

Why Most Economic Development Strategies Fail

Most communities prepare or at least update their economic development and investment, business, resident and tourist attraction strategies every three to five years. In the process of preparing development strategies, we commonly assess the impact of previous development strategies that were prepared for the client organization. The results are often disappointing. The truth is that most strategies fall short of achieving their intended objectives.

Why is that? Sometimes, it is the strategy itself. More commonly, it is a product of what we call the implementation gap. The strategy detailed a series of strategic directions, actions and tactics. However, when we review the progress made, we often find that many of those actions and tactics were not fully implemented and, in many cases, we find key actions were not undertaken at all.

This note highlights some of the factors that constrain the effectiveness of strategies and more importantly lead to the implementation gap.

Strategic Issues

In our experience, the key issues that constrain the effectiveness of economic development and investment, business, resident and tourist attraction strategies are:

- **A failure to adapt the strategy to local conditions.** There is a tendency, amongst some organizations and consultants, to take major components of a strategy developed for another community or region and simply apply them to the local environment. Strategies must directly reflect local strengths, weaknesses, opportunities and constraints.
- **A failure to learn from the past.** In designing a new strategy, it is important to review past strategies to understand what was implemented, what was not implemented and why, as well as understand what worked and what was less effective. Strategies that don't learn from the past are doomed to repeat it.
- **A lack of focus.** Too many strategies contain a long shopping list of possible actions. An effective strategy establishes clear priorities regarding the actions that will be taken.
- **Too much business as usual.** It is important to not just update the previous strategy and maintain the status quo but to take a step back to understand how changes in the local population, markets, technology, the business and competitive environment, infrastructure, and programming impact on opportunities and constraint to economic development.



The Implementation Gap

- Misalignment between the strategy and the resources available. Even the best strategies are effective only to the extent to the needed resources, capacity and capabilities are in place to support improvement. Faced with competing priorities, communities often are not able to allocate the dedicated resources needed on an on-going basis.

- **The range of skills required.** Economic development involves a wide range of activities. Implementing a strategy can require skills ranging from collaboration, advisory services and support, research, data collection and trend analysis to website management, social media marketing, BRE management, business matchmaking and coaching, performance measurement, funding applications & reporting. Some communities attempt to fulfill some or all of these functions internally, which can lead to reinventing of the wheel. Other may use a range of contractors, which can lead to a lack of coordination across actions in implementing the strategy.
- **A lack of accountability for implementation.** In the absence of clear accountability, strategies often just sit on the shelf until the next update is scheduled. Accountability requires a body responsible for approving annual plans and progress reports, an effective performance measurement strategy, and a commitment to tracking and reporting on the results. An effective feedback loop provides valuable input on the progress made and inform the development of future strategies and plans.



Financial, staff and volunteers



Investment attraction, advocacy, review of regulations, pathfinding



Reports and strategies, website analytics, prospects, earned media



Employment rates, capital investment, property taxes, businesses start-ups

About Qatalyst

Qatalyst represents a new name and a new operating model for a firm with a long operating history. We have been providing economic research, strategy development and implementation assistance to local, provincial, territorial, federal and Indigenous economic development organizations across Canada for nearly 40 years. Through our network of about 150 consultants and associates across Canada, we assist client in preparing economic development and investment, business, resident and tourist attraction strategies. We also deliver a range of services to support strategy implementation including brand development, website development and management, social media marketing, business retention and expansion programs, business matchmaking and coaching, performance measurement and reporting, benchmarking, ongoing research and trend analysis, database and dashboard development, funding (grant applications) & reporting, and fractional EDO services.



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