

FOR ECONOMIC DEVELOPMENT PRACTITIONERS, COLLABORATION MAY BE THE BEST FORM OF INNOVATION

By **Sasha Lennon***, Director, SGS Economics and Planning Pty Ltd

To ‘innovate’ means to introduce a new process or way of doing things. This is a popular concept in economic development circles because innovation and the commercialisation of new ideas is one of the means by which industry can boost productivity to contribute to a more competitive economy.

Innovation, and by implication, the ability to attract investment is a team effort, and no matter how well run a business enterprise is, or how well-integrated a local industry, innovation needs to be supported by ‘smart infrastructure’.

Smart infrastructure is not concerned with communications and information technology, although this certainly has a key role to play. It is called ‘smart’ because it’s about the diffusion of ideas on how things can be done better. This is what being innovative is all about.

Regions that have a strong pull on capital are distinguished by their access to a good stock of specialist thinkers (like strategic planners, management and marketing experts, creative entrepreneurs, financial brokers, lawyers, engineers and economic development practitioners). These are the so-called ‘knowledge workers’. They are the people who are paid to solve intellectual problems and who can sell their skills and expertise on the global market.

Perhaps most importantly, for the economic development practitioner, innovative regions are characterised by good governance, that is, the factors that reduce investment and operating uncertainty such as transparency in government processes, strong leadership and good infrastructure management.

Regions which are attractive to footloose investment feature a high level of trust and co-operation between related enterprises and institutions. This speeds up the cross-flow of valuable information about new business opportunities, new ways of doing things and potential new contracts. It also reduces risk premiums on enterprise formation or re-location (i.e. inward investment).

For a region to be innovative, it needs innovative leadership. So, with this in mind, one might ask how best can economic development practitioners in local government, regional development organisations, State Government agencies, RDA Committees and ED corporations engage in innovative approaches to economic development?

I believe the answer lies first and foremost in the establishment and maintenance of productive partnerships. In other words, collaboration is key.

The co-ordination of economic development objectives, roles and activities can help to prevent an often wasteful duplication of economic development activities and resources. In almost any region in Australia, numerous economic development organisations, agencies, boards and committees, all with good intentions but with overlapping activities and a lack of mutual direction can significantly hamper implementation of even the best economic development strategy.

While this is probably not news to those in the field, it is nevertheless a recurring theme throughout Australia and one which practitioners have had to start paying greater attention to as the funding bodies that be become ever more scrupulous (for many a good reason) in their determination of regional development priorities.

A partnership approach to economic development can help ensure that, through communication, collaboration and co-ordination, the potential for complimentary opportunities and activities are developed to the benefit of all stakeholders.

There are a wide range of organisations and interest groups that are directly or indirectly involved with the economic development of their region and its parts. Given different regions face different issues, challenges, threats and opportunities for growth, there is no 'silver bullet' model of regional collaboration which can be rolled out across the patchwork that is regional Australia.

For those regions which are characterised by a multitude of well-intentioned agents of change, but who lack the degree of synergy necessary to achieve the most effective results for their communities, the following might provide some guidelines for more effective collaboration.

Effective policy planning and strategy implementation requires a robust governance body that has the recognised authority and responsibility for leading and overseeing the implementation of economic development activities. To effectively co-ordinate implementation, it may be most appropriate for an overseeing regional body to be established and incorporated. This should not supersede existing organisations but rather pull a region's stakeholders together, to better co-ordinate the exchange of ideas, information and efforts to facilitate regional economic development.

Such an overseeing body could be charged (by its member organisations) with the following tasks:

To oversee the preparation of the region's economic development strategy and to co-ordinate strategy inputs and responses;

- To develop, monitor and report on the highest order actions as distilled from the economic development strategy;
- To agree on the top ten actions to be implemented for the next three to five years;
- To ensure that (human and financial) resources are allocated for those priority projects;
- To regularly review the progress of implementing the top ten actions;

- To pursue and adopt new strategies as the opportunity arises due to changing circumstances, and to remove recommended actions that are no longer applicable; and
- To develop stronger linkages and partnerships between the three spheres of government to achieve the desired economic development outcomes for the region concerned.

Such an overseeing body, once incorporated and appropriately branded, would employ an Executive Officer or similar to manage and oversee implementation of the region's economic development strategy. The Executive Officer would report to a panel or Board of regional representatives at middle and senior level including (but not necessarily limited to):

- The CEOs and Economic Development Managers of the region's local government authorities;
- State Government representation at an officer level;
- The RDA Committee's Executive Officer or his/her representative;
- Independent or semi-autonomous economic development corporations (where they exist);
- The local University (if applicable) at a strategic level;
- The local TAFE (if applicable) at a strategic level;
- The region's hospital (if applicable) at a strategic level;
- Strategic infrastructure operators (such as ports and airports), where they exist; and
- Local / regional industry representatives (e.g. chambers of commerce, engineering alliances, tourism associations, development industry representatives, retailers, agricultural bodies, etc.).

For greatest effect, the role and function of the co-ordinating body would need to be communicated to and fully endorsed by its member organisations at a corporate and importantly, at a political level. Without authorisation, a co-ordinated approach to economic development facilitation will ultimately fail.

It is considered that such a structure would provide regional practitioners with an effective, transparent and co-ordinated implementation mechanism which

A partnership approach to economic development can help ensure that, through communication, collaboration and co-ordination, the potential for complimentary opportunities and activities are developed to the benefit of all stakeholders.

would be able to strategically respond to the needs of their region. This would occur via implementation of the actions identified in the region's economic development strategy in a timely, coordinated and cost effective manner.

This simple governance model is drawn from some lessons learnt from various practices encountered by SGS Economics and Planning during the course of the past 15 years. It is just one general model of collaborative governance that, despite its simplicity, puts forward a key consideration for effective economic

development facilitation where co-ordination amongst various agencies is a challenge.

So returning to the original topic, of being innovative, if a region's economic development agencies want to attract the wealth creators, that is, the investors who drive capital formation, business development and employment growth, they need to present a unified front, clearly articulating their region's 'offer' to those prospective investors.

Given the multitude of agencies with an interest in any region's economic development, achieving this will often require innovative approaches to collaborative governance. To this end, the concept put forward in the preceding paragraphs offers some food for thought.



** Sasha Lennon is a Brisbane-based Director of national consultancy firm SGS Economics and Planning Pty Ltd. He is a trained economist and a Certified Australian Economic Developer (ACEcD) with EDA.*

Email: sasha.lennon@sgsep.com.au

Web: www.sgsep.com.au

UPCOMING ECONOMIC DEVELOPMENT CONFERENCES [for diary entry]

**Local Government Association of Queensland/EDA Qld Economic Development Conference, Gladstone
18-20 May 2011**

Resourced Regions – Shaping Up or Shipping Out

For information see: <http://www.edaaustralia.com.au/SITE/admin/content/edit2.php?id=1001>

**National Economic Development Conference 2011,
Adelaide 4th – 6th October
Sebel Hotel, Adelaide**

The Digital Economy – Future economic development practices

Details and early bird registration available shortly.