they operate is changing and they must adapt by forming collaborative networks that can innovate more effectively.

It is now possible to see a future economy that is based on networks. At the same time, the demise of many institutions built by earlier generations is evident, as these stable, slow-moving hierarchies prove unable to adjust to

the faster world of networks. The challenge today involves connecting the assets of earlier generations, such as civic institutions, to the opportunities, such as new careers and new business models that will be available to in the future. These challenges play out in the corporate world every week: Barely a day goes by without a headline of a corporation moving to collaborate, even with its competitors. The same pressures are emerging in the world of education, nonprofits, and government. A growing pressure exists to collaborate, to find new ways of delivering value, and to innovate.

The consequences of corporations moving too slow to the new realities of globalization and networked competition are increasingly apparent. The same fate may await government and civic organizations too slow to move. New pathways to the economy and society are needed to enhance networks.

Designing new networks and building stable relationships takes time. People need to get to know each other and understand their respective interests. They need to explore the value of new connections and envision "what could be," and they require safe places to do this important work. Communities engaging in strategy development need to give careful consideration to the civic spaces—physical places and institutions—where these community conversations can occur. Neither city halls nor the local high schools are good choices. These are places where people at the top tell people at the bottom what to do. Places like libraries and county fairgrounds send a better message. There's no dumb question at a library, and the fairground is a place where all are welcome. That is both the challenge and the opportunity: creating civic spaces where transformational thinking can occur, where new behaviors can be practiced, and where a new way of working together can be initiated.

For More Information

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