Organizational Leadership Briefs for RDO Executive Directors

This brief is part of the seven-part series On the Road to Success: Organizational Leadership Briefs for Executive Directors.

These briefs cover a wide range of issues important to RDO senior leadership, including:

- Creating Relevance in Your Region
- Building and Nurturing Relationships
- Developing Revenue Strategies
- Doing More with Less
- Executive Director Qualifications
- Financial Reporting
- Preparing for Effective Board Meetings

The full set is available online at: www.nado.org/leadershipbriefs

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To maximize success in today’s climate and to create a sustainable organization, regional development organizations need to focus on three key areas:

- Relationships
- Relevance
- Revenue

REVENUE

Creating revenue to support your regional organization is an element that likely consumes an inordinate amount of your time and attention.

Regional organizations may mistakenly approach their organizational revenue from an “entitlement” perspective. This means relying on historic revenue sources which unfortunately are diminishing or at best not keeping pace with costs. This includes being reliant on:

- The same level of membership dues or taxes from the communities in the region
- Funding from the state legislature
- Funding from EDA for Economic Development Districts
- Funding from state planning and development agencies

To create a sustainable organization, you may need to rethink your revenue strategy by being more entrepreneurial about your services and revenue.

Four strategies for increasing revenues include:

- Sell more existing services/products to your existing clients
- Sell your existing services/products to new clients
- Sell new products/services to your existing clients
- Sell new products/services to new clients

(cont’d)
Examples of revenue sources that regional development organizations are pursuing include:

- **Data analysis**: This is a product of value to the development community by understanding markets, opportunities, and new trends.

- **GIS mapping**: Utilities, emergency management, school districts (bus routes, social & economic demographics), and healthcare providers often need mapping information to carry out their responsibilities and are willing to pay for these services.

- **Traffic volumes and patterns**: This service is particularly attractive to retail establishments and developers.

- **Data presentation**: The private sector needs and is looking for ways to put raw data into meaningful information. Comparing sites/locations, evaluating capacity for growth, and understanding workforce supply and demand are just a few topics that are of broad interest.

Take the products and services that you do well and offer fee-for-service contracts to perform them to a new customer base.

There are a number of best practices that have been identified to enhance revenues for regional development organizations, including strategies to:

- **Amplify** revenue
- **Diversify** revenue
- **Unify** services

**AMPLIFY**

Amplify your products and service offerings by offering the products and services you provide to a broader customer base.

Ask yourself—

- What do we do well?

**DIVERSIFY**

Diversify the products and services that you offer to your existing customers

Ask yourself:

- Who are our primary customers and what needs do they have?
- What can we do for them more efficiently and effectively?
- What do they outsource that we can deliver?

Then understand your capabilities to respond to these needs. Remember:

- Don’t lose your organizational focus and purpose.
- Don’t tackle projects you lack the capacity to deliver high-quality results.
- Take projects that are scalable, create repeat business, or can be replicated to other customers.

**UNIFY**

To grow your revenue, look at opportunities for mergers or collaboration to add customers, programs, and talent:

- Is it time to consolidate efforts with other organizations struggling to maintain a budget?
- Can you create efficiency through consolidation of facilities, IT, overhead, and staffing? Or at least co-op services such as GIS, IT, accounting?

Identify possible partners for collaboration:

- Resource Conservation and Development (RC&D) organizations
- Economic development organizations
Human service organizations, such as community action agencies, workforce investment boards, aging programs, etc.

- Community-based organizations
- Charitable organizations
- Other regional planning organizations

**Potential Collaborators and Customers**

To enhance revenues to support the efforts of regional development, it may be worthwhile to reconsider the “competition” and view them instead as potential clients and collaborators. This includes entities such as:

- Attorneys
- Accounting firms
- Public or private finance corporations
- Developers
- Associations
  - Homebuilders
  - Realtors
  - Utilities