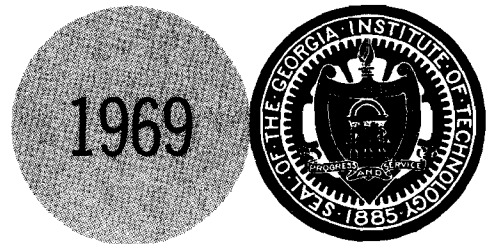


HANDBOOK ON COMMUNITY DEVELOPMENT FOR SBA PERSONNEL

*Prepared for and under the direction of
SMALL BUSINESS ADMINISTRATION
Washington, D. C.*

by
INDUSTRIAL DEVELOPMENT DIVISION
Robert B. Cassell, Editor

Project A-1112
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Engineering Experiment Station
GEORGIA INSTITUTE OF TECHNOLOGY
Atlanta, Georgia

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Foreword

It is becoming increasingly important that the Small Business Administration achieve the most effective possible use of its resources. Insofar as practical, this agency's financial, management, procurement and technical assistance programs should be responsive to the sound development plans of the various communities. Our community development efforts will give augmented purpose to our existing programs by broadening their scope and direction and thereby increase the quality of our services to the small business community. A new and separate program is not anticipated. This Handbook is intended to aid SBA personnel in carrying out a viable community development program.

The Small Business Administration considers that there must be an effective community organization with which SBA can interact. Each community has its peculiarities from the standpoint of organizational structure, but regardless of the type, the effectiveness of SBA's program will depend largely on the capability of the community to evaluate its assets, determine its goals, decide on an adequate development plan and establish a course of action. A community without an organizational structure, or without the will to form one, would appear to lack the proper climate for development.

When the proper climate and development potential are present, SBA must be prepared to respond intelligently to the problems and plans of the community. Sections of this Handbook set forth appropriate guidelines for the establishment of community organizations and for SBA's function as a catalyst, advisor and direct participant in community development.

Hilary Sandoval, Jr., Administrator
SMALL BUSINESS ADMINISTRATION

Preface

In recent years, a time of unprecedented national economic growth, certain areas and communities in the nation have not shared in this general prosperity. These areas are lagging behind the nation in economic growth and in many cases have actually declined in economic well-being. Such symptoms as high unemployment, low median family income and high out-migration are in evidence.

Most of the problems which cause economic decline cannot be solved by the local communities without outside motivation and assistance. Many of these communities recognize the existence of symptoms of economic decline, but few know how to analyze their problems and plan for valid solutions.

A recognition is developing of the need for governmental agencies to help community-sponsored organizations to help themselves. This can be accomplished only if there is maximum cooperation among the various agencies working with the problems of community development.

Because of its extensive commitment to community development and its experience in dealing with local problems and solutions, the Industrial Development Division of the Georgia Institute of Technology was assigned the task of preparing this Handbook for the use of personnel of the Small Business Administration. The Division staff has more than 50 full-time professionals with a wide background in economic, engineering and other academic disciplines.

This Handbook describes in detail the processes of community development with emphasis on the role of SBA in these activities. It indicates how SBA can encourage the preparation of a detailed community profile defining all local resources and economic advantages. Further, it shows how SBA can encourage the formation of organizations with the necessary authority and capability for developing and implementing appropriate programs. The Handbook contains chapters which discuss community development principles, information sources for this activity, factors in selection of regional community growth areas and methods of working with local leadership. In addition, guidelines are included for preparation of community profiles and analyses, definition of program goals, development of community programs, evaluation and follow-up procedures and involvement of SBA in community action programs.

Major responsibility for writing chapters in this Handbook was assumed by: Robert B. Cassell (Chapters I and VI), Mary Edna Anders (Chapter II), E. Amy Collins (Chapter III), Ross W. Hammond (Chapter IV), Lyman B. Smith (Chapter V), George I. Whitlatch (Chapter VII), Donald E. Lodge (Chapter VIII) and William I. Denman (Chapter IX).

Particular acknowledgment is made to the staff of the Small Business Administration for its encouragement and assistance. Especially helpful in preparation of the Handbook were Glenn Swanson, chief of the Western Division, Office of Development Company Assistance; Charles Blackledge, financial analyst, Office of Business Loans; and John Garber, financial analyst, Western Division, Office of Development Company Assistance.

Ross W. Hammond, Chief
Industrial Development Division
GEORGIA INSTITUTE OF TECHNOLOGY

Summary

SMALL BUSINESS ADMINISTRATION COMMUNITY DEVELOPMENT PROGRAM

The Small Business Administration Community Development Program is designed to assist worthy communities in reaching their goals of sound economic development and balanced growth. Although SBA will continue to provide various types of assistance to other representative small business concerns, the objective of this program is to select communities with growth potential, to assist community action groups in formulating their plans and to provide SBA management technical and financial assistance based upon priorities assigned by the community.

The SBA Community Development Program has three essentials: (1) an action community organization with which SBA can counsel and advise; (2) a commitment by the community organization for self-determination based upon an analysis of community needs and goals supported by a course of action; (3) a commitment by the community organization to work with SBA toward achievement of the community goals.

Unless there is evidence that a thorough commitment exists to undertake an evaluation and planning program, it would not be wise for SBA to allocate extensive time and effort of its personnel in the solution of community problems. In those cases where a community organization does not exist, SBA will provide assistance necessary to bring about the organization.

The principles and techniques to be used by SBA development personnel working with community organizations are discussed in the various chapters of this Handbook. The following outline is a brief description of the typical step-by-step procedure which SBA personnel should follow in working with a community organization to achieve the goals of this program. The step-by-step procedure is intended as a guideline only. SBA staff personnel working with a community must adjust this procedure to meet the particular conditions and environmental circumstances found in the community. The ultimate success of this SBA program depends in large measure on the resourcefulness and ingenuity that employees of SBA show in dealing with the human relationships and differing conditions that will be encountered in every community.

Step-by-Step Plan of Action for Use in Communities
Which Have No Active Development Group

1. Analyze local and regional data sources to identify those geographic areas having maximum growth potential. (See Chapters I-III.)

Select those communities having the greatest growth potential in conjunction with an assessment of their resources for development and expansion. (See Chapter III.)

2. Acquire available economic data pertaining to the region, the county and the community. (See Chapter II.)

3. Contact the mayor, county commission chairman or county judge, and local bankers to determine whether there has been an active development organization in the specified community within the recent past. Some organization must exist or be formed to speak for the community, with authority to formulate plans and to take action. Such an organization may be incorporated or unincorporated.

If such a group existed, then first efforts should be aimed at revitalizing that organization. If no group has existed or is available, then the creation of an organization must be considered. (See Chapter IV.)

4. Determine through which persons or service clubs the founding (or revitalization) of the development group might best be accomplished and approach them. Outline the services which SBA can provide to the community organization under the SBA Community Development Program. (Chapter IV.)

5. Assist in planning for an organizational meeting of the key community leaders when interest is shown. If appropriate, request a speaker from a state development agency, bank, utility, railroad industrial development department, or similar organization to assist in planning and presenting the program. Make sure all key speakers are thoroughly familiar with the overall objectives of the community program.

6. Assist organizations in selecting a place, date and time for the initial meeting and recommend those business, civic and other organizations to be represented. Offer suggestions as to the type of publicity to assure good attendance.

7. Assist in planning the meeting agenda. A suggested meeting format would include a welcoming statement, the purpose of the meeting, the need for

and benefits of an overall community development program, a brief outline of the assistance SBA can render, presentation of a suggested program of organization for the community, and a question-and-answer or discussion period. The organizers ought to be prepared to present a slate of officers or at least a steering committee to the group in order to get the organization moving while enthusiasm is high. (See Chapter VII.)

Steps the Community Organization Must Take With SBA Advice and Assistance

1. The organization preferably should be incorporated, with a broad range of objectives encompassing all aspects of resource development. While the organization may be unincorporated, certain Federal lending programs require an incorporated local organization.

2. Once organized, the local development company or similar organization needs to set up working committees which can handle the various tasks. These might initially include steering, research, finance and publicity committees, depending on the availability of competent personnel to participate. In some cases separate committees dealing with agriculture, tourism, industry and business would be established. (See Chapter VI.)

3. The first task of the organization is to prepare the community profile and an analysis of the community. (See Chapter V.)

4. Once the analysis is complete, goals of the community development group should be established. (See Chapter VI.)

5. Goal formulation should be followed by the establishment of priorities and preparation of the work program. (See Chapter VII.)

6. Once the work program has been determined, specific projects can be initiated. If not already accomplished, funds with which to carry out the program should be solicited. (See Chapter IX.)

Additional Steps That SBA Personnel Must Take

1. Use those standards suggested in this Handbook to evaluate work programs and goals of the local development organization. (See Chapter VIII and the Appendix.)

2. On the basis of the community development plan, determine the assistance that can be provided in reaching those objectives. In cases where local resources are inadequate to carry out the plan, SBA will consider management, technical and/or financial assistance proposals.

3. Provide information on sources of Federal or state assistance which would be available to implement the organization's work program. The SBA developer also may be able to suggest sources of private funds. (See Chapter IX.)

Step-by-Step Plan of Action for Use in a Community
Which Has an Active Development Group

1. Contact the mayor or a local banker to determine who is the executive director or manager, as well as the president and chairman of the local development group. (See Chapter IV.)

2. Contact the paid director or top officers in order to become better acquainted with the community organization and its program.

3. Meet with the local leadership to review the current status of the local program. (See Figure VIII-1, Chapter VIII.) At the same time, check on availability and currency of economic profile. (See Chapter V.)

4. Discuss the annual work program, including the underlying analysis of the community's strengths, weaknesses and goals. (See Chapters V-VIII.)

5. Encourage the formation of a local development company through which SBA can direct its services. (See Chapter IX.)

6. Investigate feasible projects which SBA may support financially with loans:

7. Provide information on sources of Federal or state assistance to implement the organization's work program.

Chapter I

COMMUNITY DEVELOPMENT PRINCIPLES

The involvement of SBA in community development will depend upon the local commitment. The process of community development involves people, natural resources, institutions and leadership. Objectives of local programs have economic, social and political implications. Patterns of regional growth influence both the caliber and direction of individual community growth; community and regional growth are naturally interrelated, and sometimes identical.

The concept of community development is extremely nebulous even to many participants in the actual processes. This is very probably attributable to the inability to isolate and identify processes and procedures in this endeavor.

Community
Will Determine
Its Own
Strategy

Each community will determine its own strategy for economic development and plan a course of action to achieve that development. In order to participate in a number of Federal programs, some conformity in this approach must be reached. In the case of the Small Business Administration, a viable community organization which has systematically examined the community resources and developed action programs is considered essential to orderly planned growth.

Once the determination is made that the community's program is intended to bring about a balanced economic growth, then the various SBA lending, management, technical assistance and procurement programs can be implemented in relation to phases of downtown development, industrial and commercial development, expansion of medical facilities and provision for new tourist/recreation projects.

Definition

Essentially, community development is a continuing process leading to social action by a group which is organized, which makes plans, and which takes action. This group first defines both common and individual (personal) needs and problems; then it makes plans for both group and individual action to meet such needs and to solve the problems.

Definition Of
Community
Development
As A Process

These solutions generally rely upon community resources; in many cases, where needed, services and materials from both governmental and nongovernmental agencies that are outside the community may be called on for assistance.

The process of community development involves three basic steps. First, all the facts bearing upon the problems must be collected. Second, public discussion of these facts and their implications must be achieved. Third, courses of action have to be developed and procedures outlined for their implementation.

SBA personnel should consider the community as the essential building block for area and regional development. In this respect, area and regional growth patterns will greatly influence the rate and character of economic growth within their respective constituent communities. In some cases, such growth is retarded because of the general characteristics of the area; in areas of expanding economic activity, most communities will share in this growth. The well-developed community is one in which the people can achieve personal and social satisfaction and where industry and business can function and prosper.

Elements of Development Program

In any development program, a number of elements must be considered by SBA development specialists in analyzing the current community situations. These very same factors are basic to implementing local programs and, therefore, have to be considered by local development groups as well.

Human Resources. The first, and major, consideration is people, for there would only be a vacuum without people to implement a program and to enjoy and profit from the positive accomplishments of such programs. High levels of living standards are essential for adequate social and economic development. As these standards are projected, they will include living conditions, governmental services, health, safety, social order and welfare, and environmental health.

Basic
Elements Of
Development
Program

First
Resource:
People

People, in turn, constitute a manpower resource which is fundamental to operation of a healthy economy. An untrained and uneducated labor force constitutes a real handicap to advancing local development programs but, by the same token, also offers a genuine challenge for human resource development.

Natural Resources. The second ingredient of the local development program comprises other natural resources, including such elements as land, water and minerals, forest and farm products. The amount, character and present use of each of these resources form one of the basic segments of any program. SBA community development specialists will encourage in-depth analyses of the potentials of such resources, as this procedure may often point to specific economic opportunities or may stimulate improvement programs for more effective utilization.

Natural
Resources
As Second
Ingredient

In particular, land use has to be evaluated not only to determine those sectors that may be too intensively exploited, but also to identify areas of limited utilization. When properly prepared, a land-use plan can lead to geographic organization of functions in harmony with other related uses and to better transportation systems for serving the respective needs of the various segments of the community.

Improvements in physical appearance also can be effectively achieved by such measures. Such improvements will create situations that will attract new residents and new business, and such results materially contribute to overall economic advancement.

Institutional Resources. A third ingredient of an overall development program is the role played by institutions. Local government which is responsive to the needs, demands and desires of the community as a whole is one of the basic institutions of every community. The successful development of many communities depends upon sound policy formulation by

Institutional
Resources
Are Third
Element

local governmental bodies. In most cases, the elected officials are the persons responsible for establishing policies and carrying them out, once these have been formulated.

Public facilities and services are in large measure the responsibility of local governmental agencies. Educational facilities, recreational areas and programs, libraries, health facilities, sanitation services and protective services (fire and police) are normally considered in this category.

Civic, cultural and religious institutions also constitute a basic segment of local living amenities. These institutions attend to the spiritual, cultural and physical welfare of the community. Frequently, their contribution to the community is reflected in the variety and depth of their activities.

Local Leadership. A fourth major element in every successful development program is the breadth and capability of local leadership. This is the galvanizing element which makes a community development program dynamic. It consists of a relationship between members of the development group or social organization, based upon mutual respect, cooperation and sense of duty and obligation (discussed in detail in Chapter IV).

Local
Leadership
Is Also
Major
Factor

One of the first steps, then, the SBA community developer should take is to determine whether the four elements enumerated above have been evaluated in the community development program where he is working. By applying some of the procedures outlined in this Handbook, these potentials can be measured.

Objectives of Overall Community Development Plans

The comprehensive community development plan will establish objectives or goals in several different sectors. These aspects have the common attribute of affecting community economic, social or political growth, seeking to expand the living conditions of every member of the community.

Objectives
Of Community
Development
Plans

Economic. The healthy economy is one in which there is an obvious, easily identified, increase in jobs. Expansion of employment opportunities in various segments of economic life is basic to continued growth, to expansion of income, and to provision of funds for supporting public services.

No development program can be considered comprehensive if it neglects phases of the economy which offer the possibility for enlargement of job opportunities. The roster of these activities is extensive: retail and wholesale trade, warehousing and distribution, transportation, finance, insurance, communications, tourist development, processing and manufacturing.

Certain of these sectors are growing nationally at substantial rates, while others are declining. Thus, every community is confronted with problems of both potential employment and unemployment, problems of private investment and public finance, and the effects of technological impact and rapid obsolescence.

A major consideration that always must be taken into account is how the community may appear to an outside investor. This person will evaluate the community in light of establishing some new enterprise. For communities to be successful in attracting such business operations, its citizens must recognize those values which investors look for in every community and understand how their community may measure up to the investor's standards for his particular project. It would be useful for SBA specialists in their contacts with local development groups to impress upon them the continuing need for evaluating the community's appearance.

Social. Every community seeks to attract new residents and new business activities, as well as to retain its present residents and existing businesses, by offering economic opportunities, comfortable living conditions, good community services, and other intangible factors that contribute to a high standard of living.

Economic
Objectives

Social
Aspects
Of Development
Plan

For one thing, this encourages the young adults to remain, to sink their roots down and invest both youth and energy in the home town. For another, it fosters community pride which sparks citizens to assume greater civic responsibilities.

In the social arena, an analysis of community facilities will reveal those segments which are adequate and those which will require replacement. Furthermore, such analysis will identify gaps in the social structure which need to be remedied. Any effective development plan must be concerned with the facilities and programs which are designed to expand and increase the amenities of community living.

Other social problems are concerned with minority groups, housing conditions, educational opportunities and recreational facilities.

Physical. Improvement in physical qualities of communities constitutes a significant part of any total development plan. Problem areas of urban design, or lack of it, result in crowding and congestion, physical obsolescence and blight. These conditions are interrelated with land use: the character of the land and the respective economic uses.

Physical
Improvement
In Development
Activity

Inasmuch as contemporary society produces all sorts of waste products, both human and industrial, many community development programs have to be involved with efforts to control environmental pollution. Air, water and soil pollution are the most common ones that menace the public health of our communities.

Political. The fragmentation of political units and the obvious need to achieve efficiency on the part of local government is a legitimate target for community development programs. In particular, the effectiveness of local governmental services in providing safety and order, adequate health facilities, effective educational services, and other related

Political
Aspects
Of Plan

aspects that are alluded to under "Social" above will be found in representative programs.

Other urban problems that are caused by transportation congestion and the blight in property values are major problems that demand the attention of governmental units. However, sources of new revenues to finance the ever-growing demands upon local government must be considered in the light of existing tax structures and the efficiency with which present revenues are expended.

Typical nonurban problems will also be encountered in the small-size community. These have to do with situations such as holding local retail trade, control of animal nuisances, and retention of rural physical qualities.

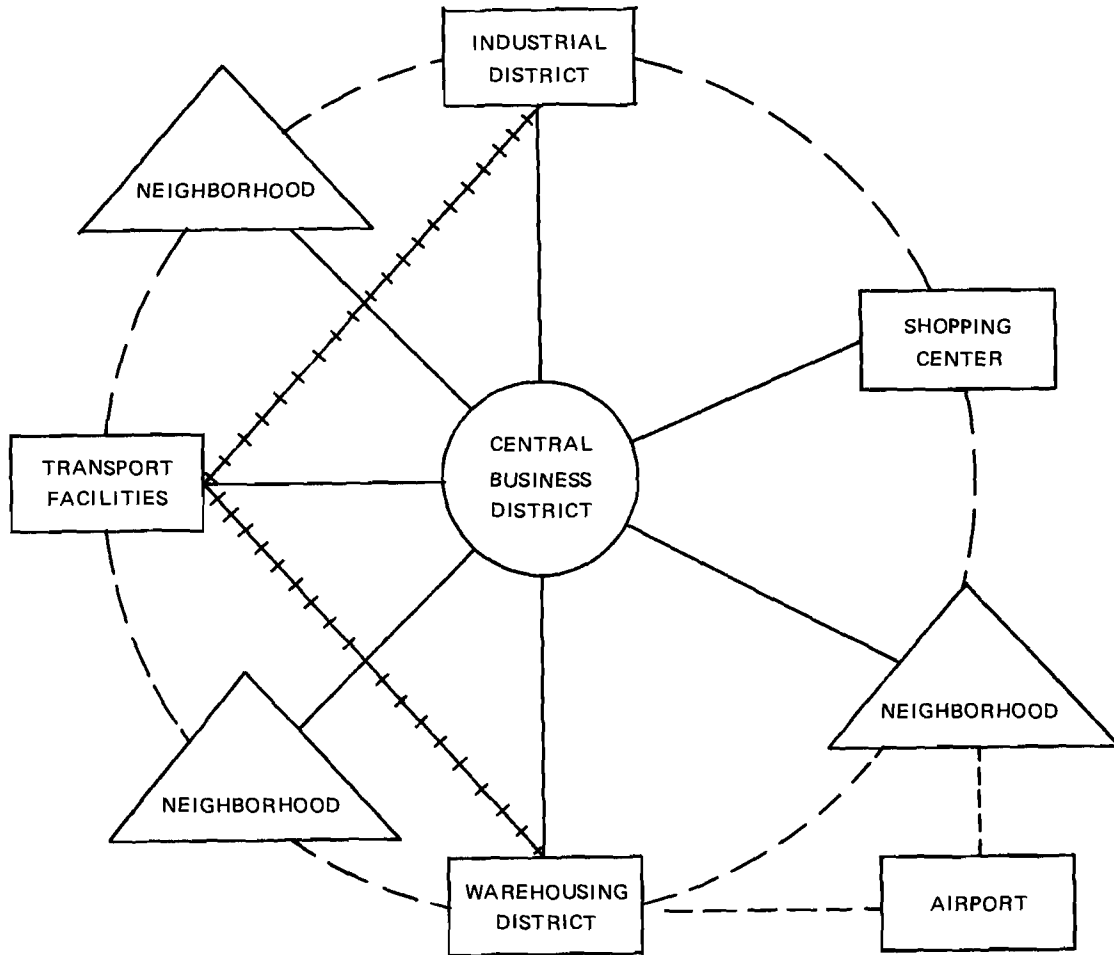
As indicated earlier, a community development program can be a basic tool for the public official, public administrator and taxpaying citizen, each of whom needs to achieve perspective, to evaluate systematically and objectively benefits in relation to costs, and reach more rational decisions than are often possible when certain of the programs are considered separately or piecemeal. The existence of such a program, or the lack of one, is one of the initial determinations to be made by SBA specialists when determining whether the agency ought to extend financial assistance to the community.

Community Structure

When viewed horizontally by the SBA community specialist, the typical community appears to comprise a separate, distinct central business district; a series of neighborhoods, some served by their own commercial centers; and probably other distinct industrial and commercial concentrations. (See Figure I-1.) Physically, it is held together by a transportation network of highways and railroads. Its economic life consists of a series of activities embracing service and production for the

Structure
Of The
Community:
Horizontal
And
Vertical

Figure I-1
HORIZONTAL COMMUNITY STRUCTURE



community itself, as well as a segment identifiable as export of products and services to the region and to the nation.

When viewed vertically, the community may have a series of governmental layers: county, city, district, etc. (See Figure I-2.) Within it there will exist numerous social and economic organizations, ranging from garden clubs, parent-teacher groups and neighborhood clubs all the way to branches of national organizations (unions, political clubs and the like) as well as truly community-wide betterment organizations.

Most of these forces do not move in concert, nor at the same pace. Therefore, one of the major considerations in modern community development is to harness all the forces and enthusiasm currently available and channel these into a positive direction with programs having a broad base with which a majority of citizens can identify.

Economic Factors Influencing Community Development

A major impact is exerted upon contemporary community development by the trend toward urbanization which sprawls across the landscape with no deterrent from local or state boundary lines. Today, cities merge into each other, compounded with satellite villages, suburban unincorporated residential areas forming conglomerations of population.

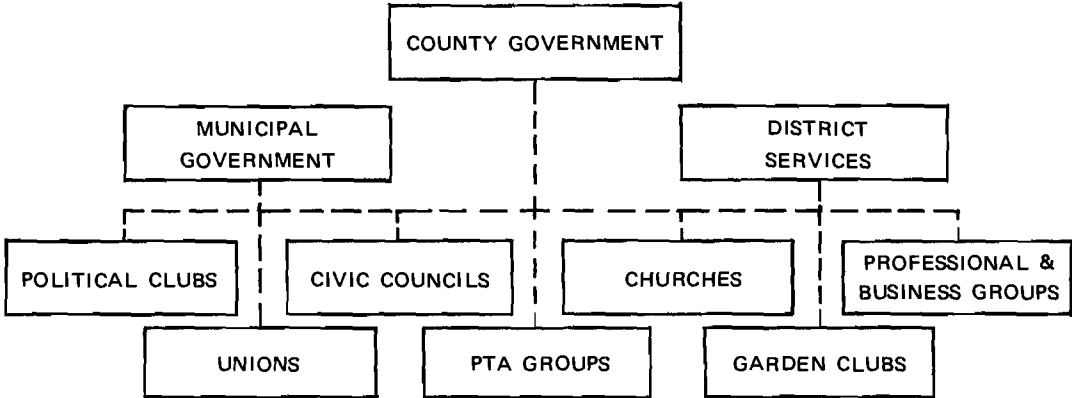
Great confusion exists today in attempts to define the modern city: first, there is the city within its municipal boundaries, then the greater city with suburbs of commuters, and finally the metropolitan complex of city, towns, villages, and perhaps some sparsely settled areas, all constituting the market area of the core city.

The historic reasons for the establishment and growth of the traditional city seem to have disappeared. Some were established as trade centers for a thriving agricultural area. Others grew as transfer points for changing modes of transportation. Certain cities developed around mills or related

Economic
Factors
Influencing
Development

Historic
Reasons
May Have
Disappeared

Figure I-2
VERTICAL COMMUNITY STRUCTURE



industrial activities. In the main, their locations were dictated by physical geographic features such as navigable rivers, post roads, highways and railroads.

Since modern metropolitan areas no longer are tied to fixed distribution centers, they are able to spread out into adjacent open territory where the exploding population chooses to reside. The new schools, shopping centers, churches and the like are located to accommodate the growing population.

By contrast, the population shifts which have occurred since the later 1930's, basically in response to the creation of new job opportunities, have put extreme pressure on rural-oriented communities. Development of improved farm machinery and more advanced methods of crop production have raised dramatically the amount of food and fiber which the individual farmer can produce. While agricultural production continues to rise, the number of persons involved has declined, and this drop in agricultural employment has accentuated migration to urban areas.

Population
Shifts
Important

Certain regions have tended to lag behind the national average growth rate, and in general, these constitute principal target areas that the Economic Development Administration is seeking to bolster. Most of these are considered "economically remote" areas, being either relatively inaccessible (such as Appalachian counties) or on the outer edges of the country (the Rio Grande Valley, for example).

Many of these areas are far removed from main transportation routes and industrial centers. Some have been oriented toward economic activities that may be waning -- mining, for example, where the combination of mechanization and depletion of mineral resources, together with shifts in demand, has led to sharp declines in employment. Others have suffered from actual industry shifts -- the textile villages of New England, for example.

Patterns of Regional Growth

Regional
Growth
Patterns

Various economic theories stress contrasting historical interpretations of the United States' regional growth. One of the more popular descriptions is that outlined by Harvey S. Perloff in How a Region Grows. The thesis of this study is that the economic growth of various regions of the United States has been closely tied to changing relationships resulting from national forces influencing supply and demand changes. The role of each region in the national picture is broadly defined by natural resource capacity, its geographic position, and the period of settlement and development. Three distinct periods of growth are identified.

First Period. The first period is described as the agricultural period when rich, arable land was almost a free resource. As the country grew and population pushed westward to bring greater areas of land under cultivation, regional development reflected transportation routes to market centers. It also set the stage for the next development period by establishing a pattern which emphasized growing population, well-developed transport and market accessibility.

Agricultural
Period Came
First

Second Period. The second period, starting about 1840 to 1850, is characterized by the expansion in mineral demand, in part sparked by the growth of the railroad industry, which became a large market for iron and steel products. This was typical of the rapid growth of areas where coal, iron ore and markets were in proximity. Subsequently, demands for nonferrous metals expanded and the minerals impact extended into other regions. The development of petroleum and gas resources, as part of this minerals exploitation, extends up to the present.

Minerals
Period
Followed

Third Period. The rise of manufacturing activities is the central theme of the recent regional growth period. It originated relatively late in the second period, and has extended past 1950. A major consequence has been the

Manufacturing
Period
Typifies
Recent Growth

specialization of regions in the national economy, with manufacturing growth trending westward to the Great Lakes area.

The present period of regional growth has witnessed the rapid expansion of service functions. Because of the emphasis on "amenity resources" rather than raw materials, those regions providing the largest variety of personal activities for a population with rising income and increased leisure are prospering.

Present
Regional
Growth
Directions

Using This Analysis. While this analysis tends to generalize extensively, it does go a long way in explaining what has been happening nationally. SBA community developers need to be aware of the stage of development regionally and of the particular characteristics of the selected communities in which they are working. The economic development of these communities thus becomes more understandable.

How To
Use This
Analysis

In other cases, it should be noted that those major metropolitan centers whose momentum for growth has been generated primarily in earlier decades have tended to continue to thrive and grow. To some extent, then, they now contribute to what have been identified as long-term shifts in resource demands or in emphasis placed upon their utilization. As a result, many metropolitan centers appear to have reached a level of self-sustaining growth. Therefore, opportunities for application of SBA assistance will derive from the nature of the metropolis.

Another system for delimiting economic areas which SBA specialists may wish to employ was developed by Donald J. Bogue and Calvin L. Beale in Economic Areas of the United States. This study identified five Economic Provinces, 13 Economic Regions, and 121 Economic Subregions.

Another
System
For Regional
Description

Attraction of New Industry. Since many parts of the nation are still in the regional manufacturing development period, efforts of many community development groups are concentrated on the attraction of new industrial enterprises

Attraction Of
New Industry
As One
Activity

and the expansion of existing operations. Both the public and private sectors have commitments in these efforts, as a simplified chart, Figure I-3, illustrates. The governmental structure of the community is responsible for furnishing the physical services which are vital for any industrial operation -- water, sewers, and, in some cases, power and gas utilities. Furthermore, if public financing is employed, then the governmental agencies have an additional responsibility. The business interests normally fill the role of the promotional arm which collects the community information, makes contacts, and does the "selling job" on new industry.

One reason attraction of new industry is so intriguing is that the rewards of new industrial jobs can be easily demonstrated. A recent study by the U. S. Chamber of Commerce, for instance, shows that the creation of 100 new factory jobs will, on the average, cause 369 new persons to move into the community. The impact of this activity and related developments can be quite substantial for both the commercial and governmental sectors. While many economic gains can be achieved with increased industrial activities, it must be realized that companion costs and capital outlays on the part of the community will also be required.

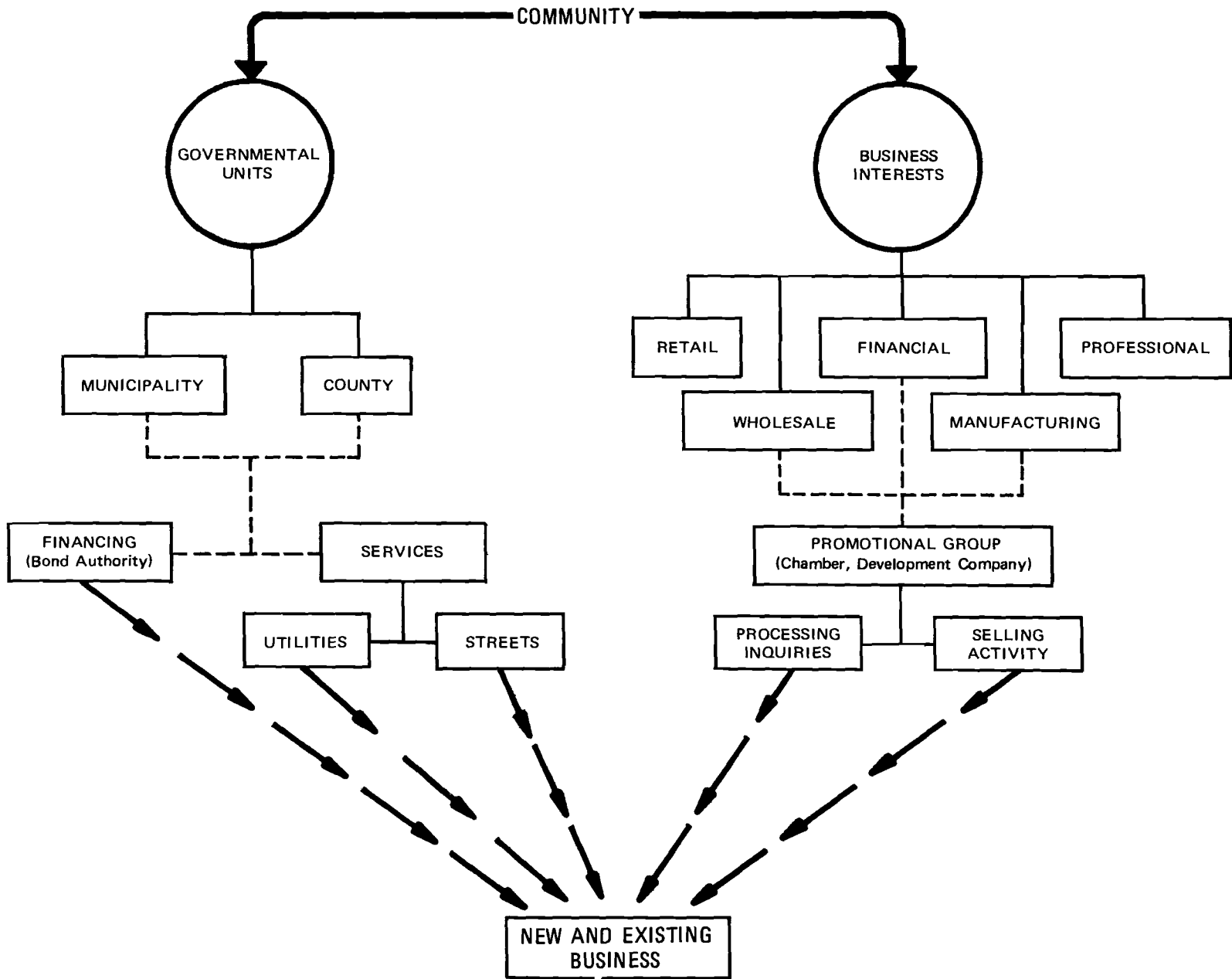
Misconceptions. However, some misconceptions have arisen concerning the impact of industrial activity. One of these is the belief that so long as a community can add additional manufacturing jobs, employment in all the other sectors of the economy automatically will adjust upward to provide the services and goods required by the new workers in manufacturing.

Misconceptions
In Local
Programs

Further, a lack of understanding of the multiplier theory as it applies to urban and regional economies also creates problems. The multiplier theory points out how growth in one sector induces growth in other sectors of a region. Its major premise is that the growth of a region or a community comes entirely from the goods and services which are produced locally and sold outside the community or region. The producing economic activities or sectors are referred to as basic. The

Figure 1-3

TYPICAL ORGANIZATION FOR COMMUNITY ECONOMIC DEVELOPMENT



basic activities are supported by the service sectors which do not "export" outside the area.

Many local developers mistakenly believe that all manufacturing activity and no other types of economic activity are basic. In reality, some manufacturing plants are primarily nonbasic or service in nature while certain nonmanufacturing sectors are, in fact, basic. The nonbasic manufacturers might include milk and soft drink bottlers, ice cream plants, feed mills, bakeries, and ready-mixed concrete plants; some basic nonmanufacturing would include such activities as medical services, state and Federal governmental offices, and wholesale and retail establishments. Because of the mistaken belief that only manufacturing industries are exporters, few economic development programs include any efforts to attract nonmanufacturing activities.

Another erroneous belief is that the so-called service or nonbasic sectors will automatically adjust upward as the basic sectors grow. In many growing communities, local and outside entrepreneurs either fail to recognize the added potential or do not choose to capitalize on it. Housing, for rent and for purchase, and retailing are the two most common examples of this phenomenon.

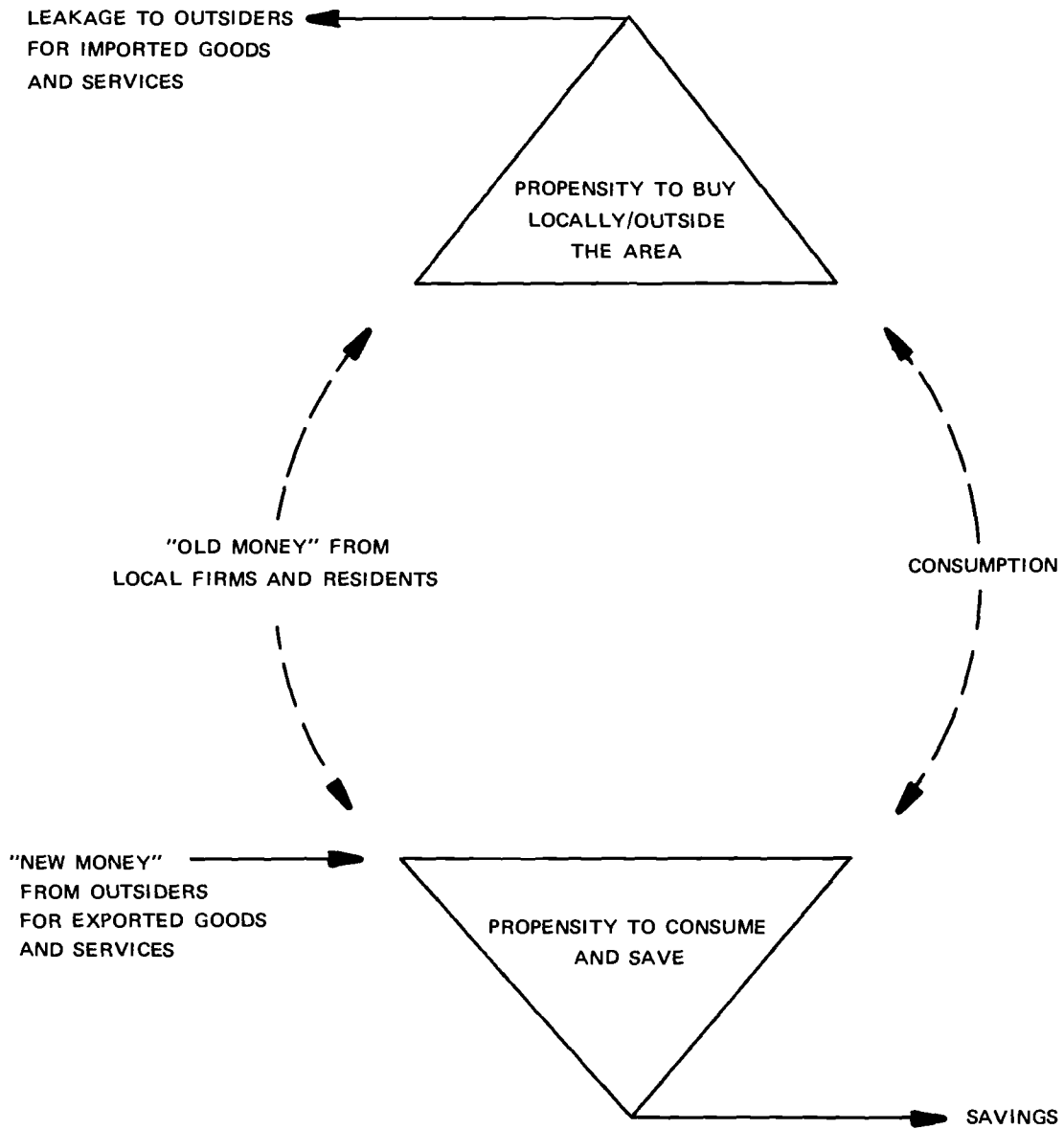
Misconceptions
About Growth
Results

The lack of suitable housing will keep people from moving into a community, even if good jobs are available. This problem can become so acute as to prevent the location of new industrial plants in an otherwise suitable area. The same situation may apply to inadequate water, sewerage, or school systems.

Sometimes community groups overemphasize the need to bring so-called "new money" into the area via exports, completely overlooking the need to reduce the leakage of "old money" out of the area. Figure I-4 presents a greatly simplified flow chart of the economy of a community. The large triangle at the bottom represents the total income received

Misconceptions
About Income
Effects

Figure I-4
SIMPLIFIED FLOW CHART OF THE ECONOMY OF A COMMUNITY



by local residents. Part of that income (roughly 5% to 8% nationally) is put into savings and the rest is spent on various items, as shown by the smallest triangle. The significant portion of the diagram is the third triangle, labeled "propensity to buy locally/outside the area."

Purchases of goods and services originating outside the area by area residents and businesses constitute a leakage of money from the local economy. Unlike the propensity to consume or save, the propensity to buy locally or outside the area can be influenced through the local economic development program. The leakage of money outside the local economy can be reduced by upgrading the existing retail and service enterprises and by establishing additional firms or attracting them from outside the area. Because a sizable portion of retail and service trade comes from persons living outside the local economy, such action will also increase the amount of "new money" entering the economy.

Community Momentum. The degree to which individual communities can build up this momentum and stratify their economic complexes in large measure will determine how closely they follow regional trends. Uneven or unbalanced activity has led to situations where some communities have expanded their economic complex in a horizontal fashion to encompass a variety of activities, while others have concentrated within narrow industry groupings and thus followed a more vertical development.

Community
Momentum
Is Important

Differential regional economic growth is characteristic of this country's highly dynamic economy. Regional growth differences reflect either the advantages or the disadvantages the region may have for production activities and the service functions, with respect to different time periods. Since extremely complex forces are at work, influenced by social, political, cultural, psychological, physical and economic factors, activities on the part of individuals and institutions have to be adapted to meet the new circumstances.

Economic advantages which may have existed half a century ago no longer prevail.

It is important for the SBA community developer to identify those factors which appear to have substantial influences on the patterns of regional growth. As income rises, the ability of the family to spend money increases and there is a tendency to acquire a wider variety of goods over and above basic expenditures for food and clothing.

Influences On
Regional
Growth

Changes in the characteristics of the population and in sources of employment will also influence regional growth. Influx of older age groups or of retirees, for instance, will mean changes in the supply of labor and market orientation. Shifts from agricultural employment into industrial activities also mean differentiations in market patterns and in concentrations of population.

Another significant factor to be considered is the effect of technological changes which are never evenly distributed. In some cases, the impact on employment may be of major consequence; in others, the results are more notable in price and production phases. Quite clearly the technological impacts in two segments of the national economy -- agriculture and coal mining -- have been of major importance. Another aspect is evident in the technological changes within the transportation industry where the shifts between various modes have been quite meaningful for natural growth.

Regional Growth Center Concepts. SBA community developers may find it useful to determine whether "Economic Development Centers" have been identified by the Economic Development Administration in the regions in which they are working. If any research or analysis has been undertaken along this line, it can be used by the SBA specialist in making his evaluation of local potentials and economic needs. EDA has designated some cities of not more than 250,000 population outside a Redevelopment Area as centers of activity where they are

Regional
Growth
Center
Concepts

considered as having the potential to stimulate the economic growth of the District. The designation enables the Center to qualify for Federal financial assistance on projects that can benefit the District as a whole.

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Chapter II

INFORMATION REQUIREMENTS OF COMMUNITY DEVELOPMENT PROGRAMS

Every development agency faces major problems in satisfying the organization's information needs. The SBA development specialist should know what data other agencies have or generate. He then should determine what materials should be collected and maintained. Source materials for building information collections are furnished.

Introduction

Define
Information
Needs

Every development agency faces a major problem in satisfying the information needs of its staff members. The characteristics of the information needed and the many places in which it can be found compound this problem. But these needs have to be defined in the light of the developer's job.

Once these have been identified, any individual agency can take certain steps to meet the information requirements of its own program. Selection criteria, methods of filing material, and specific reference sources are policy decisions that need to be applied in this connection.

This chapter does not direct attention to machine methods of information processing. The needs of the individual SBA office, perhaps staffed with a few community development specialists, are the paramount ones to be met. Systems of machine storage of data should be the responsibility of the largest agencies and ought to be planned cooperatively by several agencies. Because of these factors, the exclusion of non-manual processing of information appears justified.

This discussion describes the characteristics and types of development information that are available from various sources, but it is not intended that SBA community development specialists embark upon highly sophisticated data systems. Rather, it is intended that these specialists have an awareness of the information available so that they might seek out the reliable sources identified below.

Characteristics of Development Information

Characteristics
Of Development
Information

In content, the information used by community developers coincides precisely with the variety of activities, problems and elements characterizing present-day community life. Much of the information utilized by the developer comes not from the pen of a fellow member of his profession, but from that of a psychologist who analyzes leadership qualities, of a sociologist who explores group dynamics, of a civil engineer who describes the relative merits of different types of highway construction, or from a computer programmed by some governmental agencies to produce data on small areas.

Variety in content and source, therefore, constitute dominant characteristics of the information utilized by individuals engaged in programs of community improvement. In spite of its variety, this information can be identified in terms of its subject content and physical form, in such fashion as to outline the nature of the information resource required to support adequately development activities within a community.

Subject Content. The developer routinely consults professional publications for materials dealing with principles and methods. He needs materials that will enable him to plan and implement effective community projects. He also wants access to theoretical works so that he can conceptualize local problems more effectively. Few works of either an applied or theoretical nature have been produced solely for the developer. Most of the professional literature appears in the form of pamphlets and journal articles.

Types Of
Materials
To Be
Collected

The SBA development specialists will make extensive use of statistical measures and economic information. Their most important information requirements occur in this category. They will have to compile data describing population characteristics, households, income, wage rates and manpower. They will need measures of commercial, manufacturing and agricultural activity. For best results, the data must

Statistical
Measures
Required

measure current conditions and, on occasion, report forecasts for a decade or longer. The specialists also will need data to make comparisons with state, regional and national averages.

Other developers seeking opportunities to use state and Federal aid may expect the SBA community developer to have access to local, state, and Federal laws and ordinances in planning and implementing public works programs, for example. Nationally adopted standards covering building construction, recreation facilities, and health services also will be needed at various stages in working with specific communities.

Public
Documents
Often
Used

Specialized phases of a community improvement program require developers to consult scientific and technical materials. They have to utilize data on water quality, mineral resources and soil composition. Concern for problems of sewage and waste disposal sends them to technical reports on waste utilization, for example.

Physical Form. Development information appears in the form of books, journals, theses, government reports, pamphlets, newspapers, brochures, questionnaire returns, computer print-outs and interview notes. Because of a combination of factors, pamphlets and journals outnumber the other types of publications. Most of the subjects treated do not warrant book-length coverage. Secondly, the limited potential sale necessitates an inexpensive form of publication. Further, because of the premium attached to currency of information, a means of immediate and rapid publication has to be employed. Pamphlet and journal publication meets the requirements imposed by these factors. But much of the information that developers seek can be obtained only in unpublished form, if at all.

Physical
Appearance
Of The
Material

Every day the developer uses statistical data and other information measuring and describing a specific community and its resources. Published sources of such information cannot

normally meet the requirements of both currency and extensive detail. The Census of Population, for example, provides more detailed data for small areas than any other source but is released only every 10 years. The Survey of Buying Power supplies annual population estimates but on a county basis only. In order to obtain up-to-date measures, the developer, therefore, often has to use unpublished data. In fact, he most often has to collect or produce the required data, supplementing published sources with his own research.

Existing Information Sources

Existing
Sources

The SBA community development specialist will be confronted by the problem not only of finding sources of information, but also of deciding to what extent his own collection should be nurtured. He should be aware of the potential sources of information and data-generating agencies. He should also be aware of the extent of data collections held by various agencies.

Local conditions and requirements exert significant influences on development agencies, but typical patterns exist insofar as programs and information collections are concerned. In any community several agencies with different but overlapping programs are engaged in activities designed to make the community a better place in which to live. In addition, there are agencies whose involvement in development is only peripheral but who nonetheless are sources of information.

Public Sources. Some agencies have programs established by law and/or supported in whole or part with public funds. The city planning bureau and the office of the county agricultural agent fall into this category as much as do the Economic Development Administration and area planning commissions. Agencies concerned with public services and those responsible for planning and development have to maintain extensive files of data reporting current conditions and projections for the future. The planning agency is more likely than any other

Public
Agencies And
Sources

to have assembled records from the several governmental sources, bringing together data on housing vacancies, construction, school enrollment and land use. In addition to unpublished data, published reports containing statistical measures of the area are frequently found in these offices.

Some government agencies not directly involved in development activities exercise regulatory functions and consequently must maintain detailed records on specific facets of community activity and growth. The building inspector's office, for example, can normally provide information on building permits granted. Few published materials will be found in the offices of the regulatory agencies.

Certain other public agencies offer technical assistance to communities and to economic enterprises. The Economic Development Administration, the Department of Agriculture, and other Federal agencies provide financial support for such assistance. Their offices will have published reports that will increase the effectiveness of the technical assistance, and thus may constitute excellent sources of information. State agencies engage in technical assistance activities to a lesser extent and when they do their programs are likely to be closely correlated with those financed with Federal funds. As information resources their chief contribution is likely to be found in the personal competencies of their staff members.

Federal
Sources

Publicly supported academic institutions make unique information contributions to development programs. Most of them conduct research that has immediate implications for developers. The research bureaus of many of the academic institutions annually produce estimates of population, income and other economic measures on a county basis. The bureaus of business research frequently collect and publish data regarding commercial and manufacturing activity and even at periodic intervals issue a statistical abstract for the state. In addition, the academic institutions conduct individual studies of specific

Universities
And Libraries

segments of the economy of the state and of its counties. A number of universities have programs of technical assistance, and some of these have appropriate information collections probably broader in scope than those of any other agency involved in development activities. They emphasize published materials, particularly professional literature, technical reports and economic information.

Except in rare cases, neither public nor academic libraries have been involved in any direct way with development programs. Their chief potential contribution lies in the wealth of published information found in their collections. University libraries usually include in their collections commercially published monographs, state and Federal documents, technical and scientific literature, standards and journals.

Although public libraries have never collected development literature to any significant extent, they do purchase some directories, publications on industry, and the more general books on community life. The public library will often purchase books and subscribe to journals on the recommendations of local agencies, and it can serve as a key to locating extensive collections outside the community.

Private Sources. Some agencies responsible for community improvement programs are supported primarily with private funds. Many of these are legally incorporated, but their commitment to community development is voluntary. They develop small information collections relating to their own specialized needs, increasing the information resources in the community.

Private
Agency
Sources

Chambers of commerce constitute the most numerous and energetic of the private agencies. The information collections maintained by chambers emphasize descriptive information about the geographic areas they serve: labor availability, wage rates, industrial sites, organizations, companies and transportation facilities. They receive publications from

Chambers Of
Commerce

other chambers and frequently are depositories for city directories. To enhance their promotional services, they compile brochures presenting facts about the community as a whole or specific facets of its economy.

Professional, trade and public interest associations and organizations represent special groups in the community and usually have some kind of an information file. These associations usually can provide valuable statistical measures for an industry or a profession and occasionally have such data on a local basis.

Professional
And Trade
Organizations

In addition, there may be various ad hoc citizens' groups which collect a great deal of information in their lifetimes. Usually the information is scattered when the group is disbanded, but during the period of activity ad hoc groups should not be overlooked as potential sources of information.

Commercial Sources. In even the smaller communities some business firms are engaged to a limited degree in development activities. In larger cities it is not uncommon for banks, utilities, railroads and real estate firms to operate extensive industrial and/or community development programs. Such firms usually own the expensive reference tools associated with their respective lines of activity. While some of the information held by the companies may be proprietary or classified and not available for general use, much of it is open to a legitimate user. In addition to the data that it collects for its own use, an individual company frequently has brochures summarizing cost data for the services extended by the company. In the case of electric or natural gas services, for example, these summaries are very useful.

Commercial
Sources

Many of the agencies described above operate as both consumers and producers of information. In order to fulfill their basic responsibilities, they collect and utilize relevant information, and in carrying out their missions they may well generate data. The specialized subject background and profes-

sional experience of individual staff members contribute a third dimension to the information resources found in an individual agency. Most of their information collections are organized, however, in a haphazard fashion and receive little systematic supervision.

As a result, a great volume of information valuable to a developer exists in any given community but is located in several different agencies and is not well-organized or indexed. No agency can be completely self-sufficient where information is concerned, and each locality could profitably consider establishing an informal information network which would enable the agencies concerned with development activities to exchange information and ultimately to strengthen the information resources of the community.

Local
Information
Networks

Establishment and Maintenance of a Development Collection

The individual development office of SBA should examine its information needs carefully and formulate a definite policy concerning the satisfaction of those needs. The policy statement should cover selection criteria and, in general terms, the basic organization of the information files. Except for those materials which are used so often or in such a manner that they are needed at hand, no office should attempt to collect publications that are readily accessible elsewhere in the community.

Collection
Policy

Knowing what not to collect contributes as much to the value of an information file as knowing what to collect. Adding materials that are not going to be used increases the cost of maintaining the collection and complicates the storage and retrieval of publications. A smaller collection of live, frequently used material is much more effective than a larger collection of little used and outdated materials.

A selection policy statement would contain answers to questions concerning the type of newspaper clippings to be collected, whether market surveys and articles on processes

Statement
To Define
Subject Areas

are to be acquired, and what related material about other localities should be retained.

A good selection policy statement also cites specific types of information and materials that are not collected. Moreover, it provides guidelines to new staff members when personnel changes occur so that continuity in development of the collection is possible.

Selecting Materials. Publications concerning the local communities can be identified with comparative ease, while those dealing with areas or the entire state may present more of a problem. Some states have produced lists of publications about the state, and these can usually be obtained through the local library.

Additions to the basic collection should be made in conformity with the selection policy. Lists of new publications are available to assist in identifying new titles of potential value. The local newspaper constitutes an excellent source for identifying reports and studies dealing with the community and state as a whole, and it should be scanned for this purpose as well as for the information it reports.

The Federal government publishes some of the most important materials utilized by the developer. While The Monthly Catalog of United States Government Publications contains the most inclusive listing of new government documents, checking it is time consuming, as it includes many documents of no interest to developers. The following specialized lists will likely contain items which can fill the needs of SBA development personnel. Purchase of these items will depend on established regional office policy.

Federal
Government
Catalogs

- U. S. Superintendent of Documents. Selected United States Government Publications. (Biweekly, free.)
- U. S. Department of Commerce. Business Service Checklist. (Weekly, \$2.00.)
- U. S. Bureau of Labor Statistics. Announcement. (Irregular, free.)

U. S. Geological Survey. New Publications of the Geological Survey. (Monthly, free.)

Depending on his particular interest, the developer may want to review regularly some or all of the following lists of new publications:

Other
Catalogs

Georgia Institute of Technology, Industrial Development Division, Basic Data Branch. Development Data. (Monthly, free.)

U. S. Business and Defense Services Administration. Marketing Information Guide. (Monthly, \$2.00.)

U. S. Department of Housing and Urban Development. Housing and Planning References. (Bimonthly, free.)

"New Market Data," May issue of Advertising Age. (Annual, \$1.00.)

U. S. Bureau of Public Roads. Urban Transportation Research and Planning Current Literature. (Free.)

Joint Reference Library. Recent Publications on Government Problems. (Biweekly.)

Tax Foundation. Library Bulletin. (Monthly, free.)

Indexing and Filing. Due to the limitations imposed by space and staff availability, the SBA development offices should adopt a simple procedure for filing and indexing its materials. As with a selection policy, the procedure to be followed should be committed to writing. It may be desirable to establish data collection offices in the SBA area offices, with smaller collections at the regional office level.

Suggestions
On Storage
Of Materials

Shelving or filing of development material is considerably simplified if publications of a like physical type are filed together. Specifically, separate sections can be maintained for books, pamphlets, clippings and manuscript notes, and for maps. Because books constitute such a small portion of a development collection, they can usually be located quickly if they are filed alphabetically by author, title, or subject. If the collection includes many directories, it may

be convenient to file them apart from the other books. The size of the collection and the frequency of its use will determine whether or not a card index should be established.

Pamphlets and brochures can be filed most satisfactorily and with least expense in pamphlet boxes on open shelves. A simple subject filing arrangement usually proves most effective. When a pamphlet covers more than one subject, it is possible to achieve cross indexing by reproducing the title page, and then filing the duplicate title page under one of the headings and the pamphlet itself under the other.

Newspaper clippings and manuscript notes are handled with greater ease and safety when stored in folders in regular vertical files. A subject arrangement is again the most helpful one. Finally, maps can be filed by issuing agency or by area covered. The latter arrangement serves more needs.

Except for the maps, it is possible to bring books, pamphlets and newspaper clippings together in one shelving system. The problems of filing diverse physical forms cannot be completely eliminated in a one-sequence filing system, however. When several filing sequences are used, the same subject headings can be applied to the different parts so that one merely looks for the same heading in three or four places.

Whatever the filing or shelving arrangement, the ultimate effectiveness of the collection depends on the subject headings adopted. The headings chosen must be carefully adapted to the requirements of the individual agency. In selecting the headings, the developer may find it helpful to follow A List of Subject Headings for Indexing and Filing Industrial Development Collections, American Industrial Development Council (\$2.00).

Indexing
Procedures

The process of selecting, acquiring and filing materials should be kept as simple as possible. No time-consuming records or routines should be established.

Keep It
Simple

Published Reference Materials

Statistical
Abstract

The most reliable and useful reference books are those produced by agencies of the Federal government. Prepared at periodic intervals by competent and experienced personnel, they offer comparable data for defining trends as well as for describing present conditions. For those subject areas where Federal compilations exist, they provide the beginning point in any search for specific data. Most SBA development specialists will need the Statistical Abstract of the United States. Issued annually, the Statistical Abstract contains a detailed subject index to its tables, which do not contain data for small geographic areas but cite the source of the data. The individual can then go to the original source and usually find small area data reported.

Commercially published services represent another type of reference information utilized by developers. Services provide detailed statistical and descriptive information and/or analysis and evaluation of conditions. They are published in the form of books with frequent supplements, in loose-leaf form with new pages being issued to replace those containing superseded data, or in newsletters or some other form of serial publication. Of the many available services, the following are most widely utilized:

Commercial
Services

Dun and Bradstreet's Service provides a reference book and the privilege of obtaining detailed reports on a number of companies. The reference book supplies a credit rating and brief information for each company.

Moody's Investor's Service has five series: Industrials, Governmentals, Banks and Banking, Utilities, and Transportation. In each series a bound volume is published annually and a newsletter is issued several times a week to summarize appropriate news items. The bound volume contains historical and descriptive information concerning the agencies and companies covered as well as balance sheet financial data.

Poor's Register of Corporations, Directors and Executives, released annually in book form, is kept up-to-date with regular supplements. The Register reports brief facts about companies, with a listing of company officials and a biographical section.

The F. W. Dodge Company's services relate to construction. Dodge offers a separate report for each construction project in the geographic area specified by the subscriber. In addition, Dodge publishes a monthly service reporting square footage and value of construction by state and selected counties and cities.

All business services tend to be quite expensive, but many are available in the office of some development agency. In addition to their cost, another limitation may be the restrictions which some publishers place on the use, especially the published use, made of the service.

Attached is a list of titles, grouped by broad subjects, that would constitute a basic reference collection for the regional SBA office. Although not so indicated, several of the titles will be used in more than one category.

List of Basic Reference Sources

Insofar as possible, complete bibliographical citations are given. It is impossible to give a definite citation for many state publications because titles vary from state to state. Many of the reference books are revised and updated at periodic intervals.

Agriculture

- U. S. Bureau of the Census. Census of Agriculture.
U. S. Superintendent of Documents, Washington.
Every 5 years. Price varies.

Business and Industry

- U. S. Bureau of the Census. Census of Business.
U. S. Superintendent of Documents, Washington.
Every 5 years. Price varies.

Business and Industry (contd.)

U. S. Bureau of the Census. Census of Manufactures.
U. S. Superintendent of Documents, Washington.
Every 5 years. Price varies.

Editor and Publisher Market Guide. Editor and Pub-
lisher Company, Inc., 850 Third Avenue, New
York. Annual. \$10.00.

Survey of Buying Power. Sales Management, Inc.,
630 Third Avenue, New York. Annual. \$6.00.

State manufacturing directory. The publisher and
cost can be determined through the local li-
brary.

Educational Facilities and Programs

Annual report of the state department of education.

U. S. Office of Education. Education Directory,
Part 3, Higher Education. U. S. Superintend-
ent of Documents, Washington. Annual. \$1.00.

Employment and Labor Force

State labor department reports. Labor agency in
each state collects and publishes employment
and earnings data. Usually annual and monthly
publications cover the state.

U. S. Bureau of the Census. County Business Pat-
terns. U. S. Superintendent of Documents,
Washington. Annual. \$1.00.

Government

Official register for state. Usually each state
publishes an official listing of state offi-
cials and description of the various offices.

Natural Resources

U. S. Bureau of Mines. The Mineral Industry of
(name of state). U. S. Superintendent of Doc-
uments, Washington. Annual. 10¢.

Population and Housing

U. S. Bureau of the Census. Census of Housing.
U. S. Superintendent of Documents, Washington.
Decennial. Price varies.

Population and Housing (contd.)

- U. S. Bureau of the Census. Census of Population.
U. S. Superintendent of Documents, Washington.
Decennial. Price varies.

Transportation, Communications, and Utilities

- U. S. Federal Power Commission. Typical Electric Bills. U. S. Superintendent of Documents, Washington. Annual. 70¢.
- U. S. Bureau of the Census. Census of Transportation. U. S. Superintendent of Documents, Washington. Every 5 years. Price varies.

Miscellaneous

- Directory of National Trade and Professional Associations of the United States. Columbia Books, 424 Southern Building, 15th and H Streets, N. W., Washington 20005. 1968. 144pp. \$7.95.

Chapter III

FACTORS GOVERNING SELECTION OF REGIONAL-COMMUNITY GROWTH AREAS

Various basic factors can be used by SBA community development advisors as measurements for regional growth and potential. Human and natural resources, including land and raw materials, are extremely important, as well as the influence of amenities of living conditions. Factors indicating areas to be eliminated from consideration because of low growth potential are listed, with sample procedures used in selecting industrial plant locations.

Since one of the concepts basic to motivating development efforts is the opportunity to improve living standards for as many people as possible, SBA community development efforts should be directed toward centers of development where any help that is offered will have the broadest impact. These centers can be determined by weighing the immediate possibilities of a development project in areas where such a new venture might be the cornerstone for the future development of the community.

Measuring
Relative
Merits

Growth centers may, of course, be of different sizes and at different stages of development. Statistical comparison of such centers may identify factors lacking in a given area -- and here SBA guidance can conceivably furnish the means for further growth. In the process of assessing the relative merits of possible growth centers, an analysis of the positive elements and the consideration of any negative aspects will pinpoint areas where a limited amount of help will have the most productive results.

Accordingly, SBA developers should employ selective procedures in identifying communities to be provided with its financial and management and technical assistance benefits. The analysis would be based on an examination of the overall development program, including economic aspects, and any projects planned or needed to upgrade the physical attributes and total amenities of the community. Due thought should be given also to the way in which help to a community can further national objectives such as pollution control,

Analyze
Overall
Program

conservation and beautification, or at least be in harmony with these.

One intangible factor should be emphasized -- the attitude of the community toward its future development. If the general feeling is one of apathy, with no one willing to take the lead in any constructive action, it is a waste of time to analyze that community's potential. Even if other aspects are favorable, unless there is a progressive attitude that will lead to active cooperation for the betterment of the town, a great deal of time and effort may be spent fruitlessly.

One method that can be used in comparison of different areas is illustrated in Figure III-1 on pages III-3 through III-6. The point system can be expanded to include specialized questions where the needs of a specific type of activity are under consideration. Bonus points can be awarded (or deducted) for unusual factors that add to (or detract from) the locality.

Sample
Measurement

Human Resources

One of the primary measures is that of population. This can be viewed both as source of labor for any new enterprise and as a potential market for its products or services.

Human
Resource
Analysis

In addition to knowledge of the actual number of persons living and working either in the community or within reasonable commuting distance, it is important to know something of their background. This background should include information not only on the current economic and social characteristics of the population, but also some indication of past trends. From these facts, the SBA developer can form some preliminary impressions as to whether the community is expanding or decreasing in size, whether its growth has been rapid or slow, or whether its development has been uneven.

Some of the information may not be readily available in statistical terms and will have to be deduced by personal

Figure III-1
MEASURING SMALL TOWN GROWTH POTENTIAL

TOWN: _____

<u>Factor</u>	<u>Limits</u>	<u>Possible Points</u>	<u>Earned Points</u>
<u>Human Resources</u>			
1. County population -- 1960	Under 10,000	0 points	()
	10,000 - 29,999	1 point	()
	30,000 or more	2 points	()
2. Town population -- 1960	0 - 999	0 points	()
	1,000 - 4,999	1 point	()
	5,000 - 9,999	2 points	()
	10,000 or more	3 points	()
3. Town population -- 1960 vs. 1950	1960 larger than 1950	1 point	()
<u>Income</u>			
4. County per capita income is	65% of national average	0 points	()
	75% of national average	1 point	()
	90% of national average	2 points	()
	Equal to or above national average	3 points	()
<u>Markets</u>			
5. Distance to nearest metropolitan area	26 - 50 miles	1 point	()
	11 - 25 miles	2 points	()
	0 - 10 miles	3 points	()

Figure III-1 (Continued)

<u>Factor</u>	<u>Limits</u>	<u>Possible Points</u>	<u>Earned Points</u>
<u>Transportation</u>			
6. Distance to nearest railroad	More than 10 miles	0 points	()
	Within 10 miles	1 point	()
	In town	2 points	()
7. Distance to nearest Interstate Highway	More than 25 miles	0 points	()
	11 - 25 miles	1 point	()
	Within 10 miles	2 points	()
	In town	3 points	()
8. Distance to nearest commercial airport	More than 25 miles	0 points	()
	Within 25 miles	1 point	()
	In town	2 points	()
9. Number of bus lines serving town	No lines	0 points	()
	One line	1 point	()
	More than one line	2 points	()
<u>Labor</u>			
10. Has a new industry located in the town in the last two years?	Employing under 50 persons	0 points	()
	Employing 50 - 99 persons	1 point	()
	Employing 100 - 149 persons	2 points	()
	Employing over 150 persons	3 points	()
11. Does town have	One industry employing 100 persons	1 point	()
	Two industries employing 100 persons	2 points	()
	More than two industries employing 100 persons	3 points	()
12. Has town conducted labor availability study	In last two years	1 point	()
	In last six months	2 points	()

Figure III-1 (Continued)

<u>Factor</u>	<u>Limits</u>	<u>Possible Points</u>	<u>Earned Points</u>
<u>Raw Materials</u>			
13. Are any companies producing mineral products in area?	One company	1 point	()
	More than one company	2 points	()
14. Is the town located on a major stream or river?	Not on stream	0 points	()
	On small stream	1 point	()
	On major river	2 points	()
15. Is a major timber user	Within 10 miles	1 point	()
	In town	2 points	()
<u>Amenities</u>			
16. Town water supply comes from	One well	0 point	()
	Two or more wells	1 point	()
	River or stream	1 point	()
	Reservoir	2 points	()
17. Does sewer system serve town	Without treatment plant	1 point	()
	With treatment plant	2 points	()
18. Does town have	Full-time police department with three or less patrolmen	1 point	()
	Full-time police department with more than three patrolmen	2 points	()
	Volunteer fire department	1 point	()
	Three full-time paid firemen	2 points	()
	Over three full-time paid firemen	3 points	()

Figure III-1 (Continued)

<u>Factor</u>	<u>Limits</u>	<u>Possible Points</u>	<u>Earned Points</u>
19. Does town have (within 10-mile radius)	Senior high school	1 point	()
	Accredited school system	1 point	()
	Technical school	1 point	()
	Junior college	2 points	()
	Senior college	3 points	()
20. Does town have	No medical facilities	0 points	()
	Clinic	1 point	()
	Hospital with less than 20 beds	1 point	()
	Accredited hospital with more than 20 beds	2 points	()

investigation and discussions with business people and residents of each area under review.

Migration. Although the overall population may be growing, the natural increase statistics (total births less total deaths) may reveal that such growth is more than would be expected had the area retained its original population plus all the natural increase. Population growing faster than the increase due to the additional births less deaths in a community indicates a net in-migration from outside the area. If, however, the population growth does not keep pace with the natural increase, this is an indication of net out-migration -- while some people may be coming into the area, more of them are leaving it. These situations reflect the economic climate -- whether it is favorable or not.

Population
Factors
To Be
Considered

Age Groups. The proportion of people in the different age groups becomes especially important where it is found that population has been leaving the area. Out-migrants are usually energetic and ambitious job seekers. Their departure is a loss to the community and can leave a disproportionate number of elderly people and children. Age distribution figures of other cities and metropolitan areas of the state, as well as the national averages, will provide a good standard of comparison.

In-migration usually means the reverse situation -- that work opportunities in the area have attracted the job seekers from outside. There are, however, some special exceptions to this general rule; for example, the flow of elderly migrants seeking a warm climate for their years of retirement is a situation to be considered in certain regions.

Education. The level of general education can be a vital factor in determining the type of industry most suitable for the area. If two or more growth centers are under consideration for the location of a specific plant, the educational background and skills of the labor force in each area can be

Educational
Levels
Should Be
Investigated

assessed in light of the company's needs. A community with a technical or vocational school has the added advantage of being able to provide training to develop any required new skills. Moreover, below average educational levels point up long-term weaknesses that can be corrected only through aggressive and positive community programs.

Attitudes. An important element in assessing the potential skills of the work force is the general attitude of the population toward training programs. While the existence of technical-vocational schools is an advantage, their value can be very limited if the workers are reluctant to attend classes to upgrade their skills and show a general antipathy to any change.

Commuting. Any information on commuting patterns can be very useful. What distances are people willing to travel to jobs in the community? Does this commuting occur from all points of the compass along adequate highways, or are there natural or man-made barriers to ready access from some directions? A growth area will show signs of being, literally, the center of attraction. Local stores will satisfy the immediate needs of outlying communities for food, gasoline and other convenience items, but when any more important business has to be transacted -- banking, insurance, accounting, specialized repair work, major purchases -- which center is most used? And what other centers, maybe equally accessible, are bypassed?

Commuting
Patterns
Are
Important

Income

An excellent indicator of the economic well-being of any community is its level of per capita income. This is especially useful when compared with that of other communities and with the average for the nation. The total income of a region may reveal an overall pattern of growth that could be due solely to an increase in population. If the economy is depressed, however, the average income of the population may well be declining.

Income
Measurements
That Are
Meaningful

Calculation of income on a per capita basis (total income divided by total population) is, therefore, a truer measure of prosperity. If year by year figures can be obtained, a pattern of the development of the community can be traced. The effect of inflation can be overcome by using the Consumer Price Index to modify the dollar values, or, alternatively, direct comparisons can be made with the per capita income figures of the state, the U. S., or other cities in the area.

There is a general trend throughout the U. S. for per capita incomes to converge toward the average for the nation, as job seekers are drawn to regions offering higher wages. This leveling process is slow and erratic, however, with long periods of adjustment. Many workers are reluctant to leave their homes even though jobs may be scarce or unobtainable. When out-migration takes place from an economically depressed area, the temporary result may be that the per capita income of the area will rise, since the total earnings of the productive workers remaining would be divided by a lesser number of people.

Using
Per Capita
Income
Trends

In comparing community income levels, then, the continued increase in per capita income of a growth area will be associated with increasing population and employment -- a pattern of overall expansion. This gives the SBA developer some definitive indicators on the economic climate.

Land

The analysis of the economic background of the population of any community presupposes that there is land in and around that community available for development. Natural or man-made barriers -- mountains, rivers, deserts, military establishments, conservation districts, etc. -- may inhibit the expansion of some areas beyond a certain size. Although more intensive use of land is possible in the building of high-rise apartments or offices, the average industrialist needs

Land
Needs
In A
Growing
Economy

land on which to build. Other economic activities also may require that additional land be held in reserve for future expansion. This is particularly true because of the current trend to single-story construction in several important segments of the economy.

Once land has been put to use, it is not always easy to change its function. This holds true even though it may be proved that its current use is by no means the most economic or beneficial either to the owner or to the community. A growth area should not only have open space available for development, it also should have some plans for ensuring that the land is put to the best possible use.

Land Use. In examining the community's present use of land, it is convenient to divide it into three main components -- residential, commercial and industrial -- set against a framework of highways, streets, railroads, water routes and other public uses. Many of the requirements of these three major land-use components are the same. All of them need water, power, access to streets and highways, fire and police protection and similar services. Other requirements vary, and some of them might be regarded as desirable rather than essential. These "desirable" features, however, can make the difference between a town where people are happy to settle and take root and one where there is an undercurrent of dissatisfaction and little regret at the prospect of moving on.

Examining
Present
Land
Uses

Pleasant residential areas, for example, are usually set apart from the noise of heavy traffic and relatively free from gasoline fumes and factory smoke. Successful commercial districts generate their own traffic, and noise and crowds are the normal adjunct of retail and service centers. Manufacturing operations may have less traffic, except at rush hours, but the greater the degree of noise, smoke, or odors, the less welcome they are as near neighbors.

All these land uses are, however, interdependent. The residential population needs the stores and services and jobs within reasonable traveling time. The shops and business establishments need customers, both individuals and other firms. The factories need workers and business services. If these dissimilar functions are combined into a harmonious pattern, the prospects for the growth of the community are enhanced.

Land
Uses
Are
Interdependent

Future Land Use. Any plans for the use of vacant land in or around the community should be coordinated with the existing land-use pattern. Sufficient space should be provided for the convenient extension of streets and highways. Land should be set aside for residential development, and suitable acreage zoned for commercial use.

Consider
Future
Land
Uses

The locational needs of industry should not be met on the basis of "what is left"; at the same time, a manufacturer should not be permitted to seize an attractive open space to the detriment of the present or future needs of the population. Zoning plans outlining the best use for vacant lands must be made with due regard to the expansion of all sectors of the community.

Within such a zoning framework it should be possible to identify specific industrial sites of various sizes. Many light industries with no major "nuisance" problems can be accommodated in close-in areas. Sites for heavier industries with some objectionable features should be further out from town, with buffer zones created to protect the area from future neighbors. The designation of industrial areas should, of course, include arrangements for the extension of utilities, access to major highways, and the use of railroad spurs.

In addition, information on such items as land costs, tax rates and municipal services, when readily available, can give a valuable impression of welcome to any prospective user, industrial or commercial.

A community that has made preparations in this way for the lines along which it wishes to develop, if it is not already a growth center, is most likely to become one.

Natural and Man-made Resources

In measuring the growth prospects of any locality, the special advantages of natural or man-made resources must be considered. An industry which can be developed to exploit the resources already in the area can often spur the growth of many subsidiary operations. Other factors are, of course, essential -- there must be workers, transportation, markets, etc. -- but the existence of a primary resource is a significant asset.

One advantage of a local resource is that its exploitation can be aimed at external markets. "Export" industries are of major importance in promoting the growth of a region, since they bring in income from outside the area. This "new" money when paid out by the "export" industry as wages or in payment for other business services starts a long chain of demand -- for houses, cars, furniture, appliances and all types of services.

Similar results follow, of course, from the establishment of any company whose products are sold outside the area. But, if raw materials have to be purchased from outside, there is a lesser flow of money in the community than if the raw materials are a local commodity.

An important example of a natural resource development that has many beneficial aspects is the recreational industry. If land resources can be converted into an attractive center for some recreational purpose -- boating, swimming, fishing, skiing, camping, golf, etc. -- this can not only bring in "outside" money, but also provide local jobs and a local amenity that could be instrumental in the attraction of other related economic activities. These qualities make this type of growth program of particular interest to SBA developers.

Advantages In
Natural
Resource
Development

Financial Climate. Banks and other financial institutions have a major interest in the growth of the community, since such growth will lead to the expansion of their own business. Many large banks now have officials whose main concern is economic development of the service area, but even small institutions are aware of benefits that might accrue from work in this field. Cooperation can vary, however, and some examination has to be made as to the progressive attitude of local financial establishments. It would be astute to be aware in advance to what extent local funds will be available to support any economic development program in the community.

Financial
Climate
Influences
Attitudes

Loan limitations for banking institutions vary greatly with state and Federal regulations and are influenced also by seasonal demand and individual loan policies. Thus, no fixed financial potential can be established as a guide in assessing that community resource.

Transportation. The original stages of economic activity in the U. S. were concerned with farming, forestry, fishing and mining. The early settlers, once their own immediate needs were satisfied, soon established trading routes. The recognized trails between settlements, the ports from which goods were shipped to Europe, the stores and handling facilities which developed, in themselves became basic resources of the region.

Transportation
As A
Resource
Factor

As the economy gradually became more complex, new sections of the country were opened up to cultivation and mineral extraction. The processing of goods before shipment (particularly minerals) caused the formation of industrial centers, and a network of transportation routes linked the nation by highway, water and railroad.

The growth of transportation facilities served to offset the pull of natural resources, except where the bulk or

weight of the raw material could be reduced by immediate processing. Railroad junctions and highway intersections became important as distribution centers in an economy that placed more emphasis on market-orientation. A multiplicity of subsidiary industries developed around such centers -- to handle final processing of materials before delivery to the consumer, to manufacture components for shipment to another manufacturer, or to perform the many service functions required by businesses and residents of the area.

Amenity Resources. Other opportunities have derived from a fortuitous mixture of natural resources and creative effort. The construction of a dam for power supply or navigation purposes can be a major capital expenditure, not usually undertaken by a local community, even though it may benefit substantially from the results. The reservoir formed by the dam can create a region of lakes and make forests accessible for the enjoyment of the population. At the same time, it can provide hundreds of new jobs -- not only in connection with the power supply, but also to cater to the leisure-time activities of visitors to the area. Other programs -- parks, lakes, camping sites -- can be carried out on a lesser scale, adding greatly to the attractiveness of the whole district.

Growing
Importance Of
Amenity
Factors

Such "amenity resources" are becoming increasingly important. So many industries now are not tied to any specific location that it is possible for them to choose a site on the basis of desirable living conditions. A growing market in such areas is almost assured. Not every state can have the natural advantages of climate and coastline to offer to both vacationers and residents, but a review of recent advertising shows an increasing awareness that industry and workers (and therefore markets) are now influenced in their location decisions by the amenities of the area. These can, of course, include cultural and educational facilities, individual and

spectator sports, and special opportunities for other recreational activities, as well as the natural beauty of the surroundings.

Elimination of Unproductive Areas from Consideration

Some of the problems inherent in selecting an area with the most growth potential can be reduced by eliminating communities on the basis of various negative criteria. For this purpose many of the favorable points already mentioned above can be considered in reverse. One negative factor alone, however, should not ordinarily rule out a community, unless the situation is such that the negative condition is an essential consideration and cannot readily be changed. Negative factors to be considered include:

Natural or man-made barriers limiting the access to and from other communities

Lack of land suitable for industrial use

Problems of quantity or quality of water

An unusually burdensome tax structure

Continual population decline, particularly where the out-migration is concentrated among the younger groups of the labor force

Poor education facilities

Inadequate transportation facilities

Continued decline in per capita income

Poor municipal services

Some factors might be difficult to pinpoint in specific terms, depending more on personal judgment than statistics. Here the SBA developer will have to include some personal observations. Often, a feeling of apathy in the public attitude, or even a sense that a new plant would be unwelcome, is cited as a sound reason. This might well be the case if the town is dominated by one company with strong political influence, or where diversification of industry would mean competition in the labor market, with possible repercussions in the wage structure.

Procedures In
Eliminating
Some
Locations

Some adverse factors that could be altered (such as decline in population or income) might be worth investigating further to ascertain the reasons for the present situation. Towns that have grown because of the presence of some natural resource may well cease to have any economic reason for existence once that resource is depleted (gas, oil, coal, or other mineral deposits; forests cut without replanting, etc.). Or the demand for the area's major product may have declined, due to cheaper production elsewhere or the introduction of some superior competitive item. If a substitute industry can be introduced into such a situation, the whole area might be given a new lease on life; but if such an adjustment is not economically feasible, any temporary help can only delay the gradual drying up of the community.

Industry Standards for Location Selection

General procedures used by alert management of top industrial firms in selecting new plant locations would serve SBA community development personnel as guides to procedures in selection of growth areas. In the final analysis, most plant location decisions are made on the basis of comparative operational costs. This is the approach used by almost the entire range of modern industrial management.

While the needs of different industries, and of different types of plants within industry classifications, will vary widely, certain underlying economic considerations prevail. If a location cannot meet those requirements considered of prime importance for a specific project, obviously all its other attractive features are of small consequence as far as that plant is concerned.

Some of the most common locational considerations include nearness to sources of raw material and to markets; transportation costs and service; availability and cost of fuel and power; and availability and cost of labor. However, many other considerations exist, any one of which may become a

Industry
Standards In
Selecting
Locations

deciding factor. Among these are local legislation affecting industry, local tax situations, the availability of financial assistance for plant construction, the quantity and quality of water, climate, standards of fire and police protection, and cultural amenities.

Raw Materials and Markets. Proximity to sources of raw materials is still a major factor with some companies, especially where manufacturing operation reduces the weight or bulk of the commodity so that the end product is less costly to ship. If, however, the transportation of raw materials presents no particular problem, the company will probably choose a point to minimize distributing costs. Not only must present markets be considered, but the growth and possible shifts of markets must be estimated. Information showing a particular community to be a growth center should be of vital interest to a market-oriented company.

Raw
Materials
And Markets

Transportation. Some aspects of transportation are tied in with the relative cost of shipping raw materials or finished goods, but other factors are important. Access to airports, highways, railroads, waterways and port facilities, frequency and dependability of services, and directness of routes with a minimum of handling changes are all essential considerations.

Transportation

Labor. Substantial variations in labor requirements are evident, from the labor-intensive plant looking for a large number of unskilled or semiskilled workers at relatively low wage rates to the company needing highly skilled technicians and other professional personnel. The kind of labor force available, then, can be an important consideration, but if the living conditions of the area are sufficiently attractive, it may be possible to attract any type of worker in short supply.

Labor

Fuel, Power, and Water. Obviously, a company has to be sure that all the utilities essential to its particular type

Utilities

of operation are available. Some plants require large quantities of low-cost power, substantial amounts of natural gas, large volumes of water for processing, or water of specific mineral content.

Taxes and Public Services. Low taxes are not necessarily an advantage if they reflect poor public services. Fair and equitable tax treatment accompanied by efficiently run public services are an acceptable combination for most companies.

Taxes
And
Services

General Services and Supplies. Some firms, particularly small ones, are dependent on other types of companies to supply them with specialized goods and services needed in their operation. Unless such a firm is prepared to branch out and provide its own supporting requirements, a location away from such services would not be feasible.

Site Availability. An obvious point, which cannot be taken for granted, however, is the availability of a suitable industrial site at a reasonable cost. The adequacy of the site will depend on the specific needs of the company. As indicated earlier, full information on all available facilities is always sought by industrial and related types of prospects.

Plant
Sites

Amenities. Such factors as climate, cultural and recreational facilities, educational institutions and pleasant residential neighborhoods, which influence the quality of living, are of increasing importance in industrial location decisions. Highly skilled technical and professional personnel are both more mobile and more scarce than labor in general, and companies competing for their services will need to choose a community offering attractive living conditions.

Amenities

Community Attitude. Among other secondary considerations is the general attitude of the community toward the new business. Not all towns welcome a new company, particularly if it will compete in a labor market geared to the demands of a well-established industry with political influence.

Making the Analysis

The obtaining of detailed information on the past, present and estimated future growth of an area should not be allowed to obscure the overall purpose of such studies for SBA staff members. Once all the facts have been assembled, communities should be compared with each other on the basis of measuring respective assets and liabilities. By using the measurement device on pages III-3 through III-6, the developer can make a preliminary assessment of the growth potential.

The cumulative advantages displayed by one center may pinpoint it immediately as the area with the most potential for continued growth. Several communities, however, may have the population, resources and facilities that qualify them for consideration, and any one of these may eventually prove to have the special attributes being sought by entrepreneurs and investors.

Making The Analysis

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CHAPTER IV

WORKING WITH COMMUNITY LEADERS AND REGIONAL CONTACTS

Community leaders are essential to the success of any local development program. Key leaders from various segments of community life are identified, and local organizations and their functions are described. Procedures which SBA development specialists can use to analyze leadership structure and to evaluate local leadership are outlined. Methods of working with community groups and their leaders are recommended.

Most authorities agree that community development is a process which emphasizes the involvement of community leaders and citizens. In many cases, community development depends on a broad base of citizen support to achieve success. More infrequently, the community leaders themselves can activate projects and see them to fruition without widespread backing in the community. Generally, however, a wide base of support is sought by these leaders.

Community leadership is the element with which SBA personnel will be primarily concerned in the community development program. The subject of community leadership is treated at some length in the following pages.

It is important that SBA personnel recognize the nature of their role in working with the community leadership. This obligation to the community is threefold: catalyst, advisor, and participant. The catalytic role is to hasten the development process in the communities with which SBA is working. The advisor role encompasses a broad spectrum of subject area counseling, ranging from assistance in procedural and technical matters to the provision of information about the multitude of Federal and state programs which exist to aid the community. The participant role involves SBA and other lending agencies which make loans to support various projects.

Recognize
Nature Of
SBA Role

Key Area Contacts

It should be recognized that the community development process is a complex one, touching on all aspects of the community structure -- political, economic, religious, civic,

Making
Contacts
With
Key Leaders

sociological and educational. Not all of these activities have equal weight insofar as the Small Business Administration mission is concerned.

In the light of SBA objectives, it is obvious that the agency's personnel must have a primary interest in and communication with certain types of community and regional leadership. Leaders in government, finance, business, industry and the professions are important to the accomplishment of SBA goals. To a lesser extent, leaders in other activities may be important, depending upon the developmental activities being pursued. Trade, civic and union organizations may be important in the provision of opportunities to such sectors of the population. Religious, health and cultural organizations and their respective leaderships sometimes will be important to the completion of projects in which SBA has an interest.

Figure IV-1 lists the usual key leaders in community development activities, along with the usual depth of involvement for such leaders in terms of their responsibility for policy making, advising and carrying out of projects. This composite is drawn from the experience of many communities. The table, of course, is generalized, and the leaders for any specific project in a community might vary considerably.

Identifying
Key
Leaders

For example, in a small community, a well-known and well-liked pharmacist may be a significant policy maker, advisor, and doer. Or an outspoken member of a civic group may wield enough influence to motivate the civic group to assume a leadership role. Leadership that develops in any project likely will reflect the nature of the project and the interests and motivation of the people who are potential leaders.

Economic Sector Leaders. Generally, the persons who play the largest role in community development efforts are identified under the economic sector. This does not preclude individuals in the economic sector other than those listed from assuming leadership, depending upon the individual

Leaders
In Economic
Sector

Figure IV-1

USUAL KEY LEADERS IN COMMUNITY ACTIVITY

<u>Sector</u>	<u>Usual Type of Leader</u>	<u>Extent of Involvement in Community Development</u> *		
		<u>Policy Making</u>	<u>Advisory</u>	<u>Implementation</u>
Economic	Financial executives	F	F	A
	Commerce executives	F	F	F
	Industry executives	F	F	F
	Wealth leaders	F	F	F
	News media executives	A	F	S
	Lawyers	F	F	F
	Educators	A	A	S
	Realtors	F	A	S
Government	Federal agency administrators	S	A	S
	State department executives	S	A	S
	County officials	S	A	S
	Mayors, councilmen	F	F	A
	City department heads	S	A	A
Civic	Service club officers	S	S	A
	Chamber of commerce executives	A	F	F
Trade	Trade association executives	S	A	A
Labor	Union leaders	S	A	S
Neighborhood	Improvement organization leaders	A	A	A
	Garden clubs, etc.	S	S	S
	Parent-teacher associations	S	S	S
Minority	Negro leaders	S	S	S
	Ethnic group spokesmen	S	S	S
Cultural	Social leaders	S	S	S
	Religious leaders	S	S	S
	Cultural leaders	S	S	S

* F = Frequent, A = Average, S = Seldom.

community, the specific activities being considered, and the unusual talents of certain individuals.

Almost certainly, however, people from the economic sector will be among those who assume leadership. Their role is primarily in the policy-making and advisory areas; they participate only to a lesser degree in implementation of projects. When they accept implementation leadership, they frequently use their employees or organization staff people to carry out the necessary activities without relinquishing the authority for the project.

These generally are the people with whom the SBA personnel must communicate in the evolution of community development activities. It is at this level that community development projects are approved or disapproved. Generally these are the people who commit money, time and effort for the community.

Government Officials. Government officials, both elective and appointive, are frequently vital to the successful completion of community development projects. However, their role in the selection of projects and in the determination of policy is usually a lesser one, in that they rarely play the policy-making role, but are frequently advisors and implementors of projects.

Role Of
Government
Officials

Some elected and appointed officials are crusaders for reform or for some community action which they deem necessary to the general welfare. The records indicate that these leaders are not in office for any great length of time -- they either accomplish their purpose or fail in it and subsequently move on or are not reelected.

Most officials who have held governmental posts for any length of time follow, rather than try to create, public opinion. While public opinion is being focused on a subject, they tend to listen to all sides of the question without taking a strong stand on the issue. However, once public opinion has been crystallized on a subject, perhaps as a result

of the activities of other leaders, then these officials are aggressive in carrying out the needed program.

This situation results from the environmental situation in which governmental officials find themselves. Their responsibilities are governed by the laws under which they are elected or appointed. Authorities and responsibilities are divided among various officials. A governmental official is seldom in a position to make the necessary decisions relating to solving a community problem.

Nevertheless, the power to assist in carrying out leadership decisions is frequently vested in governmental leaders, and they therefore are extremely important contacts for SBA personnel.

Principal governmental contacts fall into three general categories: (1) Federal, (2) state and area, and (3) community.

(1) Federal Contacts. Federal contacts are important in the community development process because of the various assistance programs that Federal agencies have or fund. The role that most Federal agency personnel play directly in community development organizations is small.

Participation
Of Federal
Agencies

However, it is desirable that the SBA personnel involved in community development have a thorough knowledge of many Federal programs and the regional individuals who can advise the community fully about such programs.

Officials of organizations such as the Economic Development Administration, Office of Economic Opportunity, and the Department of Health, Education and Welfare should be sought out by SBA employees, a rapport established and an understanding of these organizations developed. The aim would not be to know the details of the organizations and their programs, but merely to know enough about them to analyze intelligently their potential for solving identified community problems.

(2) State and Area Contacts. Similarly, state government officials may be important in specific community projects. For example, many states have state industrial development corporations, whose primary function is to be a lending organization in the establishment of new industrial enterprises or the expansion of existing concerns. It is important that SBA personnel know the capabilities of such corporations, especially where they complement or supplement the SBA functions. Likewise, the key personnel in such operations should be known to the SBA staff so that referrals of community projects may be made to them.

Participation
Of State
And Area
Agencies

(3) Community Officials. In most communities the mayor is called upon to exercise leadership in policy making and to serve in an advisory capacity. Less frequently, he is called upon to spearhead the implementation of projects. Usually community leaders will keep the mayor thoroughly informed of projects regardless of whether or not he is an actual participant.

Participation
Of Community
Agencies

Lesser city officials generally find their position in the community development process in the action phase. They are frequently assigned the task of seeing that community projects are pushed through to a successful conclusion. Professionals, such as city managers and city planners and engineers, generally serve in an advisory capacity.

Civic Organization Leaders. Civic organizations such as service clubs (Rotary, Lions, Kiwanis, Civitan, etc.) usually have a membership containing some of the top leaders of a community and a great many of the second-level leaders. These organizations serve as a regular meeting ground for these two sectors of community leadership, permitting an informal exchange of views on issues.

Civic
Organizations

In the smaller communities, the civic organizations play a vital role in initiating and carrying out improvement projects. Some service clubs finance the purchase of land and construction of a building for lease to industry or carry

out projects of similar magnitude. In the larger community, the service clubs tend to serve more as discussion groups than activist groups, since the larger community has specialized organizations which can handle many of the worthwhile community projects.

The chamber of commerce is usually associated with progressive programs for community development. The chief officer of the chamber is sometimes a policy maker in the community and frequently an advisor to the leadership. In addition, he often is an implementer. In these roles, he is also a clearinghouse of information. It is desirable for the SBA staff to establish a rapport with such an individual.

Trade Association Executives. There are many types of trade associations covering industrial, business and financial establishments. These are usually formed for various reasons, such as dealing with problems of the trade, dissemination of information, or lobbying for legislation. Their strength lies in the membership, which represents a horizontal segment of the national, regional, or community economy. For example, a state-wide association of manufacturers can wield considerable influence and can serve as a vehicle for getting community projects accomplished on occasion. Usually, these organizations provide data and information germane to a proposed project or can provide tacit or actual support for such projects. The chief staff executives and the elected presidents of such groups are excellent contacts and sounding boards. They generally are not at the policy-making level, however, in community affairs.

Trade
Association
Officials

Union Leaders. More and more, union leadership has developed an interest in community leadership. In those cases where community projects are of a sociological nature or otherwise of interest to union leaders, these individuals have policy-making roles as well as advisory and implementation activities. Generally, where the activities are not of

Union
Leader
Activity

direct interest to the unions, the leaders tend to be inactive.

Neighborhood Influentials. There are many types of neighborhood organizations with differing objectives and degrees of effectiveness. Projects undertaken by such groups are generally restricted to the neighborhood area and are frequently not of the type in which SBA would have an interest (problems of a minor nature or with a sociological implication, ranging from safer street crossings for children of the area to the solving of racial problems in a neighborhood in transition). Nevertheless, on occasion neighborhood organizations may plan and try to implement projects of interest to SBA, and in such cases, it is desirable that contact be established with the leaders of these organizations.

Neighborhood
Leaders

Minority Leaders. Minority organizations have existed as long as the United States. In a sense, all of the early settlements in the New World were settled by minority groups, ranging from the religious oppressed in the case of the New England Pilgrims to the debtors and criminals which first settled Savannah, Georgia. Sometimes organizations of immigrant minority groups came into being for social purposes, or to preserve the heritage of the "old country," or to lobby for some protective legislation.

Minority
Group
Leaders

The plight of the underprivileged minorities, the Negro and the poor white, those categorized generally as in the "poverty class," has been increasingly recognized in recent years. Numerous Federal and a number of state and local programs have been organized to seek to improve their lot. In the Negro segment of the population, a large number of minority organizations have developed. Many leaders of these organizations wield considerable influence in the community.

Some of these organizations seek to establish new enterprises owned and operated by Negroes. The enterprises may be commercial, service, or manufacturing in nature. Frequently

they require loans to permit the enterprise to come into being and to operate. Often the managers require management and technical assistance. These are fields in which SBA personnel are adept and accomplished.

Cultural Leaders. This grouping refers to social, religious and artistic leaders of the community. These leaders are not generally in the forefront of community development policy making, although they are frequently called upon in an advisory capacity and sometimes for implementation of projects (especially where they relate to the particular fields of the cultural leaders). Obviously, the cultural segment of a community might be intensely interested in such projects as a new library, museum, or theatrical complex and might assume a dominant leadership role.

Cultural
Group
Leaders

Regional and Community Organizations

Action programs of community development are dependent upon the leadership and the organizations which are motivated to participate in these programs. It is a rare occurrence when one powerful individual by himself can mount and implement community development programs. In such a case, this will usually be a one time occurrence, since continuity is not present in such a situation, for only when a broad base of interests is involved in community development does a continuing effort for betterment result.

Formal
Organizations
Active

The major interests of SBA may indeed focus on the successful completion of one or more local projects, the nature of which falls within the purview of the Small Business Administration functions and responsibility. Here SBA can play a significant role without total and continuing involvement in a multitude of community programs, many unrelated to SBA goals.

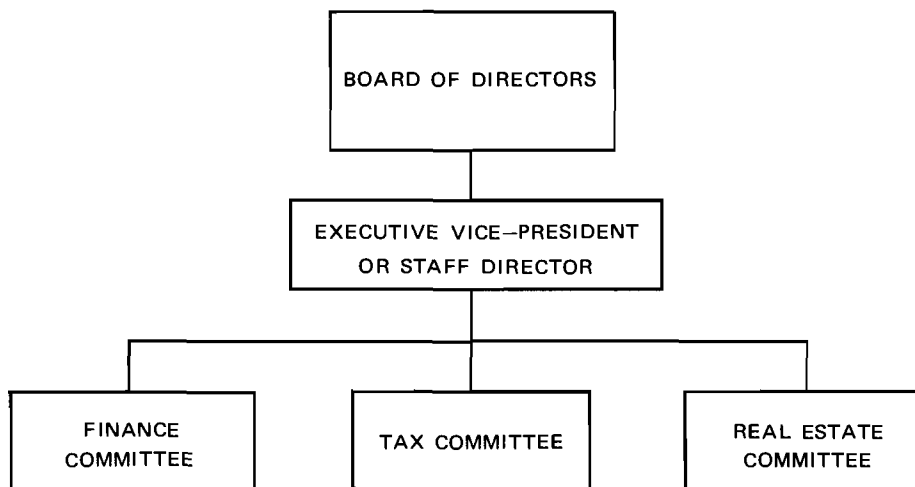
Some of the community organizations are of more interest to SBA than others. These are organizations which normally take on projects in which SBA may be involved in providing loans or technical assistance of some sort.

In a large community, there may be a multiplicity of regional and community economic, civic and special interest organizations with which SBA may work. In the smaller community, those below a population of 10,000 to 15,000, there may be only one or two organizations which have the capability to generate and implement substantial projects for the betterment of the community. Such organizations generally fall within the following categories:

Local Development Companies. Frequently communities establish development companies which generally concentrate on the attraction of industry or the development of home-grown industry, although they are not excluded from an interest in other commercial ventures or civic improvements. They may be publicly or privately financed. They may be constituted as

Industrial
Development
Corporations

Figure IV-2
ORGANIZATION STRUCTURE: LOCAL DEVELOPMENT COMPANY



quasi-governmental payroll or bonding authorities, with the authority to issue revenue (or more infrequently, general obligation) bonds for industrial purposes. In almost every case, they are guided by civic leaders from the economic and governmental sectors.

It may be necessary to restructure an existing corporation to insure that it meets SBA requirements for handling loans under the 502 program. On occasion, the SBA will find

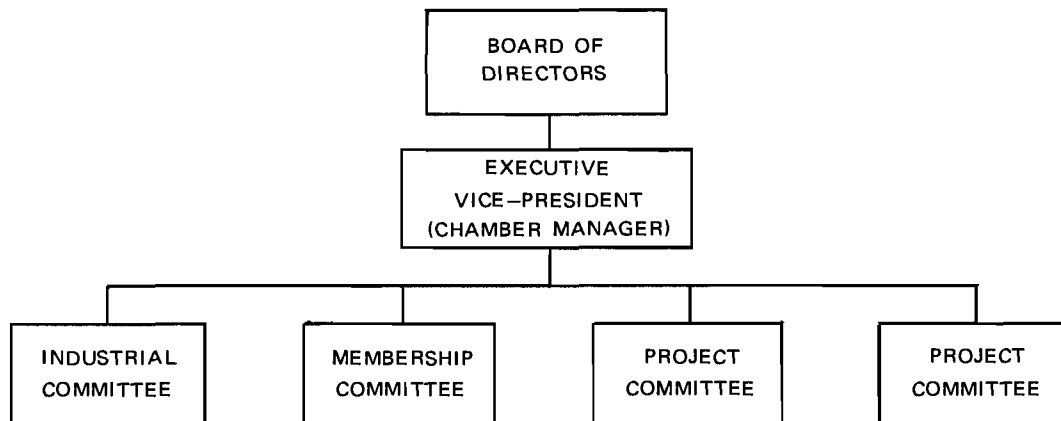
itself working with two organizations in a community. One organization will create the overall community plan. Another will serve as the vehicle for loans.

Here the primary emphasis is on the creation of new industrial jobs, although other job-creating activities may be considered as well. The corporation usually serves as a vehicle for fact gathering, promotion and financing of new ventures. It is this type of organization which the SBA most often utilizes in its community development program.

Chambers of Commerce. The chambers of commerce represent the business leadership of the community and their goals usually embrace total community development. Aside from one or more staff people, the chamber of commerce is largely a voluntary organization operating through a committee system to achieve its goals. Chambers Of Commerce

The primary aim of such organizations generally is to promote balanced development of the community. The primary

Figure IV-3
 ORGANIZATION STRUCTURE: SMALL CHAMBER OF COMMERCE

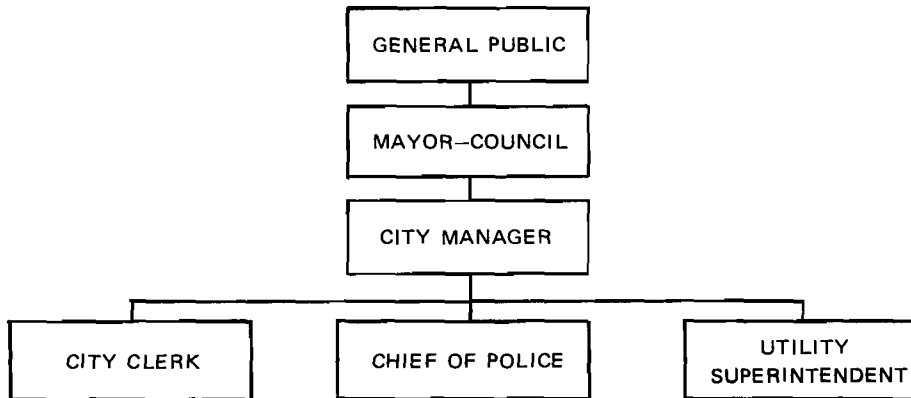


focus is usually on business and industrial activity, but this does not preclude activity in other areas pertaining to tourism, agriculture, education, civic improvements and the like.

Municipal Governments. Municipal governments are frequently involved in development efforts, especially those conducted by other organizations in a community. In planning, construction and financing of new projects, the role of community government is often vital. Sometimes a separate development office is established by the city or a semiautonomous bonding authority to provide a vehicle by which the city participates in community development efforts of the type in which

Municipal
Governments

Figure IV-4
ORGANIZATION STRUCTURE: SMALL MUNICIPAL GOVERNMENT



SBA has an interest. Lacking such formalized organization, the mayor or some of the councilmen in smaller communities may play an active role in the leading community development groups.

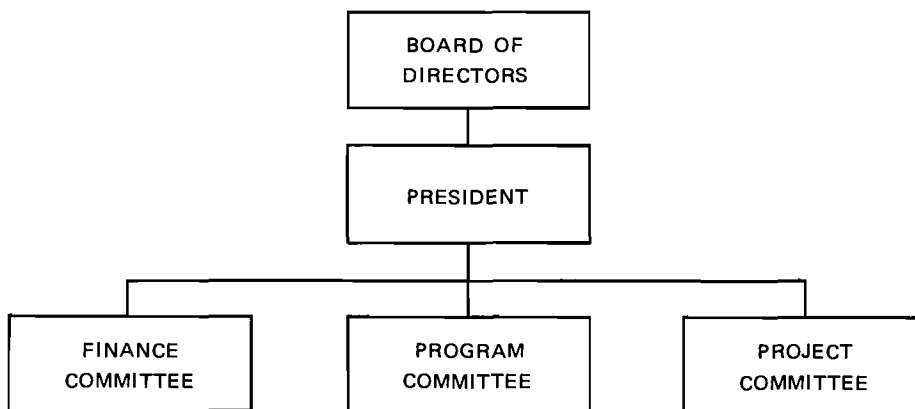
Here the aim is to provide efficient city government and services, while planning for orderly future growth. Because many cities have a deep involvement in the development of the infrastructure (i.e., streets and roads, utilities, services, etc.), there is a continuing need for dialogue by other development groups with the city government.

Civic Clubs. These groups are organized generally for civic improvement and charitable purposes, although they have important social aspects as well. They are project-oriented to both short-term and continuing civic projects of various

Civic
Clubs

sorts. Because elements of the leadership are represented in these organizations, they serve as forums for formal and informal discussion of meritorious projects for the community. Sufficiently motivated, they can help provide a broad base of support for projects by disseminating information about needs and action plans.

Figure IV-5
 ORGANIZATION STRUCTURE: CIVIC CLUB



Analysis of Leadership Structure

The factors that make a leader are complex and vary frequently with the individual. The relationships with others in the leadership structure may also be complex.

Leaders exercise leadership within power structures in a community. One author, in describing the power structure in a large regional city, expressed the following hypotheses:

1. The exercise of power is limited and directed by the formulation and extension of social policy within a framework of socially sanctioned authority.
2. In a given power structure a smaller number of individuals will be found formulating and extending policy than those exercising power.
3. All policy makers are men of power but men of power are not, per se, makers of policy.

Make
 Analysis Of
 Leadership

What are the characteristics which set leaders apart from others in the community development activity? Leaders have been categorized in many ways. One analysis suggests that leaders fall into one of four classes -- static, institutional, impressive and expressive.

Static Leader. The static leader is as an expert who knows the answers to problems but who develops no bonds with the leadership group in a community. For example, an SBA staffer called in to provide answers to a community group may well assume the role of static leader. If he visits with a group often and over a period of time, he may move from a static to a dynamic leadership role. In the latter capacity, however, he may deprive local individuals of exertion of leadership, thus limiting the continuity of leadership of the community group.

Institutional Leader. Institutional leaders are those who provide dynamic leadership by virtue of their positions with institutions such as churches, schools, or government. While these often have more know-how than other people in given areas of activity, they should not be expected to provide leadership in the fields in which they have no expertise.

Impressive Leader. The impressive type of dynamic leader assumes the leadership role because he is interested in gaining power or influence over others. He will recognize a common cause so long as it is to his advantage to do so. These leaders are well motivated and tend to work harder than others. However, because of their motivation, they do not tend to develop other leaders. If and when they move on, they leave a void of leadership.

Expressive Leader. This type of dynamic leader recognizes that his own best interests are served by acting with and through the group. Under his guidance, there is a sharing of leadership, and the group can carry on effectively without his presence.

Leadership Characteristics

A number of recognizable leadership characteristics, attributable to leaders but which can also be shared by other members of the community development organization, can be identified:

Initiating activity	Elaborating
Seeking information	Coordinating
Seeking opinion	Summarizing
Giving information	Testing feasibility
Giving opinion	Testing for consensus

Other leadership characteristics which are important to the smooth functioning of the community development group are as follows:

- Encouraging participation
- Standard setting -- expressing standards or criteria to help the group arrive at decisions
- Expressing group feelings -- summarizing how the group seems to feel
- Diagnosing -- determining sources of difficulty
- Compromising -- trying to provide compromises for opposing points of view
- Harmonizing -- draining off negative feelings or relieving tension with humor
- Consensus testing -- sending up a trial balloon to test a group conclusion
- Following -- serving as an interested audience while others are talking

Incentives for Leaders

Incentives that motivate leaders have been suggested above. These range from an altruistic desire to better the community at one extreme to a desire for direct benefits in the form of money or power at the other. What are the incentives for leaders in community development processes? Some of the major reasons people are motivated to exercise leadership are the following:

Personal Recognition. This is one of the most powerful incentives to leaders. Human nature wants recognition for a job well done, and leaders are no exception in this regard. Many people crave recognition and this impels them to assume

Characteristics
Of Leaders
Explained

Incentives
Motivating
Leaders

a position of leadership. A good leader, by giving personal recognition to those in the organization who have performed well, provides a strong motivation to these people to exert even greater efforts for the organization.

Group Recognition. Many leaders obtain genuine gratification from the performance of the group with which they are associated. If the group has performed well, all members of the group are stimulated, deriving satisfaction in proportion to their involvement and the recognition that the group obtains. Naturally, the leadership shares in this recognition.

Discharge of Responsibility. Many people assume the role of leader in community development because they feel a sense of responsibility to the community. When a person has worked hard and achieved success in a community, a feeling of gratitude often results toward the community which has made the success possible. This frequently impels the individual to seek ways in which to demonstrate the gratitude. This can take many forms, among them active participation in community affairs and a willingness to assume the burdens of leadership.

Obtaining a Better Community. A prime incentive in developing and motivating leaders is a normal desire to make the community a better place in which to live. This is often coupled with the desire to retain the children who have grown up and been educated in the community, rather than having them move away to communities where greater opportunities exist. Community leaders may act in concert to achieve such goals as attracting new industry so that jobs will be created or providing recreational facilities and other amenities which make the city more attractive to the residents and outsiders.

Personal Gain. Sometimes leaders become strong proponents for community development projects, motivated in part by the possibility of personal gain. Usually, when this occurs the effectiveness of these leaders is diminished, for members of the organization tend to resent the personal gains which may

accrue to certain individuals. Respect for the leaders may dissipate and the operation of the group cease altogether.

This is less true of groups organized on a profit basis, provided that profits are shared equitably. In the profit-based community development group, the leaders and the participants are likely to be very dedicated to the goals of the group. The members frequently make a financial investment in such an organization and rightfully participate in a motivated way. Such organizations rarely receive a wide base of support in a community, and what they accomplish may well have to be as the result of their efforts alone.

Deterrents to Leadership Action

Sometimes the leadership of a community development organization may choose not to push for a project which appears to be badly needed and a reasonable solution to an identified problem. It is important that these deterrents to motivated leadership be identified and analyzed so that suitable ways to overcome the objections to action can be devised. Some possible reasons are categorized below:

Fear of Failure. Sometimes leadership fails to move because it fears that the project will fail. The possibility always exists that the public will not support a proposed venture. Often this concern may be focused on the anticipated reaction of powerful individuals in the community who are not involved in the organization. For example, if the economy of the city is dominated by one manufacturer, then the fear that this firm will oppose the project may stifle it before it has had full consideration by the organization.

Personal Interrelationships. Frequently a community development organization develops personality conflicts between members. Leaders often develop such bias, leading to continued opposition to suggestions by others with whom the conflict exists.

Deterrents
To Action
By Leaders

Procedural Difficulties. Occasionally a community development organization is structured inflexibly, either by legislation or by self-determination. In such cases, desirable courses of action aimed at the achievement of goals may not be possible within the framework of the organization. In such circumstances, leaders may be unwilling to adjust to meet the situation by seeking alternative approaches.

Conflicting Loyalties. The composition of community development agencies generally represents a cross section of community activities. Each individual in the organization may have other and stronger loyalties to other groups or organizations which under certain circumstances can be inhibiting factors to cooperation and wholehearted support of projects. The leaders are susceptible to the same conflict of loyalties.

Steps in Identifying and Evaluating Leadership

Preliminary Community Survey. A necessary first step is to derive a general knowledge about the community. This might involve finding from printed sources statistics about population growth, new industries, economic factors, etc. Significant historical events, area trends, and information about community leaders are all pertinent background information. Unless the community is very small, the problem is not so much finding this information but rather being discriminating about what one accumulates and uses.

Make
Community
Survey

Because of the interests of SBA, the tendency will be to learn about the activities in which the Small Business Administration has a direct interest. Fact finding should be broad enough to obtain a well rounded general knowledge about the community and most of its important aspects. Detailed knowledge about the community is not essential at this point.

The sources of such information are many and varied. The financial leaders of the community can provide much community information. The office of the local chamber of commerce is a logical source. The area planning commission can be helpful and provide insight into the problems of the area from the planner's viewpoint. The newspapers are valuable sources of information, and a lunch with the editor of the paper can provide information and an overview of community affairs which can be helpful in SBA activities. The county and city offices are frequently excellent sources of information. If the community is large enough to have an SBA office, the fact-finding phase can be simplified by utilizing the knowledge of the office.

Inquire
About
Potential
Leaders

Determining the Leadership. Much can be learned about community leadership through discreet inquiries of various persons with whom SBA personnel would normally be expected to have contact.

A banker in the community is usually an excellent source of information about the leadership structure of the community. In all probability he himself, as a member of the economic leadership segment, is an acknowledged leader. Other people in the banking, savings and loan, and insurance industries are likely to have good understanding of the community development leadership structure, especially in those activities relating to the economic sector of the community.

If a chamber of commerce exists, this too may serve to gain information about the business leadership of the community. Understanding of the political and governmental leadership can also be frequently found in both the banking and business circles.

Because local governmental people must constantly try to stay abreast of the interests and desires of the community voters, governmental officials are often knowledgeable about community leaders of various sorts. They are sensitive to and keep informed about neighborhood groups, minority groups, unions and civic pressure groups of all sorts.

Identifying Potential Leaders

Individuals having leadership potential for certain activities may not voluntarily step forward nor be considered as leaders by their fellow workers or others. Certain characteristics which indicate these individuals have leadership potential can be identified. They are imitated by others. Others confer with them before making a decision. While they do not necessarily seek leader status, they are not unwilling to assume it if necessary.

They can best be identified indirectly by relating to the activities of the group itself. Answers to questions posed to other members of the group may be illuminating. For example, answers to the question "To whom would you go to obtain information about financing a new hospital?" might disclose those individuals with competence in this regard.

Which man would you turn to for help on an education and training project? Which individual in the ghetto can provide the best information about the state of affairs there? Which union leader would you approach to find the reaction of union members to a new housing project? These and similar questions may help identify potential leaders.

Procedure for Evaluating Leadership. One of the most difficult tasks in community development guidance is the process of identifying and evaluating community leaders and potential leadership. A guiding principle to be followed is that leadership capabilities relate to the nature of projects and this, in turn, relates to the motivation of the leaders. A proposal to revitalize the downtown central business district, for example, might have considerably more appeal to a downtown merchant than an outlying recreation and tourist development, although either project can be shown to be a major generator of trade. The merchant will likely be more highly motivated to provide leadership and initiative for the downtown revitalization because of his own personal background.

Identifying
Potential
Leaders

Method Of
Evaluating
Leadership
Capabilities

Leadership springs from group situations, for one cannot conceive of leaders without followers to lead. Therefore, any analysis of leadership must be carried out in the light of the ability to obtain performance and results from the group. SBA personnel will find suggestions in Chapter VIII of the Handbook valuable in making these evaluations.

A check list, shown as Figure IV-6, enumerates various points for evaluation. The ideal leader employs all 14 of these techniques to coordinate the activities of his organization. The potential leader would do well to study them and make certain he will use these approaches.

Motivating Leadership. Sometimes latent leadership exists in a community, but is dormant or inactive. One of the basic problems is to motivate this leadership so that it will assume an active role. On the other hand, the leadership may be quite aggressive but pursuing matters which are of a minor nature. In either case, it is possible for the SBA field man to motivate the leaders to a more active role or to channel the thinking of community leaders toward projects which have greater significance to the community.

Motivating
Leadership

Leadership can best be motivated through strong communication. The form this communication takes, insofar as the role of the SBA employees is concerned, falls into three categories: information, assistance and encouragement.

Communicating
With
Leaders

Leaders may not exercise their leadership through lack of information about a subject. They may not realize the extent of a community problem or may not recognize a community need. For example, a small community may desperately need a good motel to house the overnight visitor and to provide the tourist passing through a place to stay. The leadership of the community may not recognize the need since they would have infrequent use for such a facility. This need could be dramatized in terms of what other comparable communities have done

Figure IV-6
ORGANIZATION LEADERSHIP CHECK LIST

	<u>Frequently</u>	<u>Sometimes</u>	<u>Never</u>
1. Does the leader initiate activities?	_____	_____	_____
2. Does the leader seek information or opinions from others?	_____	_____	_____
3. Does the leader give information or opinions to others?	_____	_____	_____
4. Does he clarify or elaborate points?	_____	_____	_____
5. Does he relate various ideas for the group?	_____	_____	_____
6. Does he summarize the thinking of the group?	_____	_____	_____
7. Does he test the feasibility of ideas?	_____	_____	_____
8. Does he ask for group opinions?	_____	_____	_____
9. Does the leader encourage participation in a warm and friendly manner?	_____	_____	_____
10. Does he express standards of performance for the group?	_____	_____	_____
11. Does he summarize how the group seems to feel about an issue?	_____	_____	_____
12. Does he diagnose sources of difficulty and propose solutions?	_____	_____	_____
13. Does he try to provide compromises for opposing points of view?	_____	_____	_____
14. Does he follow the thoughts of others?	_____	_____	_____

or by statistics which indicate that there should be so many motel rooms for certain size communities.

Actual assistance can be rendered with information about SBA programs which will help solve the financing attendant to the planning and building of the motel. Technical assistance can be offered in the operation of the facility and in problem solving. The ability to draw on the resources of SBA and other programs and talents may be the incentive needed by the community leadership to take positive action.

Another tangible contribution to motivating leadership is to provide a sounding board on ideas for carrying out the project. If the leadership is reluctant to push the motel project, discussion of the alternatives with the leaders and encouraging them to take action or to investigate the project thoroughly before dropping it may effectively stimulate the organization leadership.

Completeness of Participation. Whenever an effective local development program is found, analysis will generally indicate that the organization was carefully planned and conceived. The proper leaders were brought together and worked cooperatively to establish and maintain the organization. The goals and activities of the group were carefully planned, with a broad base of agreement by the membership. The essential gathering of facts and analysis of alternative course of action were made. Thought-out decisions were reached. Plans of action were formulated and implemented. Where internal and external problems were encountered, they were identified, analyzed and resolved so that the organization could move ahead toward its goals.

Care In
Planning
Essential

The SBA Role in Leadership Activities. As previously stated, the SBA staff member working with community development groups usually cannot play an active leadership role in the local organization. He can, however, work very effectively through the leaders of the organization. This he does through communication, provision of information, examples of

SBA Role
In Guiding
Leadership

successful projects, recommendation of sources of pertinent information, consultation as an expert in certain fields, and in personal assistance as appropriate.

Guidance and Assistance to Leadership by SBA Personnel

Resources Available. The community leaders generally will be aware of the local resources they have to draw on. On the other hand, they are not likely to be fully aware of other resources available outside the community. One of the functions of the SBA personnel charged with the responsibility of aiding communities is to be knowledgeable and to provide information about such resources. These include the resources of the Small Business Administration itself. In addition, a general knowledge of other Federal programs of assistance is essential. Many states have departments with programs which can provide assistance to communities on specific projects. The colleges and universities of the area are sources of information and expertise and may be helpful as well. To the fullest extent possible, SBA personnel must be armed with sufficient information about these various agencies and their programs so that they can effectively aid the leaders of the community.

Sources of Financing. Generally, the cost of operating community development organizations is minimal, or covered by established budgets, as in the case of chambers of commerce and the like. By making use of existing community resources and volunteer manpower, it is possible to organize and operate a community development group with very little out-of-pocket cost. A basic principle of community development is that the organization activities should be financed locally wherever possible. This deepens the community involvement and broadens the base of participation.

When ambitious community projects requiring sizable capital investments are embarked upon, then financing measures must be taken. Where expenditures must be made to carry out programs, or to conduct necessary fact finding and analysis,

How To
Make SBA
Resources
Available
To Leaders

the community development organization must face up to these expenses and be prepared to raise the money. In the funding of specific projects, the SBA activity may be vital. An SBA loan may be necessary to accomplish the project, or at the very least, other sources of funds can be identified by the agency personnel and guidance given in fiscal matters in general.

Problems of Working with Community Groups

Because of the staff role that SBA personnel play as consultants in the community development process, the same problems and frustrations exist that face any individual who seeks to lend assistance and guidance from outside the local organization.

A consultant usually finds himself as a person with some authority in the organization, for he is the possessor of specialized knowledge. As an outsider he may incur some resentment, and since his expertise in the problem area is not available within the group, this too may create resentment. Unless the relationship and the responsibility assigned to the consultant are made very clear at the outset, considerable difficulty can be created about the role of the consultant in the group.

Many forces are at work in the community development group, and these may prevent the recommendations of the advisor from being acted upon. The advisor rarely enjoys the full confidence of the group. If he speaks up too often or seeks to obtain acceptance of his recommendations over objections, he will be resented by some. If he sits silently at meetings, he may be considered as lacking interest in the activities being discussed. The counselor of community development organizations must seek a middle ground, maintain a friendly, helpful, diplomatic approach and a "soft sell" advisory demeanor.

Groups resist change in the status quo and the consultant should expect this when he is recommending change. Other

Problems In
Community
Development
Consulting

groups may want the SBA representative to make their decisions rather than thinking them through themselves. Sometimes, under the pressure of expediency or the desire to demonstrate his value, the SBA advisor may be tempted to suggest a quick temporary solution to long-term problems. Such solutions may sometimes jeopardize long-range solutions.

In all cases, the SBA advisor must retain his objectivity in looking at the problems and opportunities of the community. He should seek to work himself out of a job with the community development group. This he does by assisting the group to reach its objectives and by bringing the level of competence of the group to the point where he is no longer needed in a continuing fashion.

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Chapter V

COMMUNITY PROFILES AND ANALYSES

Preparation of the community profile is essential prior to analyzing the community situation. A local survey or task force can undertake this compilation, collecting data on various aspects as detailed in this chapter. Procedures for making a preliminary analysis of strengths and weaknesses are suggested. SBA developers can render specific assistance to local development agencies in this effort.

In order to assess the strengths and weaknesses of any community, various aspects of the community must be examined in some detail. A program to analyze the various economic and social factors in a community should be conducted in an orderly and systematic fashion. It is vital to the success of such a program that both strong local interest and reliable local assistance should exist, especially in collecting and reviewing the community data.

When compiled, the data present a composite picture of the community commonly termed the "community profile." The profile of the community should contain information about every aspect of its life: population, labor force, natural resources, economic complex, government, and community facilities. Analyzing and interpreting the data gathered should, in turn, help determine which parts of the total community constitute problem areas, either for the present or in the future.

What The
Community
Profile
Contains

The procedures described below are basic to collection of the data and preparation of profiles on any community, no matter what size. However, some latitude exists and in special cases, such as "inner city" situations, the structure must be adapted to local circumstances and especially to available data.

Organizing for Community Inventory

The responsibility of compiling a community profile must rest with the local community. But in many cases, the SBA community developer may direct local interests to outside assistance which can perform some or most of the work involved.

Various
Sources
Contribute To
Profile
Preparation

University centers and state-wide development agencies, such as banks, utilities or the state industrial department office, often have the experience and are willing to render assistance.

A local contact who is familiar with local information sources should be available to aid these outside agencies. For example, the local contact might be the manager of the chamber of commerce, the city clerk or administrative head of the community government, officer of the local development company, or simply an informed and interested leader.

If the work is done locally, the survey team must include concerned and knowledgeable people. Competent local contacts are able to obtain information that may not be available to an outsider, or they may be able to recommend an alternate source in instances where the primary source is not available. In addition to providing assistance as mentioned, these local people themselves constitute potential sources of information, and their presence as a part of the survey team lends additional credence and weight to the published community profile.

Local
Participation
Is Required

Reliable local contacts are also required for a crucial step in the publication of the profile. It is most desirable that a local person or group review all the material gathered for factual accuracy before its publication. This final review should not be omitted or glossed over. The data compiled must be checked and double-checked in detail before being released. Thus, no reliable or comprehensive community profile can be produced unless strong local support is provided.

However, not all information will be collected from local sources. Official published material (most of the major sources, such as U. S. Census data, transportation guides, etc., are discussed in Chapter II of this Handbook) can be acquired easily in order to provide information about some aspects of the community. Such sources should be relied upon to facilitate the compilation of the community profile.

Because some of the data contained in the community profile become outdated almost immediately (current employment for existing industry, housing information, etc.), it is important to establish a schedule for publishing the material as soon as possible. Many built-in bottlenecks may hinder the timely compilation of a community profile, but the biggest single obstacle is the human factor. Delays occur because it is difficult to contact the person who is the source of the needed information, and in other cases, because sources are slow or hesitant to respond to requests for information.

Importance
Of Scheduling
Publication

When the community profile is completed and published, the date of publication should appear at the bottom of the title page. Insertion of the date, first of all, serves to apprise the reader or user when the material was collected, verified and published. It also serves to stimulate the community development organization to reexamine and update the profile data periodically.

Details on the Total Community

The following data are the types of detailed information that should be included in the community profile. Subsequent analysis and interpretation of this information should help identify the strengths and weaknesses of the community.

Primary
Factors
To Be
Covered

Figure V-1 on pages V-4 and V-5 briefly summarizes the sections which are discussed in detail below.

Population. The population of the city and the county should be examined for the last two decennial censuses. This will give some indication as to the amount and rate of growth or decline of the community. Also, if reliable current estimates of the city and county population are available, they too should be examined.

Population
Details

The population of the community's labor drawing area should be considered when reviewing population figures. The labor drawing area is that area from which the community can

Figure V-1
BASIC COMMUNITY DATA FOR PROFILE

1. Population - Covers city, county and labor drawing area; includes detailed breakdown as needed.
2. Existing Industry - Lists new and expanded firms by name with employment breakdown; industrial services and union activity if present.
3. Labor Supply - Total available analyzed by sex, color, skills, training and education.
4. Transportation - Information on all forms of transportation, including rail, truck, airline, water, bus and pipeline.
5. Raw Materials - Information on minerals, forest products and agricultural commodities and producers.
6. Power and Fuels - Rates and other details on electricity, natural and LP gas, fuel oil and coal.
7. Water - Information on sources, rates, streams and sewerage system.
8. Finances and Taxes - Tax rates, bonded debt, and revenues and expenditures for city and county.
9. City Services - Information on fire protection, police protection and planning and zoning regulations.
10. Government - Description of municipal and county structure.
11. Education - List of public facilities with details; also information on technical and post-high school institutions.
12. Libraries - Service and holdings.
13. Health - Hospital, clinic and health department information.
14. Recreation - Programs, facilities and funding; also information on special recreation attractions.
15. Living Conditions - Information on climate, housing, churches and area income estimates.
16. Accommodations - Details on hotels, motels and restaurants.

Figure V-1 (Continued)

17. Communications - Information on telephone, telegraph, post office, radio, television and newspapers.
18. Banking - Resources of commercial banks and of savings and loan associations.
19. Local Development Program - If such a program exists, brief history including its experience in financing and site development.
20. Optional - Maps, testimonials, economic trends, etc.

expect to attract its labor supply. Using the community as the central point, it can be defined as the area within a circle with a radius equivalent to elapsed driving time of 30 to 45 minutes, eliminating those points where natural barriers prevent easy access. The population of this sector, expected to be the labor drawing area, should be examined when analyzing community population figures.

Existing Industry. Having available the exact name, product and male and female employment figures of all existing industry is of prime importance in compiling a community profile. This information, in addition to providing a reference list of all local industry, indicates whether the community industrial employment is predominantly male or female. It shows whether the community is dominated by one type of industry or if a fairly balanced industrial mix exists.

Industrial
Complex

Data on existing industries should include information on new and expanded industries in the last five years to serve as a barometer of current industrial growth.

The total industrial employment of the community and percentages for the major classifications of industry should also be computed. These figures immediately identify the community as industrial or nonindustrial and, if industrial, by use of standard industrial classification categories, reveal the industry groups that predominate.

An inventory of existing industrial services is needed for the community profile. This includes general contractors, machine shops, sheet metal shops, electric motor shops, foundries, surveyors, tool and die shops and plating shops. These services are a necessary component of the community industrial complex. If they are not available locally, the nearest town where they can be found should be mentioned.

Finally, all local unions should be listed. The presence and strength of local unions play an important role in the industrial complex of the community.

All the data mentioned thus far in this section on existing industry may best be obtained through local contacts. Local industry is frequently more willing to give this type of information, sometimes considered confidential in nature, to a local person, with the feeling that such persons will not misuse the information.

Labor Supply. Information on labor supply may be obtained from several sources. It may come from the state labor office or from a local survey. Information obtained from the state labor office is a more or less refined estimate that details the labor supply by race and sex, whereas a labor survey is more accurate and inclusive, often containing information on skills, special training, educational level, wage rates and commuting distances, as well as information on sex and race.

Labor
Information

A recent labor survey containing the detailed information mentioned above is an extremely valuable asset to the community, especially since industrial prospects place much emphasis on this area.

Transportation. Information on the various forms of transportation is usually available through an official transportation guide which gives schedules, rates, etc. If no guide is available, contacting the local office for that particular form of transportation should develop the required information.

Transportation
Facilities

For railroads, the name of the serving line or lines and information as to whether they are branch lines or main lines are needed. The various types of services provided should be included: reciprocal switching, drop shipments, piggyback ramps, etc. Also principal interchange points and shipping times to major centers for carload and less-than carload shipments are desirable points of information.

Information on truck lines should include the names of all lines serving, which lines have terminals in the community,

which are authorized to serve interstate and which intrastate only, principal interchange points, shipping times to major centers for truckload and less-than-truckload shipments and major highway routes.

If commercial air service is not available in the community, the nearest commercial service should be listed, including distance and approximate number of daily flights serving. The following information concerning the local airport should be covered: class, distance from town, runway length and type of equipment available.

Information on bus service should also be a part of the community profile. The names of the lines serving, the number of daily schedules, and the principal points of parcel shipments should be specified.

If applicable to the community, water transportation (lines serving, type, points of service) and oil pipelines (names and terminals) should be included as part of the transportation section of the community profile.

Transportation is an important aspect of the community, especially as it concerns and affects the business sector. Adequate transportation facilities serve as an attraction to various types of business activities and are essential to the growth of existing industry.

Raw Materials. Information on minerals, forest products and agriculture can usually be found in various publications issued by the U. S. Department of the Interior and the U. S. Department of Agriculture. Information about the available raw materials is of concern because many industrial concerns either process raw materials or desire to be near their source.

Raw
Materials
Inventory

The community profile should include information about minerals being mined or formerly mined in the area. Species, estimated reserves, and production of forest products should also be included, as should agricultural commodities, production totals and processors.

Power and Fuels. Power and fuel information is another key segment of the community profile. The ability to make available adequate supplies of power and fuel has vast significance in the attraction of new industry. Inadequate supplies of power and fuel constitute a definite deterrent to the development of the community.

Power
And Fuel
Sources

Electric power data contained in the community profile should include the name of the service company or companies, substation capacities, previous peak demand, sizes of distribution and transmission lines, and rates.

Natural gas data should include the names of the transmission and service companies, system capacity, previous peak consumption, Btu content of the gas and a schedule of rates.

Since both electric power and natural gas data are important parts of this section of the community profile, it is highly desirable that representatives of each utility be consulted in the process of obtaining adequate and accurate information.

For the less significant fuels, the following information should be incorporated in the profile. Liquefied petroleum (LP) gas information should include service companies, capacity and sales, service area, type of gas, Btu content and rates. For fuel oil, the profile should contain the names of the companies and their prices. Finally, the source, Btu content and price of coal should be included as part of the power and fuel section.

Water. The most important factors relating to water requirements usually concern the community water and sewer systems. The source, system capacities (storage, pumping, filtering), consumption, line sizes, rates and a chemical analysis of the community water supply should be a part of the community profile. The profile also should provide information on storm and sanitary sewers, sewer charges or restrictions, type and capacity of treatment plant and extent

Secondary
Factors
To Be
Covered

of private treatment systems. It is usually necessary to contact community officials to obtain this information.

Lack of adequate water and sewerage facilities is a definite industrial handicap to the community. The areas of water and sewerage must always be examined closely when analyzing the development potential of the community.

Water
System

Existence of major streams, lakes or reservoirs close to the community constitutes another facet of data on water resources. The opportunity to use or develop these resources should be detailed.

Finances and Taxes. The efficient operation of city and county governments is an important consideration in stimulating economic growth. In order to analyze the community, the profile should reflect the extent of operating revenues. These are derived from the tax rates, depending upon the rate of property assessment for city and county. Also, information should be supplied indicating whether industrial property is taxed at the same rate as residential property.

Operation
Of City
And County
Government

Other considerations which may indicate whether the community is seeking to improve itself are the extent of city and county bonded indebtedness and expenditures. Recent city and county figures for outstanding general obligation bond issues and revenue bonds should be provided in the profile. Also included should be a statement of general and capital expenditures for both city and county for the past five years.

Analysis of this information gives some insight into local governmental operations, particularly whether the community is keeping pace in governmental services.

City Services. Items to be covered under city services include fire protection, police protection and planning and zoning. The number of firemen (regular and volunteer), fire stations and engines and the fire insurance rating should be included. The number of policemen, police cars and patrols should also be provided. If a planning commission exists,

Other
Municipal
Services

it should be mentioned here, along with indication of whether zoning ordinances have been enacted and if any major plans, i.e., street plans or capital budget program, have been adopted.

Information on city services can be obtained from the proper city officials. Even though this information may not appear vital to the community economic complex, it is of importance to the overall development of the community and should be included as part of the profile.

Government. The forms of municipal and county government should be noted in the profile, as well as the number of elected officials and the length of their terms. Again, this aspect of the community is not of utmost importance to the industrial side of the community, but it has a bearing on the community governmental structure. Inquiries to local officials easily develop this information.

Education. Information on education facilities may be obtained locally or from the state board of education, whichever source is more convenient. Items to be included concerning the local system are number of schools, average daily attendance, number of teachers, teacher-pupil ratio, number of high school graduates, average number of graduates for the past five years, expenditures per pupil, teacher salary range and salary supplements.

Describing The
Educational
System

A good school system is an asset to the community and also speaks well for the future. Other educational facts that should be noted in the profile, where applicable, are the existence of technical training facilities and colleges and universities in the area. These last two are of special interest to the community business complex.

Libraries. The community profile should contain the name, holdings and circulation of the local library. This information can be obtained by contacting the local library staff.

Health. Information on community health should include the name, classification and size of the local hospital, along with type of equipment available and specialties of the staff. If any private clinics are operated in the community, these should be described. The type of public health office and information on its staff should also be mentioned. These data can be provided by hospital and health office officials.

Health
Facilities

Recreation. The profile should contain information on the community recreation program, including length of program (year-round or summer), supervision (full-time or part-time) and source of funds. All parks in the vicinity should be noted by name, size and special features. Any courts, special playing fields, pools or theaters should be mentioned. Recreational information can be obtained from the proper community officials. Information on large lakes and reservoirs and other special or major recreation facilities can be included in this section.

Recreation
Facilities

Living Conditions. Several items should be included under living conditions. Most significant from the point of view of new business is information on housing. Average rental costs and availability of apartments should be mentioned. Average number of houses in the medium- to high-quality range available for sale should be included, as well as the number of houses constructed during the previous year. This information, except for the number of houses constructed, may sometimes be imprecise; it can best be acquired from a reliable local real estate firm. Housing availability can play an important role in attracting new industry.

Living
Conditions

Climatological information to be collected includes average rainfall, temperature (mean and range), average humidity and elevation. Information on climate can be found in publications of the U. S. Department of Commerce Weather Bureau.

Church denominations holding services in the community should be listed. A listing of churches in the community can be obtained from local contacts.

Average per capita and per family income of the community should be noted. Estimated data on income levels are available in several publications, Sales Management being a fairly reliable source.

Accommodations. The number of hotels and motels and the number of rooms they contain should be specified in the profile, along with hotel and motel ratings, if available. The number of restaurants and their seating capacities should be included, and available meeting places (clubs, auditoriums, etc.) should be listed. This information has to be compiled locally.

Other
Local
Services

Communications. The profile should contain information on the name and office hours of the local telephone system. The post office class and the amount of receipts for the previous year should be indicated. Radio and television station call letters and power should also be included. Information on newspapers is needed, such as name, type (daily or weekly) and circulation. All communications data must be obtained locally.

Banking. The names, resources and correspondent affiliates for all banks should be indicated, along with names and resources for savings and loan associations. Bank information should include data on membership in the Federal Deposit Insurance Corporation and the Federal Reserve System. This can be obtained from the local financial institutions.

Local Development Program. Under this heading is included information on active local development corporations and authorities. Current and historical activity of the corporation should be summarized. The most important entry under this heading is the information on available industrial sites. The location and size of utilities serving, transportation access, land ownership and other industries located nearby should be specified.

Development
Program
Capsuled

Information concerning the local development program is an important segment of the community profile. It is another item of prime consideration to industrial prospects and, consequently, is of vital importance to the growth potential of the community. Data on sites and development corporations must necessarily be obtained from local sources.

Analyzing and Interpreting Community Profile Data

After the community profile has been compiled, the process of analyzing the data that have been gathered can be initiated. Primarily this should be done with the intent of identifying and exploring problem areas. In much the same manner as followed when organizing survey teams, a task force composed of local leaders should be formed to study the total community profile. In many cases, the local citizenry has become so familiar with conditions that it is unable to recognize existing or potential problem areas. Similarly, most citizens probably are not cognizant of all the area's assets. Thus, a major advantage of completing the community profile is that it allows the local people to take an objective look at the community in much the same way as it would appear to an outsider.

Once organized, the task force must evaluate all the details that have been presented as outlined above. Some areas, as indicated, are quite important to the economic development of the community, while many others can be classed as secondary or tertiary -- having limited impact. All, however, have some influence on the development of the total community and none should be ignored.

When analyzing the details of the community profile, the task force should seek to identify both strong and weak situations. Generally, the presence of growth activity in an area indicates a healthy situation and the lack of growth activity an unhealthy one. However, misguided or haphazard growth in itself may create substantial problems. For example, a

Analyzing And
Interpreting
The Profile

Strengths And
Weaknesses In
Local
Situations

heavy industrial influx into the community may not be beneficial in the long run if it is concentrated in one industry classification. An industrial community based primarily on one industry is open to disaster if, for technological or other reasons, that dominant industry rapidly becomes obsolete. On balance, however, growth and activity are desirable characteristics, especially if accompanied by sound planning and foresight.

In identifying problem areas, the task force should seek to determine which are inherently weak and which are remediable. Obviously, such weaknesses as lack of raw materials, poor geographic location, climatological extremes, etc., are not subject to corrective action. These weaknesses must be accepted, and an effort must be made to work around such problems rather to confront them directly. Other weaknesses are more receptive to remedial measures: lack of industrial sites, inadequate utilities and services, low standards of education, etc. Problems of this nature can be approached directly. The task force, therefore, should have as a basic aim the initiation of action programs for remediable weaknesses.

Weak Factors
That May
Exist

The task force, in its analysis of the community profile, should attempt to assess both the immediate and long-range impact of community trends. In the case of the community heavily dominated by a single type of industry, the obvious solution lies not in discouraging the continued growth of that industry because of the danger of obsolescence, but rather in positive efforts to diversify the industrial base by concentrating on attracting industries of a different nature.

The task force will discover that many of the standards are relative, since it is impossible to set absolute standards to be met by various facets of every community. Each situation has to be adjudged on its own merits within its own circumstances. For instance, a water system with a certain

Standards
Should Have
Flexibility

capacity of either raw or treated water may be adequate for a community of a certain population size but may well be inadequate for another community of approximately the same size. The second community could be in a stage of rapid growth and industrial expansion which would cause its present water system to become completely inadequate within a very short time. On the other hand, the first community might be growing slowly or not at all, and the existing water system might be adequate for quite some time. Expanding the water system, then, may be of vital concern to the second community, while it may be more important for the first community to concentrate its development effort in another area, such as more intensive use of its recreational resources. Careful analysis of the community profile should reveal information that will assist the task force in making decisions of this sort.

The community profile is a format for the presentation of basic economic and social factors. Compilation of such a profile is a first step toward recognizing and understanding the strengths and weaknesses of the community. From this point forward, the responsibility rests upon the local leadership. Task forces should be organized to explore and define problem areas, pointing toward the creation of action programs. These programs should be designed to correct areas of weakness which have been uncovered or to take advantage of assets that have lain dormant.

Compilation
Of Profile
Is The
First Step

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Chapter VI

GOALS FOR REGIONAL-COMMUNITY ACTIVITY

SBA developers will be concerned with goals of both regional and community development programs, best defined by properly structured local groups. Goals can be identified in many sectors of local life. Community goals may be in concert with regional objectives or, in some cases, incompatible with them, depending upon local circumstances. The mechanics of effecting such programs are given, illustrated with a case history of one town which thoroughly defined its problems.

Self-Evaluation Techniques

Goals are commonly accepted by most development groups as an end result, the objectives toward which community development programs are aimed. Goals may be defined in many ways and in many terms, but must be simply stated in order that they can be understood and agreed upon by various segments of the community itself. Generally, these goals are identified in such a manner that they may be considered as correcting present economic or social disadvantages or providing situations where the amenities of everyday living will be broadened and strengthened.

Techniques
For
Self-Evaluation

A clear definition of goals is an essential first step in the construction of plans and programs. This is part of the strategy for the allocation of community resources among all the competing demands for those resources. Without the definition of goals which are attainable, the community development organization is in danger of merely establishing random targets and becoming involved in projects that are arbitrarily chosen and have no relationship to each other.

The community development representative of the Small Business Administration will need to be well posted on regional aims and goals. From that background he can determine, after consulting the recognized community groups, what procedures have been undertaken to define local goals. If not, the SBA representative must initially encourage and advise the local leadership in this process.

SBA
Study Of
Goals

If this has been done, then the SBA advisor should study local goals in the light of other knowledge gleaned about the community and its region. He should ascertain if the community has come up with a course of action to implement the goals, so that the full services of SBA can be utilized.

Steps in Self-Evaluation. The self-evaluation techniques which are a requisite for definition of goals apply to community development as well as to area and regional growth prospects. The initial step is to collect all pertinent facts regarding the community's present situation. If in the economic field, the collection of such data should be substantiated with some in-depth historical information which will give insight into why the present situation has developed. In social and political aspects, similarly, data should be accumulated which can shed light on how the present circumstances evolved.

How To
Analyze
Goals

Once this information has been collected and verified, a profile of the community is prepared. Then begins the task of analysis of this economic information. Attention needs to be drawn to the weaknesses and liabilities of the community as it presently stands. Distinction must be drawn between those weaknesses which are correctable and those which do not lend themselves to alteration by human beings (circumstances of geography, for example). At the same time, the inherent strong points, or assets, of the community also need to be identified and analyzed.

Regional and Community Patterns. In particular, this process of constructing the community profile and making the concurrent analysis has to be done within the framework of the regional setting. Because all communities are the ingredients of the region and thus contribute to its total strengths and weaknesses, they tend to reflect the inherent characteristics that the region possesses.

Consider
Patterns In
Regional
Growth

By the same token, most regional characteristics will be reflected within the community economy. For instance,

if the regional economy is heavily oriented toward agricultural activity, many of the individual community's economic aspects, even though it may be metropolitan, will reflect that economic pattern. Such circumstances merely illustrate the truism that the region is a composite of its many communities and subareas.

Preliminary Goals

Preliminary Goals

Economic Goals. At least four separate types of development goals can be identified. In the present climate of national and international ferment, with major emphasis upon the underprivileged and the deprived groups, economic goals have been at the center of community and regional attention. Raising the standard of living is a major objective. Such a goal can usually be defined in terms of an increase in real personal income, the provision of jobs for all citizens who seek employment, and the better and higher utilization of all local resources. Disparity in income and buying power has placed a premium upon efforts to expand this phase of the economy.

Social Goals. Social goals are also of major concern. These are frequently defined in terms of better housing, of better education and of improved health facilities. Social concern with those segments of our society classified as minority groups or the aged segment of the population has brought into sharp focus some of these goals, usually on a regional or national scale, rather than on a community basis.

Political Goals. Political goals are concerned with the form and efficiency of governmental operations. Particularly on the local level, much attention is now being paid to measures to consolidate municipal and county functions, often to merge two or more local units of government. As a parallel, the services being performed by or expected from various levels of government are also under examination. The revenue-raising capacities of all these are being carefully scrutinized by many communities.

Physical Goals. Some local goals may be physical, and therefore are concerned with the manner in which land is used

and institutional facilities developed. In many communities, problems related to modern transportation facilities and the great dependence upon the automobile as a mode of transport have forced some serious consideration of establishing goals to solve these situations. Efforts to improve the esthetic appearance of many communities is another illustration of this type of goal.

At this point, it would seem advisable for the SBA community counselor to examine just what programs and objectives have been adopted by the community with which he is working. He should make a special effort to review those studies and recommendations previously prepared for the local development group in order to be alert to potential opportunities.

Procedures. Once a development group has identified some basic community needs or researched the problem areas, it is confronted with the necessity for action. Among the most generally accepted procedures is the assignment of a task force to a problem. This group is composed of both concerned leadership and resource specialists charged with preparing an in-depth study of the problem. The task force should be given wide latitude to investigate its subject area and to come up with preliminary findings. Criteria for selection of members of such groups generally weigh the point of view of the individual and the importance of the views of the group he may represent.

Procedures
To
Define Goals

Task forces provide an excellent method of involving community leadership in exploration and definition of goals and objectives. As groups are assigned community problem areas for intensive study, they should also be charged with the mission of identifying goals in their respective areas. The committee's structure, although discussed elsewhere, should contain representative elements of the community structure, particularly from the private and governmental sectors.

Getting Support for the Program. In some cases, the committee can study the assigned problem area with the advice and guidance and, perhaps, participation of outside resource

Mustering
Popular
Support

specialists. In others, it may become desirable to employ consultants and have in-depth reports prepared for committee review. As the problem becomes more clearly defined, or the goals and objectives are preliminarily established, representatives from the agencies or groups that will be responsible for action should be drawn into the process, if they have not already been involved. Where no organization presently exists for assuming the required responsibility in the area, some means must be found to undertake action in the desired manner.

Generally, task force reports are made to the parent organization which initiated the study. Such reports, whether elaborate or skeletal, should have an easily found and readily understandable summary. News releases, special presentations for radio and television, and organization of a speakers bureau may be required, depending upon the depth and scope of the project and the degree of controversy that might be anticipated. In matters that touch the ordinary citizen's pocketbook, particularly proposed tax increases, it is well to prepare a series of "question and answer" brochures that can be given wide distribution.

Very few community goals and projects receive immediate and unquestioned public acclaim and support. Almost inevitably, this sort of acceptance must be earned through reasoned explanation and the evidence of sincerity in advancing the community interest. Slogans are sometimes helpful, but they have the inherent danger of ending up being a purpose rather than merely a popular description of some agreed-upon procedure for action.

Advantages. Among advantages obtained from the task force approach is a committee of experienced community leaders who have the ability to handle abstract concepts and ideas which are always encountered in the preliminary stages. Moreover, the rewards of status and prestige that can redound to such a task force may motivate the members to work hard and with care in developing sound recommendations. Additionally,

Task
Force
Advantages

committees so picked will tend to consider the position of the power groups in the community.

Some disadvantages are also to be anticipated. Among these are the fact that minority and low-income groups may be ignored, that individuals with potential but undeveloped leadership qualities may be bypassed, and that such groups may be inclined to adhere to the status quo.

However, this method seems to have more substance than a strictly area representation approach in which various geographic areas of the community are assigned a quota. This tends to emphasize the provincial point of view and does not provide for genuine community-wide thinking.

Another Technique. Another technique infrequently used is the "listening post" approach. Applied in large communities with a multitude of interest groups and a pluralistic structure, this practice makes the community aware of a wide variety of situations and offers a wide range of citizens the opportunity to participate in the selection of community objectives.

Correlating with Regional Goals

Regional goals should be defined as completely as possible by SBA community development specialists. They then will match these against local situations where they can be tested for applicability. In some cases, they will not apply. For example, where high regional priorities are set on improving inland waterway systems, or possibly substantial improvements in port facilities and usage, such goals may have very little correlation with the geographic situation of an inland and nonwater-oriented community. The SBA specialist must use his own judgment in such instances.

On the other hand, he may find that regional and community goals are identical insofar as they concern objectives for providing greater employment, more effective utilization of human resources, and improving the income-generating sectors of the economy. It is quite conceivable, however, that at the same

Regional
Goals
Examined

time that some regions might be emphasizing the expansion of manufacturing employment, certain individual communities would seek to develop as tourist resort centers without any attraction for manufacturing enterprises, because of the nature of their location and economy.

Examples of Regional Goals. Some regional objectives are well defined. For example, with respect to development of economic opportunities, the SBA developer might ascertain the goal to be the substantial reduction of unemployment and eventual elimination of this condition. With increased industrial growth, strides can be taken in that direction. But the solution is not that simple, for usually the region's unemployed are also the unskilled and the uneducated.

Examples
Of Correlation
Of Goals

So there are yet other alternatives with which local community groups have to contend: retrain the unemployed and then attempt to attract and develop industries which can use those skills, truly a long-range project; or, for the short range, attempt to attract potential employers of unskilled workers. Since the latter is the short-range approach, it offers only a temporary solution. Most of the industries which fall within the category of large employers of unskilled workers probably are declining in a competitive sense or growing very slowly; therefore, they offer a much less suitable target.

Another common regional goal would be to increase sources of income in the respective subareas. To be occupied implies fruitful employment, and in work that provides suitable income. The propensity of the American wage earner to spend large proportions of his income, combined with the trend toward a shorter work week and thus more available leisure time, makes higher wages and higher income highly desirable. Such situations are usually associated with growth industries that make maximum use of skilled employees.

Having understood and studied these goals, the SBA professional now must study their implementation.

Steps in Organizing for Planning and Action

While many considerations must be examined in evaluating the effectiveness of a community development organization, three fundamentals must be present to give assurance of eventual success.

Understand the Goals. First, everyone in a community development organization must know and understand the goals of the organization. It is impossible for an individual to fully participate if he does not fully understand what the organization is trying to do.

If a community organization has as its main project the building of a new hospital, this might be recognized as a laudable goal by the majority of members of the organization, but some might feel that there are other more pressing needs to which the organization should apply itself. It is incumbent upon the organization leadership to see that all members receive information relative to the need for the hospital in terms of what it can do for the community inhabitants and potential users, how it may relieve a shortage of hospital beds or eliminate the need for travel to a distant city to obtain medical service, or whatever other justifications may exist.

Role of Each Individual. Second, each member of the organization must know the acts that he, as a member of the organization, must perform to help the group reach its goal. Often it is possible for a member of an organization to perceive the goals and their desirability, but not to understand how the goals are to be achieved.

This sometimes occurs in industrial development activities when the leaders may recognize the desirability of

Steps In
Organizing
For Action

Get Public
Understanding
Of Goals

Defining How
The Goals
Will Be
Reached

new industry, but with little practical experience in the development field, may be completely unaware of the steps required to attract industry. They must be exposed to a period of education on industrial development; they must find ways to obtain the necessary information about their community and to accomplish the other necessary steps outlined in this Handbook.

Motivation and Performance. Third, members of an organization must be motivated to perform the acts enabling the organization to reach its goals. Motivation in community development takes many forms. Financial motivation may be a factor, although generally speaking, members of community development organizations do not receive direct monetary compensation.

Motivate
Group
Performance

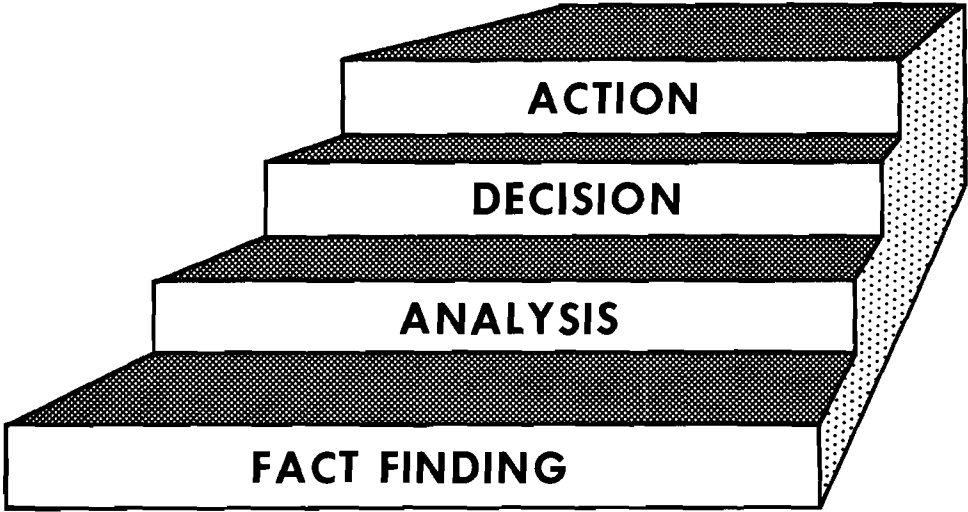
These elements of successful organization effort are so important they bear repetition. In a successful community development organization, the members of the organization must know the goals of the group, must know the acts required to reach the goals, and must be motivated by the leadership to perform the acts required.

Community Development Process. The community development process involves four steps which must be taken by any organization. These are fact finding, analysis, decision, and action. (See Figure VI-1.)

Fact Finding. It is difficult to obtain action to overcome a problem which is ill-defined. When a problem emerges and begins to attract public attention, it is necessary to obtain the pertinent facts to verify the nature of the problem. For example, if unemployment appears to be a major problem in a community, investigation of the facts may indicate that jobs are available but the people with the necessary skills to fill the jobs are not present in the labor

Fact
Finding
Process

Figure VI-1
STEPS IN COMMUNITY DEVELOPMENT



force. This, then, may really be a training problem rather than one of the development of new job opportunities.

Sometimes the in-depth analysis of the community may reveal a problem heretofore unrecognized. For example, analysis of the industrial site situation in some communities may lead to examination of the water distribution system, which may be inadequate or dependent upon a limited water supply.

Analysis. The natural consequence of discovering the facts about community problems will direct the community development organization to analyze the facts and conditions to determine alternative ways of correcting the situation. Analysis and study cannot always be performed by the organization itself. However, the community usually has individuals with expertise available to it, either internally or from some outside source.

Analysis
Process

For example, a community may see as one of its problems the contamination of the nearby streams by area industries and untreated municipal sewage. This may be a technical problem but it is also a political and economic problem, for the provision of a municipal sewage treatment plant may not solve the pollution problem. Pressure by the community on the area industries to clean up the industrial waste situation may cause friction, great expense to the industries, and possibly alienate some of them. In order to know the extent of the problem and how far the community can go to correct the situation, experts should be called in.

Decision. With the facts in hand and the alternative courses of action clearly outlined, the community development organization is in a better position to make good decisions. At this point, other considerations come into play. What are the resources available to carry out the program? Is there a broad base of support for the proposed action? Does the project have a high priority or is some other community need more pressing?

Decision
Process

Many organizations fail to act on what appears to be a sound project simply because there is uncertainty as to public reaction. Leaders and organizations do not usually desire to be associated with projects that fail, so they must do everything in their power to muster public support for the projects to be undertaken. The decision to support a community development project generally involves a great many other people and organizations. Such decisions should be made deliberately, not hastily.

Action. The decision to act must be preceded by the formulation of a plan of action, which should include a step-by-step procedure by which the project can be achieved. It must involve all necessary elements in the area. If publicity and public acceptance are essential to the effort, the ways to obtain these must be planned in as much detail as possible.

Action
Process

Most community development projects are beyond the resources of any single community group. The process involves bringing together the groups which have the combined resources to do the job. An explanation and discussion of what needs to be done follows, as well as an exploration of the role which each group would play in the total process. Commitments for action must be obtained from the involved organizations. Overall control of the project must be maintained, and this requires good communications between the various involved organizations.

Mechanics of Final Plans

It should be kept in mind that some goals set by these organizations will encompass objectives that need immediate attention and perhaps can be achieved almost immediately. At the same time, certain elements or aspects by their nature will require the completion of other parts of the overall community plan before they can be reached and consequently will be much longer range. This procedure makes

How Plans
Are
Implemented

it essential that some priorities as to objectives be agreed upon and that those goals of a long-range nature be definitely labeled as such.

Case History of Program Implementation. An excellent case study which can be used by SBA community advisors in illustrating the implementation of goals is reported in a recent issue of Appalachia. The article recites the experiences of a small west Georgia city which made the transition from an agricultural trading center to a manufacturing economy. Recognizing the need for a major overhaul, with the influx of people and changing character of the local economy, Carrollton's leaders started with a planning commission. Its first survey identified some problems and some opportunities: major improvements in the central business district and unclogging of internal traffic flow, development of a professional services center, new highway connectors to take advantage of the interstate routes, development of suitable industrial sites, improvement of water and sewerage facilities, support of a growing four-year college, and development of new recreation facilities.

Case History
Of Plan
Put Into
Action

Some of these objectives were not realized rapidly enough. Local problems were accentuated with an acute water shortage, the expansion of local industry and population growth shrinking the city's water reserve to almost nothing. As a result, the entire five-man city council resigned in favor of younger men who began to outline priorities among needed projects and to plan financing methods. A list of 25 such projects was divided into three segments.

Projects of immediate need were in the group to be completed within five years. Here were included expanded water facilities and a sewage treatment plant, street and thoroughfare improvements, several urban renewal projects and construction of a vocational education school. The second stage,

also five years in length, included construction of other public school facilities, hospital expansion, and additional urban renewal and thoroughfare and street improvements. Also, expansions of the power, gas and telephone systems by private industry were planned. The third program called for nine projects to be undertaken in the second 10-year span, including a new regional library building, improved airport facilities, and other programs for improvements in water supply, sewage treatment, urban renewal, schools, roads, parking and recreation facilities.

Support for Programs. SBA representatives, once they have explored both regional and community aspects and trends, will be alert to the necessity for providing broad-based citizen support for programs these task forces recommend. If such appears lacking, then the community contacts should be urged to strengthen this phase of the local program.

Action
Programs
Require
Local
Support

Three elements are important constituents of the tripod of any successful organization. As diagramed in Figure VI-2, these are goals which are clearly defined, motivation which will cause leadership to support these goals and acts which constitute the procedure of reaching the goals.

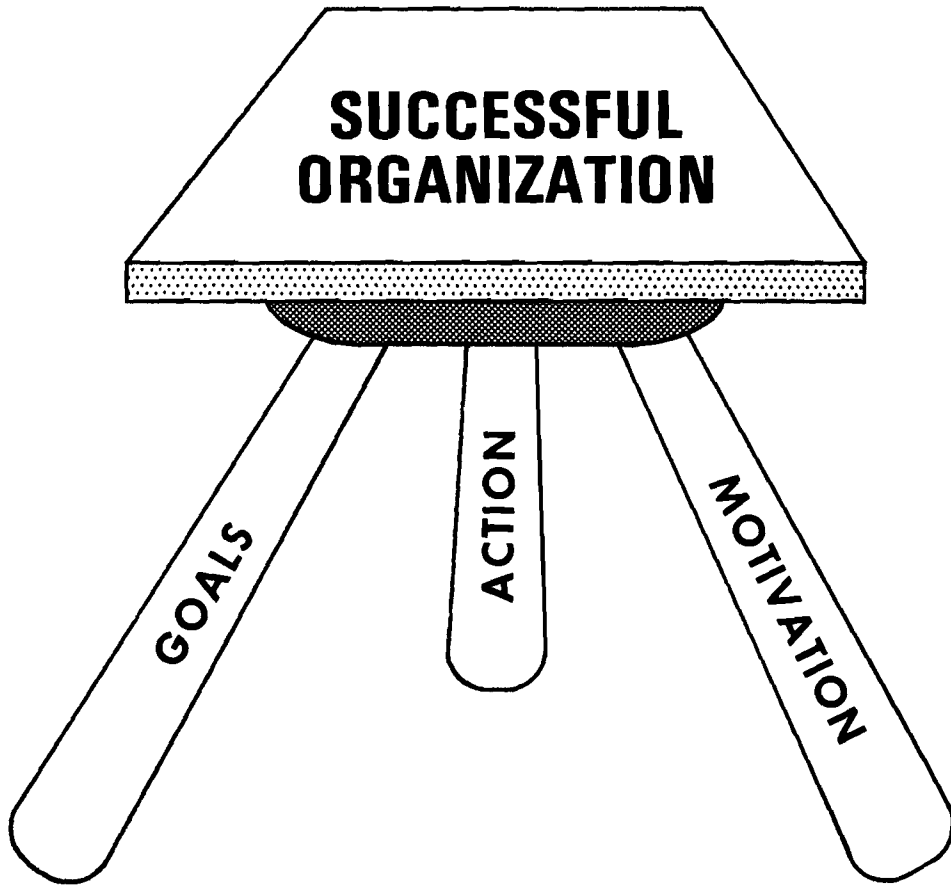
It is important to make certain that appropriate labels are selected for the goals and that these labels are widely understood. Care needs to be employed in this process to assure that actually attainable goals are identified, rather than single projects which are only bench marks along the road to the accomplishment of the goals. In this process, without doubt, projects will be identified that can qualify for Small Business Administration assistance. It will require sound and continuing liaison between the SBA community representative and the local leadership in order to keep posted on the identification of these.

Identification
Of Goals

Today so many projects are "dreamed up" at the local community level that there appears to be working, below the surface, a sort of natural selection process. Only those

Leadership
Motivation

Figure VI-2
SUCCESSFUL ORGANIZATION TRIPOD



projects which are promoted and nourished by dynamic leadership ever see the light of day. Many projects, particularly those which bear upon the economic development aspects of the community, require considerable time to accomplish. Therefore, strong, well-motivated leadership is essential for the success of these programs.

Leadership which is well-motivated and capable of harnessing local energies is universally recognized even outside the community. This type of leadership has good contacts and has explored avenues of assistance even before the projects materialize to the point that such assistance is required.

While the reasons and methods of motivating leadership have been thoroughly analyzed and explained in Chapter IV, it may be well to repeat here that the personal recognition feature is one of the most powerful motivations. In other cases, the opportunity to create a better community, to make positive contributions to enlarging the social and economic climate, also is significant. Not to be overlooked are the opportunities to benefit personally from the changes: the profit motive is not to be discounted as a motivating cause.

Generally, most action programs are planned so that sources of funding will also be programmed. Very few programs that can produce substantial results will be achieved without liberal application of financial resources. Quite frequently, private funds as well as local tax sources are required; in addition, matching funds from Federal and state programs will be sought. In this specific step SBA personnel can be extremely helpful in providing information on Federal programs and funding.

Action
Process

Ample community-wide publicity is desirable. By the same standards, considerable contact and exploration of matching fund programs on all governmental levels will be undertaken by active local leadership in endeavors to find receptive sources.

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Chapter VII

DEVELOPMENT OF COMMUNITY ECONOMIC PROGRAMS

Maximum citizen participation should be sought in developing comprehensive community economic development programs. An analysis of needs must precede the development of such action programs. After the programs are formulated, they must be sold to the general public. They ought to be flexible enough to be modified as circumstances warrant. SBA, as a resource outside the community, can provide technical help in some areas.

Introduction

The primary objective in the establishment of a community development program is to help the community recognize and understand what it can do toward solving its problems. In carrying out this objective, procedures should be adopted that will encourage maximum participation by the citizens in studying and planning for community improvements, in participating in the decision-making, and in implementing the developed plans.

At this point, we assume the community development group has done its homework. It has compiled information on the area's resources, analyzed these as to assets and weaknesses, has identified goals which can be attained, and now must formulate action programs.

The adopted procedures should seek to employ local resources in the selection of problem areas. They also should be oriented toward a number of secondary specific objectives. Among these are the following: providing local citizens with the opportunity to become active in community life and to understand better their community and their relationship to it; aiding in the identification of community problems and establishing project priorities; organizing for effective action and developing local skills, abilities and motivation essential to the definition and solution of identified problems; extending knowledge of outside resources for community development; achieving a level of capability for continuous

Secondary
Objectives
Of Action
Programs

community self-study and development; creating an environment conducive to personal growth in initiative, responsibility and leadership.

Analysis of Needs

Before a successful study-action program can be instituted, there must be a locally felt need for improvement of the community. Further, the citizens must realize that much of the effort and all of the decisions necessary for effecting any changes must come from within the community.

Use of Standards. Some definitive outline of the community's resources is essential in order to appraise the existing situation. This may be the economic profile assembled by local development organizations (see Chapter V). Some states (such as Georgia, Mississippi and Missouri) have instituted programs to establish standards that critically measure the status of promotional efforts, public services, governmental administration, housing and the amenities for good living.

SBA community development representatives should urge some efforts to apply standards, in conjunction with the economic profile data, which can help determine the need for improvements in public works, economic development procedures, housing, education and other areas of community life. Some of these standards will be furnished by Federal agencies with responsibilities in these areas. When the housing standards are applied, for example, they may reveal the extent of slum or deteriorated housing as well as a general need for improved worker housing, both of which may be retarding the community's growth and prosperity. Deficiencies in other areas, such as inadequate water supplies and sewage disposal facilities and substandard schools, may also prove to be genuine handicaps.

A check list of problem areas that need to be examined is included as Figure VII-1. Another way to examine a

First
Analyze
Needs

Apply
Standards
For
Comparison

Figure VII-1

CHECK LIST ON COMMUNITY PROBLEM AREAS

Industrial Development Effort

- Agency responsible for promotion
 - Soundness of organization structure
 - Adequacy of financial support
- Completeness of community basic data
- Availability and control of industrial sites
- Ability to finance plants for lease
- Quality of labor supply data
- Extent of local industrial services

Commercial Development

- Range and diversity of downtown retail outlets
 - Quality of merchandise
 - Modernity of stores
- Extent of business services
 - Trade area relationships
- Extent of organized commercial promotion
 - Sponsorship
 - Special promotional events

Transportation

- Types of services available (railroad, motor freight, bus, airline)
 - Quality and frequency of services to major market centers
- Accessibility to interstate highway routes

Travel Accommodations

- Number and quality of hotels, motels and restaurants

Communications

- Facilities serving community (mail, telephone, telegraph)
- Media serving community (newspapers, radio, television)
 - Quality of service
 - Support of community given by media

Housing

- Adequacy of supply
 - Rental or sale property suitable for both the industrial executive and plant worker
- Extent and type of new housing construction

Figure VII-1 (Continued)

Water Supply

Capacity of supply source
Adequacy of existing water plant to supply demand
Water rates and quality of service
Quality of water

Sanitary Sewerage

Extent of sanitary sewer service to developed areas
Adequacy of sewage treatment facilities
 Ability to meet growth needs
 Compliance with Federal and state pollution control laws

Police Protection - Traffic Enforcement

Number and extent of training of police personnel
Adequacy of equipment
Comparison of crime index with other communities in same population class
Adequacy of control signals, lane-line and pedestrian crosswalk markings, and other safety measures
Responsibility for study of traffic problems and recommended improvements
Methods of promoting traffic safety

Fire Protection

Conformity of water mains and fire hydrant installations with fire underwriters' requirements
Organization of fire department and extent of training
Comparison of city's fire insurance classification with others in similar population range
Degree of enforcement of fire prevention measures

Schools and Libraries

Percentage of school buildings of recent, modern fireproof construction and on sites meeting state standards
Ability of school system to accommodate pupil load without double sessions
Percentage of schools in system that are accredited
Comparison of per-pupil expenditure in school system with other communities in population range

Figure VII-1 (Continued)

Extent and quality of public library service
Professional training of librarian
Financial support
Number and diversity of books in system
Auxiliary services (microfilming, business and other special
reference service, etc.)

Streets

Percentage of total street mileage with permanent pavement, curbs and
gutters, storm drainage, street lighting and street name markers

Health

Ratio of physicians, dentists and trained nurses resident in commu-
nity to total population
Available health clinic services
Ratio of general-care hospital beds available to the community's pop-
ulation
Extent of specialized treatment facilities available in local hospi-
tal(s)
Accreditation status of hospital(s)
Adequacy of garbage collection service and disposal

Community Appearance

Degree of modernity of store fronts in downtown area
Attractiveness and adequate maintenance of public buildings (interior
and exterior)
Extent of auto junkyards and/or other unsightly storage areas in com-
munity; efforts made to control or eliminate these
Freedom of streets from loose paper, beer or soft drink cans and
other litter
Percentage of total residences in substandard condition
Adequacy of maintenance of homes and yards in residential areas
Efforts made to keep alleys and loading areas in rear of downtown
stores free of discarded cartons and other unsightly "junk"
Community interest in making highway approaches more attractive

Municipal Finance

Effectiveness of municipal budgetary practices in meeting operational
and capital improvement requirements
Modernity of city accounting system and purchasing procedures

Figure VII-1 (Continued)

Extent of coverage of municipal employees by merit system and pension system

Status of property reevaluation and currency of tax maps and related records

Extent of tax delinquency over the past five years

"Profitability" of municipally operated utilities (water, gas, electric and/or sewer systems)

Charters, Codes and Ordinances

Desirability of revising city charter to meet the needs of municipal government

Degree of enforcement of building, electrical, gas, plumbing and other codes and ordinance affecting the health and safety of the community's citizens

City Planning

Effectiveness of community planning activities in programming and meeting growth changes; degree of community support given planning program

Extent of implementation of proposals made under the land use plan (or land development plan)

Adequacy of the zoning regulations and their enforcement in providing for orderly community development

Recreation

Extent of community interest in financially supporting public recreation programs; private entertainment and cultural activities (country club, community playhouse, football field, etc.)

community's program is to study the local development agency's program of work. (See Appendix.)

While the examination of a community's resources may reveal deficiencies susceptible to physical improvement, a community also may be suffering from the psychological handicap of unprogressive leadership. This situation, combined with general community apathy, if not actual resistance to change and improvement, may often be attributed to a reluctance to pay the price of progress. In defining community problem areas, these deficiencies should be grouped under the appropriate physical-social and psychological classifications.

Initiation of Program. The evolution of a local economic development program commonly results from the concern of a few citizens, usually from the business sector, over the community's evident lack of progress, perhaps a reaction stimulated by declining sales. Upon the recognition of this need, this small group may decide to act but usually is uncertain of the direction in which to move. At this point, it is desirable that technical guidance be sought from some state or regional organization experienced in community development problems. The experienced SBA community developer can furnish some of this expertise, but may wish to involve developers from other agencies as well. Otherwise, the group may start a development program without any clear idea of its objectives, frequently resulting in much effort and expense without tangible results.

Initiating
The Action
Program

A community economic development program logically involves the study-action process. In this process, a study of the community's resources is undertaken to determine the strong and weak points of the local situation, with special emphasis on the identification of the problem areas that appear to be handicapping community growth and economic expansion. On the basis of these findings, it is possible to project an action program to effect improvements in the problem areas.

The initial problem identification phase of a community development program often provides a better understanding not only of the needs, problems and interests of the community, but also of its municipal organization and civic leadership structure. Such understanding and appreciation of the local situation is an invaluable experience for the citizen participants, who should continue as a permanent group to aid in the direction and promotion of the action phase of the program. The study experience of this group especially fits its members for service on the steering committee suggested below. Moreover, for the SBA developer, participation in the problem identification process can provide insight into the community's problem areas and discovery of situations where SBA financial or managerial assistance can be applied.

Problem
Identification

Action Programs

Once an analysis of a community's existing situation has been completed and the problem areas defined, these findings constitute the basis for action. Too often, communities decide to undertake economic development programs without actually knowing their areas of deficiency. As a consequence, such programs waste time and money without achieving any notable progress toward their goals. Obviously, any program that is to be successful must be designed to meet specific needs. The organizational procedure is summarized in Figure VII-2.

Steps In
Formulating
Action
Program

First Step. As the first step in planning for action, it is essential that a representative group of citizens participate in an orientation discussion on the general need for community development and the special problem areas that appear to need improvement. To activate this initial meeting, those few citizens who have initially recognized the need for community advancement should call for such public discussion. Both public officials and the business leadership of the community should be invited to this "town hall" meeting.

Public
Meeting
To Involve
Citizenry

Figure VII-2
ORGANIZATION OF ACTION PROGRAM

A. Town Hall Orientation Meeting

Composition

General chairman (discussion leader)
Community-wide representation of governmental and business leadership

Objective

Evaluation of community growth and identification of problem areas impeding progress

Action

Nomination of steering committee

B. Steering Committee

Composition

Representative cross-section of public officials and civic leaders

Objective

Formulate and effectuate a program for effective action on problem areas

Action

Appoint subcommittees to study specific problem areas

C. Subcommittees

Composition

Persons with specialized knowledge of specific problem areas, such as

Water Supply

City Manager
Water Plant Superintendent
Consulting Engineer
Contractor

Housing

Building Contractor
Realtor
Banker
Industrialist

Objective

To review problem areas and, with (or without) outside technical assistance, develop a plan of action for improving or solving the existing unfavorable situation

Action

Refer the action plan to the Steering Committee for evaluation and recommendations for further action

The true power structure of the community may not be represented in these categories, but every effort should be made to have such "decision makers" personally represented, for the success of local efforts will depend upon the quality of leadership in the group. Since every community has more resources for community leadership than have ever been mobilized or used, maximum advantage should be taken of all available leadership, apparent and hidden. If the power structure is the hidden type whose decisions on vital community affairs are reflected only through their chosen public spokesmen, those behind-the-scenes operators should be kept fully informed of the group's purpose and, at least, acquiescence of the power structure obtained, if not its active support.

No matter how adequate local leadership resources may be, they never organize themselves. For that reason, it is necessary to hold the town hall meeting or public seminar not only to acquaint the citizen leadership with the problem and objectives, but also to effect an organizational framework suitable for taking effective action.

The Small Business Administration representative who expects to act in an advisory capacity to the local group should attend this initial orientation meeting. This is essential for his understanding of the problem areas confronting the community, and it also provides the opportunity for objectively appraising the leadership capabilities of the group itself. With such insight into the community situation, the SBA representative will be enabled to better extend continuing assistance to the local group as its program develops.

Steering Committee. When the discussion has reached the stage of general agreement upon the need for action in respect to specific problem areas, the chairman of the meeting should call for nomination of a steering committee. The chairman should emphasize that this committee will take official responsibility for formulating and effectuating a suitable action program. Although achievement of the immediate

Steering
Committee

improvement goals is sought, it should be kept in mind in selecting the steering committee that the processes for attaining such goals also are very important.

In short, a community study-planning-action effort should involve the maximum skill and experience in democratic solutions to problems and should seek to make the citizens better integrated, more skilled, and better organized to continue the study-development process. Hence, in selecting the steering committee, the possibility for continuing long-term participation should be an important factor. Desirably, the steering committee should be drawn from both governmental and civic leaders. At this time, also, the group should recognize that the projected improvement program will require financing of operational and promotion costs.

Subcommittees. The steering committee's primary function is to play a continuing, supporting and responsible role in coordinating and implementing the various parts of the action program. Its initial task, therefore, is the appointment of subcommittees to review the various problem areas identified as handicapping the community's economic and social development and to suggest lines of action. In the appointment of these subcommittees, the members should be selected, insofar as possible, on the basis of their technical know-how or knowledge of the specific problem area to which they are assigned.

Appoint
Additional
Committees

If the problem area concerns the inadequacy of the city's water supply, it is obvious that the water plant superintendent and city manager should be on the subcommittee, along with others of engineering and/or construction backgrounds. In some instances, it is apparent that the identified problem areas may require further investigation and study before any specific recommendation can be made as to a suitable plan of action. This might well be the case in deficiency in the water supply; initially, the recommended action might be limited to necessary hydrologic and engineering surveys.

In such a relatively long-range project, the subcommittee would continue to review the progress of these studies and make additional recommendations for action appropriate to the successful completion of the project.

In its appointment of subcommittees, the steering committee should have representation from the agency usually responsible for action within the problem area. This affords a desirable liaison with such agencies, keeping them informed as to their particular relationships with the overall program. In turn, this will serve to enlist maximum cooperation from these agencies when specific actions by them are requested by the steering committee.

Where appropriate agencies or organizations do not exist for the implementation of required actions, the steering committee should take the initiative to develop action mechanisms suitable for effecting improvement or solution of the problem area. As a case in point, an evident need might be identified for a clearinghouse on available rental property to house workers of an industry newly located in the community. In such instances, the steering committee might call a meeting of all local realtors, explain the need, and seek their cooperation in pooling their listings for reference at some central point.

Selling the Program

The success of a local economic development program depends not only on consideration of the economic well-being of the entire community, but also upon the effective selling of the program to the entire community. Any program capable of producing substantial results will cost money, both for implementation of recommended actions on the problem areas and for the day-to-day operational expenses of the program. Either tax money or private funds, or both, will be involved in effecting improvements in the problem areas, along with general public support of organizational expenses. Consequently, a

Functions Of
Steering
Committee

Putting
The Program
Into Action

community-wide publicity campaign is a necessary phase of the action program to achieve and maintain general public support.

In addition, certain problem areas will involve governmental actions, including tax appropriations to cover the required expenditures, such as in the improvement of sewerage facilities. It is essential, to obtain their cooperation, that governmental officials have a clear understanding of the program and its objectives.

Information Procedure. The steering committee, therefore, should appoint a subcommittee responsible for working with the community informational media, including newspapers, radio and/or television stations. Obviously, the membership of this subcommittee should be composed largely of representatives of the several communications media. From the inception of the action program, this subcommittee should provide for use by the communications media periodic program releases designed to maintain a high level of public interest and support of the activities of the various other subcommittees.

Information
Support

Special Events. From time to time, the publicity subcommittee should sponsor special promotional events to stimulate continued public interest in the local economic development program. For example, an "Industry Week" promotion could be staged with the theme that industrial jobs are the key to community prosperity and growth. Displays of locally manufactured products could be located in downtown retail stores; spot announcements about local industrial activities could be arranged for radio and television broadcasts throughout the week; and local newspapers could prepare special "Industry Week" editions featuring advertisements by local merchants endorsing the benefits of industry and commending the objectives of the current economic development program. The success of this and similar publicity efforts depends upon the imagination, initiative and energy of the subcommittee; but properly designed, such promotions can be invaluable in winning support of the citizenry for the local development program.

Use Of
Special
Events To
Generate
Support

In a community that already has a substantial amount of manufacturing or retail, wholesale and service establishments, it may be desirable to set up a special subcommittee to maintain liaison with the local business firms. Such an arrangement not only would facilitate the promotional efforts of this publicity subcommittee relating to the business sector of the community, but more importantly, this indication of interest by the publicity subcommittee would tend to achieve cooperation and support for the overall program that might otherwise not be obtained. Quite frequently, the owners or managers of such firms misunderstand the reasons behind a local economic development program and, in their self-interest, fail to support its objectives.

Contacts
With
Existing
Business

Modification of Plans. Because of the considerable time required to effect change or improvement in some problem areas, a community development program necessarily is long-range. Such programs should not be considered short-range, "one-shot" efforts, but rather a continuing process to meet the challenges of future growth upon which the program was originally predicated.

Modifying
Plans

In the initial planning of a community economic development program, this aspect of a permanent, continuing, long-range effort should be recognized. The organizational setup should be such as to provide for flexibility in procedures so that the overall plan can be modified in response to changing local physical and/or economic conditions. The steering committee, in concert with its subcommittees and outside technical advisers, should periodically evaluate the progress of the plan. Where it is found that actions which were recommended initially are proving inadequate for the solution of any problem, the group should devise some alternate method for solving the problem.

Periodic
Reevaluation

In some instances, the inadequacy of the initially recommended action may stem from an underevaluation of the complexity of the problem and, upon later review, the group may find that further extended study and research are in order. This

will, of necessity, force revision of that aspect of the plan. Sometimes even the initially proposed action may be contingent upon the outcome of pending developments, and it may be desirable to prepare an alternative plan in the event the expected situation does not develop.

For example, the community may be expecting, at the time the local plan is being formulated, to obtain a large new manufacturing plant. Because of this projected development, it is anticipated that a number of new families will come to reside in the community, with resultant added demands upon the local school system, the water and sewer systems, and housing facilities, all of which are already inadequate. If this situation materializes, the community can anticipate a rather quick and extensive growth, and it is apparent plans must be made to meet the increased demands on public services. If for any reason the new plant fails to locate in the community, it may be necessary to abandon the first plan and to have at hand an alternative scaled to the more modest public improvements required by a normal growth pattern.

Liaison with Assistance Groups

The complexity of modern urban communities makes it impossible for the steering committee or its subcommittees to find the answers to all the problems identified in its program of economic development. Despite the local and professional skills and experience that may exist among the members recruited for the program effort, various aspects of problem areas will require the application of specialized know-how for their solution.

Federal Aids. The local group usually has numerous sources from which to obtain professional and technical guidance and assistance in the implementation of community development programs. In this connection, SBA community advisers can be very effective in directing the community group to specialists within the Small Business Administration, as well as

Assistance
From
Other
Agencies

Federal
Agencies
Which Can
Provide
Assistance

in the Economic Development Administration, regional commissions, and other Federally supported activities which, in whole or part, are dedicated to the economic advancement of the nation or of specific regions.

State and Area Level. In recent years, numerous publicly supported organizations serving multicounty areas have been established in various parts of the country. These organizations, professionally staffed, have the primary objective of general economic advancement of their areas and are sources of technical assistance on a variety of municipal problems. At the state level, certain governmental agencies and some private organizations are able to extend specialized or limited aid in community development problems.

State And
Area
Agencies
Able To
Assist

Among these are economic development commissions or similarly designated agencies specifically oriented toward the attraction and establishment of new industries in their states; state planning boards or commissions, whose task is to coordinate planning efforts; state geological departments or surveys and state labor departments which, respectively, are sources of data and information on natural resources and manpower supplies and characteristics; and state chambers of commerce and/or state manufacturers associations, private organizations which can provide technical guidance on local problems relating to industrial activities. All of these are excellent points of reference for SBA staff personnel, as well as local development agencies.

Other Sources. Moreover, numerous colleges and universities have developed interdisciplinary arrangements for conducting research and supplying technical assistance in many areas of economic development, with special emphasis given to community problems. Finally, in the private business sector, many banks and most railroads and utilities (natural gas and electric power) maintain development departments as a part of their business promotion activities. These private organizations offer to the communities in their service areas a

Other Agencies
Which Can
Help

considerable variety of technical assistance beyond the ordinary requirements of their business. One electric power company, for example, has developed a plan for providing speculative buildings in selected communities of its service area, while another regularly provides engineering assistance in the design of industrial districts. As a routine service, all these private organizations lend direct assistance in developing industrial prospects and directing them to those communities in their service area which are most capable of accommodating the prospect's projected new operation.

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CHAPTER VIII

EVALUATION AND FOLLOW-UP PROCEDURES

SBA development personnel must evaluate community efforts when considering the feasibility of making certain loans. Considerations in such evaluations will include the caliber of local programs, measured as to their scope and depth. Naturally, many problems are encountered on the local level and SBA personnel should recognize the causes and possible solutions.

Not every community seriously exploits the development opportunities available to it. Leaders in many communities spend considerable time discussing economic development yet scarcely turn a finger to begin the task, even to organize a local development company or other local organization which might do the job. The existence of an organization at the community level is of paramount importance. Equally significant is the continuity which the organization and its leadership can demonstrate.

Because Federal funds and man-hours are limited, SBA program coordinators must periodically review or evaluate the progress of individual communities in an attempt to maximize results. It is suggested that this be performed every 12 to 18 months. This can be accomplished in a number of ways.

Evaluating the Community Program

One means of evaluating local interest is to note how the leadership responds to guidance provided by SBA personnel. Has the group done anything concerning the problem since its last meeting with the SBA representative? Has the group followed previous suggestions? If an alternate course of action was taken, are logical reasons given for that course of action? Is the group still concerned with an insoluble problem or one over which it has no control, despite previous counsel that such was the case?

Evaluating
Community
Programs

Comprehensive Local Program. A most effective measure of the effort being expended by a local community is a review of its program, using a check list such as that shown in Figure VIII-1 on page VIII-3. Would the economic development process in the community be rated as nonexistent, primitive, moderate, or advanced? Obviously, the community must have a formal organization in existence and meeting on a regular basis. The community group which meets only on call will not be able to compete in the unlikely event that a prospect should become interested.

Use
Check List
To Measure
Program

In some communities, two or more organizations have become engaged in the local development effort.^{1/} This can be as detrimental, if not more so, as the lack of any such organization, unless a workable agreement is reached and unless those involved in the various groups can work together. The danger is that much effort can be duplicated, while at the same time programs are fragmented and resources are dissipated.

Work Program. An effective development group formulates and follows an annual work program. Lack of such a program indicates a hit or miss approach to community development. The program should be broader than just an attempt to attract branch plants, and should consider the attraction of additional nonmanufacturing activities and the possibility of improving the infrastructure. (See Appendix for sample work program.)

Infrastructure. Infrastructure refers to the foundation underlying the economy of an area, state or nation. Infrastructure, or social overhead capital, includes: the transportation and communication systems, the power, water and

Examine
Infrastructure
Needs

^{1/} The presence of two or more local organizations, however, does not necessarily indicate duplication of effort. Many communities have a local development group, a development authority and a development corporation, with interlocking officers or boards. Each organization is legally empowered to do specific things, and their activities may complement one another.

Figure VIII-1

EVALUATION CHECK LIST FOR COMMUNITY DEVELOPMENT

Existing development organization? Yes _____, No _____,

Currently being organized _____.

Organization meets regularly every _____.

Annual work program formulated? Yes _____, No _____.

Infrastructure needs adequately covered in work program? Yes _____, No _____.

Current work program adheres to previous years' programs? Yes _____, No _____.

Coordination with other regional and community groups? Yes _____, No _____.

Working funds available? Yes _____, No _____, Currently being raised _____.

Economic profile available? Yes _____, No _____, Currently being prepared _____.

Economic profile current? Yes _____, No _____, Currently being updated _____.

Economic profile on file with state-level developers? Yes _____, No _____.

All local businesses contacted during past 12 months? Yes _____, No _____.

Planning commission in operation? Yes _____, No _____.

Zoning ordinance in effect? Yes _____, No _____.

Developed sites available? Yes _____, No _____.

Has price been established? Yes _____, No _____.

What utilities are available to the site? Electricity _____, Gas _____,

Water _____, Sewer _____.

Available property flyers prepared? Yes _____, No _____,

Currently being prepared _____. Filed with other developers _____.

Financing plan for long-term lease available now? Yes _____, No _____.

sewerage facilities, and the school system, as well as such intangible assets as the level of efficiency and the level of services provided by the government, the salable skills of the labor force, and the educational level and social attitudes of the population.

The community development group needs to review these items objectively and to set out to improve those which appear to be weak. Unfortunately, there is a tendency in some communities to believe that whatever is currently available compares very favorably with what is available elsewhere, or at least that "our community (population 6,000) has many other advantages which greatly outweigh the few advantages possessed by a larger community (population 100,000 or 1,000,000)."

Funding. Any successful local or regional economic development program requires adequate funding. Salaries must be provided for a director and a secretary, if a professional is to be utilized. Office space and utilities, postage, stationery, travel expenses, subscriptions and association dues are but some of the other expenses which an organization must cover. These monies are usually raised from local businesses and individuals -- most typically from those having a stake in the continued growth and economic well being of the area. Ideally, the financial pledges are for a period of from three to five years, to insure a continuing program.

Funding
Of Local
Programs

Adherence to Objectives and Program. A useful measure of a community's interest and its leaders' abilities can be achieved by examining how the community adheres to previously agreed upon objectives. Examination of the current work program in light of those for previous years ought to be undertaken, comparing past accomplishments with the status of projects in the current work program, including any projects currently under way. Evaluation of this information will permit a reasonably accurate judgment as to the continuity of the program from year to year and the group's ability to set and

Adherence
To Program
As Measure

meet goals. Some alterations of the planned program will occur, but there should be sound, logical reasons for these.

Coordination with Other Regional and Community Programs

A community development group cannot afford to work in a vacuum. It needs to communicate and cooperate with other groups at the local, regional and state level. A measure of the effectiveness of the local group is the frequency and nature of its contacts with other organizations -- area development groups, state development agency and industrial development departments of the major banks, public utilities and railroads. Occasional visits with staff members of these organizations will provide SBA representatives with a good measure of the community's efforts in this regard. Of particular importance is whether the local group provides current information for the files of such organizations.

A related matter is the degree to which the community is aware of and has utilized other Federal and state programs in the solution of its problems. It should have programs at least in the planning stage which can utilize state or Federal funds.

Another measure is the role which the representatives of the area development groups play in the local development effort. Such members should be part of the local organization and actively participate in the group's efforts. They can serve an additional function of keeping the other members posted on the activities of the area agency and ways in which the local area fits into the overall program.

If there is a chamber of commerce or other development organization in another community within the county, or in an adjacent county, then the local development group should maintain close liaison with that body.

In counties which are eligible for EDA designation, an additional gauge of community effort is offered in the relationship between the local development group and the county OEDP committee.

Testing For
Program
Coordination

Check
Relationship
With Other
Organizations

Publications. The economic profile is a basic tool of economic development. It permits the community to better understand its strengths and weaknesses, and it provides interested persons with pertinent facts about the area. Updated copies should be available in the files of state and area developers.

Use Of
Economic
Profile

The community should prepare flyers or information sheets on industrial sites and buildings available in the area. These flyers should be distributed to the state and area developers.

Contacts. The local development organization should contact all existing businesses (retail, wholesale, services, transportation, manufacturing, etc.) in the area at least once every year, using a standard reporting form. (See Figures VIII-2 and VIII-3, pages VIII-7 through VIII-10.) In this manner, an up-to-date record of existing firms can be maintained and potential expansion plans or problems inhibiting growth may be uncovered. Through such a program, the owners or managers of these businesses can be made to feel an identified part of the community. The information contained on these forms should provide the SBA development specialist with initial screening of firms which could utilize various SBA programs.

Contacts
Made With
Existing
Business

Sites. The community ought to own, or at least control through option, a minimum-sized industrial site. This insures that, should an industrial prospect become interested in the community, the group is in a position to offer for sale or lease a usable piece of property at a reasonable price. It takes time to locate and purchase a site -- more time than most prospects can afford to waste in waiting for an answer. Landowners often place unreasonable, and noncompetitive, prices on raw land when a prospect becomes interested in the community. If the local development group controls one good site in the area, this can reduce the danger of price inflation stemming from speculation.

Community
Program
On Sites

Figure VIII-2
NONMANUFACTURING FIRM SURVEY

Date _____

1. Firm name _____

2. Street address _____ P. O. Box _____

3. City and county _____ Phone _____

4. Key personnel (include president, manager, purchasing agent, etc.)

<u>Names</u>	<u>Titles</u>	<u>Names</u>	<u>Titles</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

5. Normal number of employees: Total _____ Male _____

6. Products and/or services sold _____

7. Annual sales volume \$ _____

8. Seasonal fluctuations (if any) _____

9. Description of distribution system used (e.g., sell to wholesalers, retailers, manufacturers, farmers, direct to general public) _____

10. Marketing area (county, state, region, nation, foreign) _____

11. Expansions in the last five years (give year and type) _____

12. Expansion and/or diversification interests or possibilities _____

13. What are the major problems presently confronting this business? _____

Figure VIII-2 (Continued)

14. Would you like assistance in any particular fields of management?

Business loan _____ Management assistance _____

Expansion loan _____ Market analysis _____

Location analysis _____ New venture financing _____

Other, please specify _____

15. Other comments _____

Name

Title

Figure VIII-3
MANUFACTURING FIRM SURVEY

Date _____

1. Firm name _____

2. Street address _____ P. O. Box _____

3. City and county _____ Phone _____

4. Key personnel (include president, manager, purchasing agent, etc.)

<u>Names</u>	<u>Titles</u>	<u>Names</u>	<u>Titles</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

5. Normal number of production employees: Total _____ Male _____
Key skills _____

6. Products and/or services _____

7. Brief description of production process _____

8. Average daily production output (with present facilities) _____

9. Maximum daily production output (with present facilities) _____

10. Normal production schedule: Days per year ____ Shifts ____ % Overtime ____

11. Major items of equipment _____

12. Percentage of time that equipment is in use _____%

13. Specialized equipment and/or capabilities, if any (e.g., stainless steel welding) _____

14. Are you interested in handling subcontracts? _____
Same products? _____ New products? _____

15. Major materials, components, supplies used and sources (e.g., state)

<u>Item</u>	<u>Source</u>	<u>Item</u>	<u>Source</u>
_____	_____	_____	_____
_____	_____	_____	_____

Figure VIII-3 (Continued)

16. Needs, if any, for additional and/or closer sources of materials and supplies _____
17. Types and quantities of by-products and/or waste _____
18. Present disposition of by-products and/or waste _____
19. Current sales volume (in units and dollars) _____
20. Seasonal fluctuations (if any) _____
21. Description of distribution system used (e.g., sell to wholesalers, retailers, manufacturers, farmers, direct to general public) _____
22. Marketing area (county, state, region, nation, foreign) _____
23. Plant expansions in the last five years (give year and type, e.g., 1962 - expanded wheel output, 1964 - diversified into plastic toys, 1965 - started selling outside Southeast) _____
24. Expansion and/or diversification interests/possibilities (include expansion interest in overall marketing area; e.g., want to enter overseas market) _____
25. Transportation services used (check): Rail _____ Highway _____ Air _____
26. What are the major problems presently confronting this business? _____
27. Would you like assistance in any particular fields of management? If so, please give specific areas of interest. _____
28. Comments _____

Name

Title

Facility Financing. The community which is able to provide some financing for a new branch plant, an expansion of an existing plant, or other new local enterprises is far more likely to expand its economy. Financing programs will vary from state to state, since they are controlled to some degree by state law. Often a formal corporation is necessary; it should be organized, chartered, funded and ready with one or more packaged plans for financing land and buildings.

Facility
Financing
Desirable

Planning. Community planning is a field unto itself, yet is closely related to industrial and economic development. The presence of a planning program is a good indication that a community is interested in sound, orderly growth. Several steps are involved in attaining an ongoing planning program. The first step is the establishment of a planning commission, through passage of a local ordinance in accordance with state enabling legislation, and the appointment of the commission members.

Effective
Community
Planning
Required

The planning commission should meet regularly to carry out its duties. One of its first objectives should be the preparation of an economic and population study; another basic study is that of existing land use. Once the economic and population study and the existing land-use study have been completed, future land-use and major thoroughfare plans can be prepared for the community or county. A zoning ordinance which conforms to these public intentions then can be prepared and adopted.

A long-range capital improvement plan is another means by which a community can inventory needed improvements, assign priority ratings, analyze expected revenue and borrowing capacities, and match the top priority items with anticipated funds.

Civic Appearance. Many communities can benefit from a concerted cleanup campaign. If not presently on the books, ordinances relating to such matters as weed control, dumping on vacant lots and the removal of junked autos should be

adopted. A city-sponsored cleanup campaign can be held to remove trash, litter and junk from streets, alleys, yards and vacant lots.

Corrective Measures. By examining the suggestions of this and the other chapters in this Handbook, one can determine the relative comprehensiveness of any local development program. Weaknesses and omissions will indicate those areas where the local group needs to strengthen its program. The SBA representative can advise and offer suggestions regarding that program. The local effort can succeed only through the application of local initiative.

Take
Corrective
Measures

Evaluating Local Leadership

It is difficult to establish any hard and fast rules for evaluating the leadership of a community, but it must be recognized that attitudes play a large part in the success of a community development program. Personalities vary greatly and people sometimes interact in seemingly incongruous ways. However, the attitudes of leaders can be gauged with some degree of accuracy.

Techniques For
Evaluating
Local
Leadership

Since SBA personnel cannot have a long history of working in the community on many projects, they must talk to many individuals in various organizations. The attitudes of the mayor, the chairman of the development group, and the officials of local banking and other financial institutions toward the growth of the community or area can be determined through informal discussions with each of these people. Although these people may not constitute the real power structure, in most cases their views will reflect those of the power structure. A very important area for discussion is each individual's feeling about the possible changes and disruptions which might come from an expansion of the economy. These might include a reduction in the availability of domestic workers, the entry of a labor union into the community, the loss of present employees to a new employer, increased traffic, new retail

Contact
Apparent
Leaders

competition, or the construction of apartments in the community.

The tendency will be to learn about the activities in which the Small Business Administration has a direct interest. Fact finding at this point should be broad enough to obtain a well-rounded general knowledge about the community and most of its important aspects.

Well-Rounded
General
Knowledge
Is Desirable

In any community, it is helpful to note whether private and public institutions are involved in the development program. Investigation will show whether the local development group is a "private club" or is fairly representative of the whole community. It should be determined whether the churches, the local college, organized labor, various civic organizations and housewives are represented on the commission. Certainly, local governmental officials must be involved. In EDA development districts, the poor and the unemployed are also groups to be represented and involved.

Relationship to Viable Projects. While this discussion is concerned with identifying and evaluating leadership, in point of fact, leadership manifests itself normally only in connection with the projects of organizations, community problem-solving and improvement projects, or ongoing programs.

Most community leaders identify with projects such as the creation of new jobs, improvements in community appearance, upgrading educational and health facilities, and the like. But many community improvement projects have strong appeal for only a portion of the leadership talent, and not universal appeal to all segments of the leadership.

Identification
With Active
Projects

Measuring Leadership Capacities. Where a history of performance exists in an organization, it is possible to evaluate the leadership ability from the impressions that others in the group have and the results that the organization has achieved. Thus, the leadership of a chamber of commerce over the years

Measure
Leadership
Capacity

can be easily identified and chamber results analyzed in terms of leadership effectiveness.

Where the group is new, however, without a history of having achieved established goals in community development, it is possible that the activities of the same leaders in other organizations and endeavors can be assessed. The only alternative is to follow the activities and operations of the group in which the leader is presently influential, conducting a simultaneous analysis of the effectiveness of the recognized leadership of the group.

Such an analysis would consider the following questions:

1. Does the leader use leadership techniques skillfully?
2. What kind of a leader is he, institutional, impressive, expressive?
3. Does he encourage participation, and is he willing to compromise?
4. Is he effective in obtaining support and action from the group?
5. How does he work with other leaders in the group?
6. Is the group achieving its goals?

The check list in Chapter IV can be used by SBA community development specialists as a guide for evaluating the capabilities of local leaders.

Evaluating Proposed Projects

One method of evaluating the probable value of any particular grant or loan application is to estimate the expected impact in terms of the direct creation of new jobs as well as the creation of secondary jobs. For instance, a loan for the establishment of a new furniture plant employing 100 direct workers may also result in additional jobs locally in related firms which provide raw materials (lumber mills) or services (trucking firms).

Evaluate
Job
Impact

Also to be considered are possible triggering effects, such as public or private investments which are influenced wholly or in part by the project covered by the grant or loan. Completion of a project may allow the community to pursue development activities heretofore unavailable to the community. For example, a community in an area which has recently become a center for raising poultry cannot attempt to establish or attract a poultry packing plant until it has adequate water and sewerage facilities. A grant or loan for these facilities places the establishment or attraction of such a plant within the realm of possibility.

Consider
Additional
Stimulus
Supplied

The Economic Development Administration compares the cost to the Federal government of the proposed project against the number of permanent jobs expected to result locally. This is done by dividing the cost by the number of permanent jobs to get a dollar investment figure per new job. A refinement of this technique would weight the number of new jobs created by the estimated annual wages for each.

Elimination of Some Community Development Problems

Eliminating
Some
Development
Problems

Two of the most frequently encountered problems at the local level are poor lines of communication and loss of interest by local leaders. Poor lines of communication can exist internally -- within the community -- or externally -- between the local development group and other development agencies or related organizations.

Lines of Communication. Good liaison must be maintained between the various working committees of a local development group as well as with city and county officials, local representatives of the private utility and transportation companies, and the owners or managers of existing industry. Only in this way can full advantage be taken of the changing situations within any of the private or public sectors of the economy. And it is only in this manner that the full coordination of private and public development efforts can come about.

Problems Of
Communication

SBA development personnel should encourage this close liaison.

It is no less important to establish and maintain contact with other development agencies and governmental units within the state and the region. Most new branch plants are located with the aid of one or more of the "state-wide" developers -- the railroads, banks, utility companies, the state development agency and the state chamber of commerce. It behooves a local development group to become acquainted with the industrial development personnel of these organizations, to familiarize these persons with the assets of the community, and to provide them with copies of the economic profile and other data. The "state-wide" developers will show prospects only those communities with which they themselves are familiar and which they know to possess leaders able to intelligently discuss their respective areas.

Loss of Leaders' Interest. Because economic development takes time -- it generally takes two to five years to achieve any significant development -- loss of interest in the development program by the local leadership is a common problem. For this reason, SBA specialists should counsel local development groups to attempt to strike a balance between short- and long-range projects in their work programs. A successful project, handled correctly, can keep interest in the overall program at a high level.

Keep
Interest Of
Leaders
Alive

Another problem in the smaller community is that the available leadership is shared by a number of organizations. While it is often said that "to get something done, ask the busiest man in town," even this old saw has a point of diminishing returns. And in many communities that point was reached three committees back.

Test for Program Adequacy. Another method for evaluating proposed projects is to examine them in context with local programs. Is the community development program too narrow? Does it concentrate only on one objective or utilization of a

Test For
Adequacy
Of Program

single resource? Does it pose only one solution or alternative avenues of accomplishing the stated objective?

In this examination of specified projects in conjunction with community objectives, some specific thought and study needs to be given by SBA development advisors to determining if the goals themselves are properly defined. Frequently it will be found that local goals are merely temporary solutions rather than long-range or permanent answers. SBA personnel can render substantial assistance to local development groups in reorientation of such programs.

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Chapter IX

USE OF SBA RESOURCES FOR COMMUNITY DEVELOPMENT

A serious credit gap exists in many geographic areas. Many communities have established local development corporations or companies to handle financial assistance, and these are the vehicle that SBA uses in the community. The missions of SBA as catalyst, advisor and active participant are described.

Traditionally, the major sources of financing for projects which are promoted through community development programs have been either public revenues or private sources of capital. Public projects, such as water systems, government buildings, and airports, are funded through local tax revenues, supplemented in many cases by grants from state and Federal governments. By contrast, projects such as libraries, industrial buildings, and even many recreational parks and playgrounds have been financed through private sources, relying upon subscriptions from the general public.

Methods
Of Financing
Local Projects

Credit Gap

In many areas, however, a serious credit gap exists which has prevented many existing plants from expanding and new businesses from being established. Particularly in the remote or less affluent areas, private sources of capital often are inadequate and unable to provide for all of industry's needs. Consequently, public financing programs have come to the fore. Those who consider the credit gap to be a problem and a hindrance contend that since firms are unable to obtain the capital they require, funds from outside the region must be obtained.

Existence
Of The
Credit
Gap

The credit gap also may exist because of imperfect information on the part of the potential borrower or the lender. Some firms lack information about sources of available capital, and they may not use all alternatives open to them in the search for funds. It is possible that firms requiring capital assistance may exist in the same area

as lenders with available capital, neither aware of the other's existence. Further, potential lenders may lack knowledge of opportunities for placement of funds, or may refuse loans to economically viable firms because they have imperfect knowledge of risks involved.

Thus, the credit gap may consist of two related facets: inadequate capital in an area and/or less than the most effective use of the capital because of inadequate information on the part of both borrower and lender.

Any thorough examination of resources for community development must include those sources of capital which are generally available for business and industry. Many small new companies and existing businesses are unsuccessful in finding outside financial help for new ventures or expansion of existing facilities. Inability to obtain loans from conventional lenders many times is based upon sound reasons advanced by the lending institutions. On the other hand, many lenders do not have the legal capacity or lendable funds available to assist a worthy small business.

Consequently, original capital for a business will come most often from the personal funds of the organizer, supplemented by funds from miscellaneous sources, such as relatives and friends, suppliers, perhaps banks and direct mortgage financing. Established small firms have a much wider range of capital sources available to them, while the larger companies with successful sales records usually can choose from the full range of sources.

A survey by the Federal Reserve System about the financing experiences of small corporate manufacturers disclosed that financing needs and the success in obtaining funds differed widely among three major types of financing covered in the survey -- short-term credit, long-term credit and equity capital. Of the corporations needing short-term credit, nearly three-fourths were able to obtain financing on terms

Experience
Of Small
Manufacturers

and in amounts they regarded as satisfactory. However, less than three-eighths of the corporations needing long-term credit and only one-eighth of all companies needing additional equity capital were able to meet their needs satisfactorily.

Success in financing was also related to the size of the business. Small companies usually were successful in obtaining short-term credit, but only one-tenth of them could obtain equity capital. On the other hand, medium-size and large companies had greater success in obtaining long-term and equity capital. Small business also found successful financing was more closely associated with profitability than was the case for medium-size and large companies.

Local Development Companies

To cope with this problem, many communities have established industrial development corporations or companies to handle the financial assistance functions that economic development requires.

Industrial development corporations, as they are generally identified, are enterprises incorporated for the purpose of furthering the economic development of a community or area. Many have the authority to promote and assist the growth and development of small business concerns within their areas. Their principal function is to finance the purchase of land and the construction of a building or addition to an existing building. In some cases, they may assist in acquisition of machinery and/or equipment. Such fixed assets are made available to the business being assisted by a lease, a lease with purchase option, a conditional sale contract, or by direct loan of funds to the business.

Generally, these organizations are created as a result of identification by local citizens of the need for a vehicle for providing local participation in industrial projects or, in some cases, acquiring industrial land. The industrial development company has been extensively used in some areas as

Local
Development
Companies
As Vehicle
For Financing

the principal method of recruiting local capital in small amounts and increasing the lending capacity of local groups with significant loans from other sources so that they can participate in substantial projects.

Industrial development corporations raise their original capital from individuals and business concerns in the community by issuance of stock, bonds, or notes or through solicited donations. In many cases, they fulfill the need for providing financial assistance to firms which have been unable for some reason to obtain adequate backing by conventional methods.

How Local
Development
Companies
Operate

Development corporations may finance industrial developments through loans or loan guarantees, purchase of existing buildings for lease, or construction and leasing of industrial buildings. In addition, they sometimes purchase and develop industrial sites. Many state and Federal programs also provide public funds for industrial financing, and quite a few depend on local support and supervision. In such cases, the development corporation is often required to play an important role in the financing. The unique feature of such development corporations is willingness to provide financing wherever the community deems it to be most needed.

The following five characteristics can be identified as common to all local industrial development corporations or companies:

Characteristics
Of Local
Industrial
Development
Corporation

1. Financing (and sometimes other types of assistance) is provided primarily to manufacturers.
2. They are formed for the public purpose of improving employment opportunities in the community.
3. Assistance may be offered to expanding local firms and new industrial firms in the community.
4. Public subscription of funds (in the form of either an investment, a donation or a loan) is the main source of support.
5. They are incorporated.

Financing

Providing
Financial
Assistance

The development corporation provides financing in several ways. Generally, the corporation furnishes funds to finance the construction of new industrial plants or other commercial facilities, most of which are leased (often with an option to purchase) to manufacturing, sales or service firms which express a preference for this type of financing.

Another method of providing financial assistance is to make nonbankable loans to business firms. Although the interest rates on these loans are similar to conventional loan rates, the corporation may take lower-grade collateral or no collateral at all.

Several viewpoints exist concerning the scope of community participation needed for a successful development corporation. Some corporations attempt to gain support from every sector of the community: public officials, unions, farmers, businessmen. Other groups are closely affiliated with the local chamber of commerce and represent that membership alone. A small nucleus of influential and wealthy local citizens dominates some other corporations.

The makeup of the development corporation generally determines the most efficient method of raising capital. If the corporation has a limited membership, the capital may be raised from the members at the time of incorporation. The Small Business Administration requires that the local development company which it assists have a minimum of 25 members. In corporations of this size it is considered more practical to solicit funds after the formal incorporation has occurred.

The funds are raised from the community through issuance of stocks, bonds, notes, or membership certificates. The method of raising funds and type of corporation depend upon local preference. Quite often these groups seek pledges from substantial local citizens and businesses, some using installment or deferred payment plans over several years to collect

Methods
Of Raising
Local
Funds

the money. Others rely upon variations of the \$100 club: a stated amount is contributed annually, requiring several years to accumulate adequate funds. Still other local corporations use stock sales, supplementing with loans from banks, savings and loan associations and similar sources. No method has been found to command unanimous support.

Range of Assistance. The local development corporation, in cooperation with SBA, can provide a wide range of assistance to the community and to business and industry which is in existence in the community or is preparing to become established there.

Types Of
Assistance
Offered

For commercial establishments, this assistance includes business loans for the purpose of expansion or diversification as well as the financing of new business ventures. In addition, through the SBA SCORE chapter and in-office expertise, management assistance can be made available and new business venture market analysis studies can be prepared.

For industrial firms, these same services are available plus assistance in procuring government contracts and in subcontracting.

For those communities with a demonstrated need for shopping centers, the four areas in which assistance is most needed are (a) location analysis, (b) multi-unit financing, (c) management assistance and (d) technical assistance and market information. Location analysis is a highly technical field which encompasses traffic patterns (both vehicle and foot), shopping habits, area needs and population preferences. This phase should not be attempted by people who are not qualified.

Assistance in
Non-Manufacturing
Operations

Multi-unit financing also is a highly skilled area which can involve one or more of the sources of capital shown in Figure IX-1 on page IX-7. This summary of financing sources should prove helpful to SBA development personnel. Since multi-unit financing requires a great deal of legal and

Figure IX-1
CAPITAL SOURCES BY TYPE OF FINANCING AVAILABLE

	New Business			Established Business				
	Debt			Debt				
	Equity	Build- ing	Equip- ment	Working Capital	Equity	Build- ing	Equip- ment	Working Capital
Private Sources								
Commercial Banks		X	X			X	X	X
Commercial Finance Companies			X	X			X	X
Commercial Paper Underwriters								X
Factors			X	X			X	X
Foundations					X			
Individual Investors	X				X			
Investment Bankers and/or Companies	X				X			
Life Insurance Companies		X			X	X		
Savings and Loan Associations		X				X		
Trust Companies and Trust Departments					X			
Venture Capital Organizations	X				X			
Quasi-Public Sources								
Rural Electrification Administration			X				X	
Small Business Investment Companies	X			X	X			X
Public (Federal) Sources								
Department of Labor (MDTA)				X				X
Economic Development Administration	X	X	X	X	X	X	X	X
Small Business Administration	X	X	X	X	X	X	X	X
Public (State and Local) Sources								
Industrial Development Corporations	X				X			
Industrial Revenue Authorities	X	X			X	X		

financial expertise, like location analysis, it should not be attempted by people who are not fully qualified.

For the service industry (dry cleaning, restaurant, etc.), the local development company can assist in financing both new ventures, when a need for the services has been demonstrated, and the expansion of existing companies. It also can render assistance in management and prepare market analyses for new business ventures.

Medical facilities, such as nursing homes and clinics, are often high on the list of community needs. Here again, the local development corporation can assist in the establishment of new facilities through financing and market analysis or help existing facilities to expand through business loans.

Many communities find that one area of activity often neglected in the community economic process is creation of facilities which serve tourist and recreation business. Expansion of activities in this field can be assisted by determining the feasibility of promoting local areas either through new business financing or expansion loans to existing ventures.

In the development of the total economic package, some businesses may need to relocate because of a new highway or similar dislocating factors. Here, too, the local development corporation and SBA can be of assistance through the several SBA programs that have been developed in this area.

Role of SBA

The role of the Small Business Administration in many assistance areas cannot be spelled out specifically to fit the needs of all communities in all regions of the country. In these assistance areas, however, one of the most significant programs available is the Economic Opportunity Loan (EOL) administered by SBA to assist low-income or disadvantaged persons who seek to establish a business of their own. These loans are based more on character and ability than on collateral.

Applying
SBA Help
In Projects

SBA
Role In
Community
Assistance

Nor can SBA by itself expect to meet all of the needs of business, industry and the community. For this reason, SBA works closely with other Federal agencies to achieve the best results possible in the total economic spectrum. The Economic Development Administration (EDA) concentrates its efforts in low-income and high unemployment areas and complements to a high degree the SBA effort through its various programs of assistance to business and industry. Similarly, but more in the community development field, SBA works with the Department of Housing and Urban Development (HUD), Farmers Home Administration (FHA), the Department of Health, Education & Welfare (HEW) and the Rural Electrification Administration (REA).

However, the role of the Small Business Administration in the broad field of community development can be divided into three primary missions: the positions of catalyst, of advisor, and of active participant or partner.

Catalyst. SBA must, in this role, be a catalyst to motivate the community to reach the point of decision to embark on a well-planned and conceived development program. Further, it must help the community's leaders sustain the necessary interest and activity in the overall project. In the final analysis, no matter how active the catalyst, the work and resulting accomplishments must be those of the community itself.

SBA As
Catalyst

SBA community developers must be honest with the community concerning the amount of work and the time frame which will be involved in a successful program. They should not lose sight of the fact that in many, if not the majority, of cases they are dealing with unpaid although dedicated volunteers. Patience and judicious encouragement will be required.

Advisor. In the capacity of advisor, the SBA developers must recognize the hopes and aspirations of the community and evaluate their validity in light of knowledge about local and regional trends as well as available resources. SBA must be

SBA As
Advisor

able to evaluate a minimal plan or program which can reasonably be expected to move the community toward its expressed goals.

Many segments of the community plan will not fall within the legislative authority of SBA. Accordingly, in these areas, SBA personnel must be in a position to suggest the proper source or sources of help to implement these portions of the overall program.

Active Participant. Obviously, certain phases of the overall community program will fall within the purview of SBA programs: lending, management, procurement, etc. The SBA community developer must be knowledgeable of all the various programs of SBA in order to utilize the best approach to each individual problem.

SBA As
Active
Participant

SBA should become increasingly sensitive to the relevance of its assistance programs to changes, developments and trends on national, regional and local levels. When working with a specific community, SBA can expect the designated organization to screen all loan requests for their validity under the community development plan.

But extreme caution must be exercised lest the local screening group become an alter ego for SBA. To properly fulfill its mandate, SBA itself must assume final responsibility and take final action in implementing its legislation. Only SBA personnel may refuse to consider or decline applications for financial assistance, and any valid request should be considered. When operating within the framework of a community plan, SBA community developers should endeavor to search out and encourage those proposals or projects which are relevant to the plan and to locally identified goals.

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- Kinnard, William N. Industrial Real Estate. Washington, D. C.: Society of Industrial Realtors, 1967.
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Appendix
TYPICAL PROGRAM OF WORK
CENTERVILLE ECONOMIC DEVELOPMENT ORGANIZATION

Airport Committee

This committee will push for the completion of the runway extension at the Municipal Airport. It will study total needs at that facility and will look into broader use of the Midtown airport. It should maintain liaison with the Mid-State Planning Commission which is studying long-range facility needs for the area. It should also give priority to securing improved service by the commercial airlines.

Centerville Area Development Company

The Centerville Area Development Company is a corporation that has been established for the purchasing of property and the developing of industrial sites. The Company is qualified to assist in the financing of industrial development projects in cooperation with the Small Business Administration.

Centerville-Linn County Industrial Authority

The Centerville-Linn County Industrial Authority is a nonprofit public body created to assist in the financing of new and expanded industrial operations and to increase employment in Linn County. The Authority has acquired land which will be developed into an industrial park in order to have prepared industrial sites at competitive prices.

Conventions Committee

The Conventions Committee will carry out a vigorous program of convention promotion and sales. It will plan and execute a fund campaign to support the program, and undertake a greatly expanded program in 1969 to take full advantage of new facilities available.

Downtown Development

This committee will carry out the Master Plan for Downtown Centerville. It will work with property owners, tenants, civic leaders, and governmental organizations to carry out this plan. It will develop any further planning efforts needed to maintain a strong and convenient downtown area. Some specific areas for development include:

1. Redevelop two blocks of Main Street.
2. Develop Second Avenue into a mall.
3. Improve the appearance and usefulness of the river front.
4. Work out improvement plans for traffic flow into and out of the area.
5. Improve parking facilities in downtown Centerville.
6. The Downtown Movers will develop unique promotional events to increase customer traffic in the downtown area, geared to sponsoring special events.

Appendix (continued)

Education Committee

A continued interest in the Curriculum Study of the Linn County Board of Education should be maintained. The committee must stay informed of the recent changes in member selection and other problems which can affect the quality of education in the public schools. The committee should develop a close working relationship with all area colleges and should continue its interest in the higher education needs and take steps to meet these needs. The committee is also to begin a study of library needs in Centerville.

Existing Industry Task Force

The task force will function to provide an avenue of communication between manufacturers who need to discuss mutual problems. It provides fellowship and programs of particular interest to industrialists.

Farmers' Club

The Farmers' Club is designed to promote good relations between business and agriculture, to promote improved farming practices, and generally to conduct programs that will increase agriculture's contribution to the Mid-State economy.

Highways Committee

Push for rapid completion of programmed highways. Work for connector from Centerville to I-35 at Midway. Work for east-west interstate link. The committee should review overall highway needs of the area and present a priority schedule to the community, working closely with state and local officials.

Manpower Development

Intensive efforts will be made to develop the human resources of the Centerville area into a labor supply of the highest quality. The committee should pay particular attention to the hard core unemployed, the underemployed, and students seeking summer jobs. It will work with employers to create job opportunities where possible.

Medical Committee

This committee should begin serious efforts to have a medical school located in Linn County. It should make a new study of hospital facility requirements and project these for several years into the future.

Mid-State Development

This is a new committee which will develop programs to build a team relationship between Mid-State cities and counties. It should assist local communities in strengthening their chambers of commerce or other development groups.

Appendix (continued)

Military Affairs Committee

This committee will work to maintain a close and friendly association between military personnel and the business community. It will be in charge of all relations with military groups in the Greater Centerville area and will plan the organization's participation in any related military events.

New Jobs Task Force

The basic goal is to create new jobs, either by the attraction of new businesses to Linn County or by the expansion of existing industry. This committee is to insure that materials are prepared and available that tell the Centerville story, to have a comprehensive file on available industrial sites, and to be prepared to answer all questions that might be asked by an industrial prospect.

Park and Shop

This committee will be responsible for the total Park and Shop program. This includes working with participating stores and parking facilities and the promotional effort which accompanies the program. Efforts will be made to get more participating stores into this plan and to encourage wider use by those now in the program.

Recreation Development

A new recreation effort is under way, and the committee will develop a long-range capital improvements program with a plan for the retention and acquisition of open spaces. It should build on the program to utilize school facilities during off hours. It will host certain athletic events in Centerville and will have an interest in the development of new potential for the area.

Tourism Committee

Centerville's heritage is one of its greatest assets. The committee should concentrate on the development of historic attractions as well as their promotion. Efforts to attract and keep tourist income in the Centerville area should be continued. A commitment has been obtained for a Tourist Information Center on I-35. The committee should see that construction is completed during the year.