

**THE SOUTH BAY ECONOMIC DEVELOPMENT PARTNERSHIP
REGIONAL PRINCIPLES
FOR
ECONOMIC DEVELOPMENT**

Since the end of the recession in 1993, the Southern California economy has generated jobs, income and tax revenues to the benefit of residents, businesses and government. This growth has been powered by a New Economy driven by new information technologies and growing global markets for these technologies, and a culture of innovation.

The SBEDP is dedicated to ensure the continuation of this growth, and to foster the development of an economy, which has minimal exposure to the type of downturn, which was so devastating in the late 1980's.

The New Economy is a source of competitive advantage, not a new set of industries. Today, firms small and large must compete on the basis of speed using knowledge, quality and networks to meet consumer needs more flexibly. This includes industries as varied as entertainment, apparel, and value-added agriculture as well as software and multimedia. This new model represent a fundamental shift from mass production based on low cost, quantity, and scale to a new model of flexible specialization.

The key to success is continuous innovation that rapidly translates new ideas to market. Information technologies have greatly transformed the ability of firms across a wide range of industries and geographic locations to speed up their production processes and serve customers more effectively. Regions that have prospered in the New Economy have fostered innovation.

Several characteristics of the New Economy are now surfacing:

- *Innovations are place-based.* Since innovation is a social process, it is most effective when the ingredients are clustered geographically in a Region. Economic regions with dynamic clusters of complementary firms and specialized infrastructure are leaders in the New Economy.
- *People are the key ingredient for success.* The New Economy depends on talented, resourceful people for innovation and, therefore, education and training for all on an ongoing basis have become critical to regional success. The New Economy demands a continuous investment in learning and retraining.

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- *Quality of life has become a critical economic issue.* Because people matter and creating communities where people want to live and interact is essential for innovation in the New Economy, creating livable communities through smart growth strategies has become essential for innovative regions.
- *Regional perspectives are required.* Planning for adequate land for jobs, housing and open space requires a regional perspective.
- *Resources or assets alone are not enough.* Assets must be connected and linked with entrepreneurs and companies, and a culture of innovation must be nurtured.

Given the above characteristics of the New Economy, regional leaderships can and should do the following:

- *Build fundamental economic assets:* Assets include the educational base, the land area and physical infrastructure, and the corporate citizens.
- *Connect entrepreneurs to assets:* Linkages between the assets, the service providers and the customer – the entrepreneurs and growing businesses - foster efficient growth and asset utilization.
- *Promote a culture of innovation:* Regional leaders can support innovation by defining and promoting the region as innovative, and creating a focus on innovators – both individuals and companies.
- *Make quality of life a key asset.* The expansion of key amenities for a cutting edge workforce and the solution to quality of life problems, such as transportation, open space, etc., are critical to success.

To prosper in the New Economy, the South Bay needs to encourage its regional leadership to maintain a focus on these ingredients for success. Specific initiatives are suggested as follows:

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(1) General:

- *Maintain a regional approach to overriding issues.* Organizations like the SBCCOG, SBEDP and SBACC, together with other inter-city business, cultural and institutional organizations, are vital in a community of 15 cities and a highly mobile population.
- *Monitor the progress of the region.* Indexes like the Massachusetts Innovation Index, and the Index of Silicon Valley, monitor a number of variables, from venture capital, patent activity and advanced degrees, to crime, commute times, and job formation. These indexes measure the strength of the region, both against other areas, and over time. A similar approach should be encouraged in the South Bay.

(2) Area Assets:

- *An efficient physical infrastructure for transportation, utilities and telecommunications* must be maintained and expanded. In particular, governmental and private efforts must be focused on promoting and expanding local and regional fiberoptics networks made more complex by the variety of different jurisdictions.
- *Linkages between business and educational institutions* of all levels should be expanded and cultivated to promote a greater awareness of each other's issues and concerns.
- *Land needs of the New Economy should be clearly understood*, and with a rapidly dwindling stock of redevelopable property, development standards to assure remaining land is attractive to wealth-creating businesses should be pursued; high cost is not necessarily an impediment to growth in the New Economy, but low standards are.

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(3) Linkages:

- *Regional leaders should encourage and nurture networking organizations and cluster development, as a means of growing regional collaboration and promoting the area. Create a “network of networks”.*
- *Industry leaders (corporate and individual) should be encouraged to reach out to the community to promote and showcase their products.*

(4) Culture of Innovation:

- *The region must be marketed as innovative, fostering the development of public awareness of the South Bay as a hotbed of emerging technology, with (for example) a greater high-technology output than Austin.*
- *Leaders in the New Economy must be cultivated and involved in regional planning.*

(5) Quality of Life:

- *Ensure the continuation of the South Bay’s safe, low-crime environment with a high level of crisis preparedness.*
- *Preserve the unique and established residential neighborhoods, but encourage the redevelopment of substandard residential and commercial areas to provide housing affordable to first time and less established home buyers, who provide much of the creative labor supply for the New Economy.*
- *Enhance the improvement of the visual environment through landscaping, power line undergrounding, signage controls, etc.*
- *Focus on infrastructure improvement at a regional level.*

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The South Bay can develop and maintain a regional advantage as a center of the New Economy in California and the U.S. However, this will not happen by itself, but rather by the actions of its regional leaders. They alone can change the underlying mindsets and regional environment.