

Adirondack Economic Development Corporation (AEDC)

Strategic Plan 2007-2009

Introduction

The Adirondack Economic Development Corporation (AEDC) is a private not-for-profit 501-c-3 economic development corporation that was formed in 1976 as a cooperative effort of community leaders in towns of the northern Adirondacks, a mountainous rural region of upstate New York. AEDC was created to reduce unemployment and expand employment opportunities for the region's residents through activities to strengthen and diversify the regional economy. AEDC's programs combine entrepreneurial training and small business development, community development services, and financing capacity to create multi-level economic opportunities appropriate for an environmentally protected region.

Over the last twenty years, the growing recognition of the importance of community economic development has had a profound effect on the AEDC service area. Initially the sole provider of community economic development services, the field has grown dramatically. After 30 years of operation, the Board of Directors has decided to re-assess the role of AEDC in stimulating economic development in the Adirondack Park and engage in strategic planning to identify the key issues which must be addressed in order to:

- Strategically position the organization among other economic development organizations in the region;
- Meet the needs of businesses, communities and institutions for sustainable economic development, especially in distressed areas; and
- Guide the organization through its next three years of growth.

The strategic planning process included interviews with over 40 community stakeholders, and review of internal documents and relevant economic, demographic and market share data (**Attachment A. Stakeholder Interviews**).

The primary conclusion from these stakeholder interviews was that AEDC: (1) has a role in stimulating and supporting economic development in the region, especially for underserved populations; (2) should focus predominantly on its “core” business – training, technical assistance and microloans for aspiring entrepreneurs; and (3) should also focus on helping to improve the profitability of existing small businesses through specialized technical assistance and loans.

II. Current Status of AEDC

AEDC is currently the Adirondack Park region’s designated:

- Federal and state certified Community Development Financial Institution (CDFI)

- U.S. Small Business Association Microloan Intermediary
- U.S.D.A. Rural Development Intermediary Re-Lender
- NYS Entrepreneurial Assistance Program provider.

In FY 2006, AEDC made 14 loans totaling \$132,000 and provided training and technical assistance to over 70 businesses. Since inception AEDC has made 287 loans totaling 8.1 million.

III. Market Analysis

The secondary market analysis of small business lending in the region was conducted as part of this plan. A large share of small business financing in the region comes from bank loans guaranteed by the U.S. Small Business Administration 7(a) program. In FY 2006, SBA guaranteed 348 bank loans totaling over \$40 million. These loans are generally for existing small businesses, which generally do not have weak credit or insufficient collateral.

Based on interviews with bankers and economic development officials, there continues to be a need for microloans in the region, and that AEDC is the only organization with the experience to make small high-risk loans to start-up businesses. While several municipalities in the region have microloan funds, the loans made are marginally bankable, tend to be larger in size, and take a second position to participating financial institutions. Further, staff tends to focus on their attention on larger, job-generating loans.

The findings of the market analysis do not differ from the findings of a market assessment on the region's financing needs prepared for AEDC in 2001. That study revealed that among those who sought financing, the most common purpose for seeking financing was business expansion (51%), followed by debt re-financing (23%) and business modernization (22%). About 13% had sought start-up financing. Also 52% of the businesses surveyed in that assessment have or foresee a need for outside financing, with the most common need being facility improvements, equipment and working capital.¹

Also, according to the Plattsburg-North Country Chamber of Commerce, there is strong optimism about the prospects for business growth in region. The North Country business community registered a 92% "business confidence index", matching the index of last year, according to the 2006 Annual Issue Survey released in May 2006 by the Plattsburgh-North Country Chamber of Commerce.

The survey of 3,100 businesses in Clinton, Essex, Franklin and northern Warren Counties showed 71% expecting business to be up in the next year and 21% expecting business to be steady, for a total of 92%. This compares to 92% in each of the last two years,

¹ *Adirondack Region Financing Needs: Market Assessment*, prepared for AEDC by Mary L. McLean, MLM Associates, December 2001

showing continued optimism and confidence. 84% agreed that "the North Country economy is moving in the right direction."²

IV. Environmental Scan

The strategic planning process included interview and surveys of over 40 key stakeholders in the region. The focus of the qualitative research was to gain a deeper understanding of the market, opportunities and threats, and to give AEDC a clearer idea of how it is viewed in the marketplace. The general recommendation from these stakeholders is that AEDC should focus predominantly on its "core" business – training, technical assistance and microloans. At the same time, there was also clear support for an increased focus on helping to improve the profitability of existing businesses, many of whom "need to awaken to the realities of doing business in the Park today, especially in the areas of tourism."

A. Microloans: Interviews with economic development professionals throughout the region confirm the continued need for microloans for both start-ups and existing businesses. Many would like to see AEDC focus more attention on technical assistance and financing for existing businesses that need to improve operations and profitability. These include but are not limited to:

- Lending support to business initiatives, especially in the areas of tourism infrastructure improvements, guide and retail services, etc. to support goals identified by community members in three regional planning documents for the Adirondack, Olympic and Central Adirondack Byways. Nature-based tourism presents interesting possibilities for business growth.
- Investigation of business lending for green technology improvements and conservation strategies, etc. For example, ANCA is presently working on a Green Technology Program with the Town of Franklin. A missing link is a local pool of capital available for businesses to address these and similar issues.

B. Training and Technical Assistance: economic development officials across the region were supportive of AEDC efforts to provide entrepreneurial training and technical assistance to start-ups. Several indicated they have needs for specialized workshops for existing businesses in their community in the areas of e-commerce and marketing, among other subjects. Also, these organizations would be willing to contract with AEDC to provide this service.

V. Vision, Mission and Guiding Principles and Goals

On the basis of the above analysis and strategic planning sessions with the staff and board of AEDC, the organization has adopted the following mission and vision statements, goals, principles and primary organizational strategies: and

² 2006 Annual Issue Survey, Plattsburgh-North Country Chamber of Commerce, May 2006

- **Mission:** *To foster and support the growth of sustainable North Country communities through support for aspiring entrepreneurs and existing small business owners.*

The AEDC's mission addresses the fact that communities throughout the Adirondack Park region share common disadvantages for business and community development. These include extreme rural conditions, lack of access to capital, the fact that traditional industries such as wood products and mining have diminished in regional economic importance, and extensive state regulations on land use.

- **Vision:** *We envision vibrant and economically and environmentally sustainable communities within the North Country and especially within the Adirondack Park. The economy of the region will be driven by small businesses that have the tools they need to create new jobs, personal wealth, and strong local economies.*

- **Strategic Goals –Our work aims to....**

- Revitalize distressed communities.
- Expand people's sense of hope and expectations of the possible.
- Increase people's capacity to participate in creating viable and vital communities.

- **Principles – As we work, we will seek to...**

- Directly impact underserved individuals and communities.
- Collaborate with others to maximize our shared impact in communities.
- Promote renewable use of natural resources.
- Concentrate our efforts in historically distressed places.

- **Primary Strategies (On-going)**

- **Provide capital and technical assistance** to small businesses, institutions and communities.
- **Assist communities** to create a viable economic future.
- **Communicate** stories and lessons about promising development work that makes a difference and **advocate** for effective community economic development policy.

VI. Strategic Directions/Initiatives (2007-2009)

A. Restructure the Composition and Delivery of Services

Since its inception, AEDC has defined its service territory as the 14 counties of Northern New York. AEDC remains committed to helping aspiring entrepreneurs and small businesses across the region and for advocating for policies to support small business development in the North Country. In fact, many stakeholders interviewed for this plan suggested that AEDC can play a stronger role in advocating at the state level for appropriate small business development within the Adirondack.

However, to increase effectiveness and impact, AEDC will narrow its focus and deliver services in partnership with a smaller number of “entrepreneurial” communities or what we call “communities of opportunity.” A talented and focused entrepreneur can succeed anywhere, but he or she is more likely to succeed in communities and regions that have the following characteristics:

- Diversity in sources of capital.
- An enabling culture.
- Networks: The essential links.
- Supportive infrastructure.
- Entrepreneur-friendly” government.

From the stakeholders interviewed, it was clear that many towns and villages desired a stronger partnership with AEDC which included a more visible presence in the community. It is envisioned that AEDC will deepen its services in selected communities and play a more central role in stimulating local business activity. Through carefully crafted partnerships with towns and villages in the North Country, AEDC will tailor its products and services to meet the specific needs of aspiring entrepreneurs and small business owners.

- 1. Delivery of Services to “Communities of Opportunity:”** AEDC will decentralize its services through satellite offices (similar to the Old Forge office which is a partnership with the county government and the Central Adirondack Association) developed in partnerships with selected communities. This strategy recognizes that growth will be concentrated in communities where people and organizations are encouraged to be entrepreneurial and have access to the assistance they need. AEDC will deliver services tailored to the specific needs of targeted communities.
- 2. Restructure Financial Assistance Programs:** AEDC will seek more flexible, low-cost capital for aspiring entrepreneurs and existing businesses and develop financing products better tailored to specific industries and needs. Specific examples include agricultural producers, nature-based tourism, green technology, healthcare, etc.
- 3. Diversify and Expand the Customer Base:** While entrepreneurial training for start-ups will continue to be offered, AEDC will place more attention to technical and financial assistance to existing businesses poised for growth. This will include specialized workshops in areas like marketing and e-commerce, among

others and individual consulting. AEDC will also seek to offer services to new customer markets, including youth and the elderly.

4. **Provide Financial Education Services to Existing Businesses:** AEDC will expand its training programs to include financial literacy, credit repair, and financial planning. The goal of these services is to help existing business owners build assets so they can secure their financial futures and increase the chances of business success.
5. **Develop Strategic Industry Assistance:** AEDC will continue to focus on supporting business sectors that are appropriate within the Adirondack Park. Specific examples could include agricultural producers, tourism, and health care, among others.

B. Organizational Development Priorities

In addition to the above strategic initiatives, the Board of Directors has identified four key priorities designed to increase the long-term sustainability of the organization and assure for continued success.

1. **Increase our financial self-reliance:** AEDC will aggressively work to reduce its dependence on government funding and develop a fund development plan.
2. **Develop a multi-year communications strategy:** AEDC develop a marketing and communications strategy that includes re-establishing AEDC's brand in the region and better supports programmatic communications about AEDC's lessons and accomplishments.
3. **Strengthen organization's evaluation system and practice to increase our learning:** As a performance-driven organization, AEDC will review its current program evaluation system. AEDC will adopt best practices in measuring performance and outcomes evaluation.
4. **Build more direct engagement and feedback with constituents in the region:** AEDC will be more visible in the region, conducting "listening posts," focus groups, and meetings with local government officials, economic developers, financial institutions and other stakeholders. The information and feedback will serve to support program development, organizational learning and evaluation.