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*The New Economic Reality: Creating a Regional Mindset**

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ABSTRACT

Today, one of the key challenges facing community leaders across the country is to build an innovative, prosperous economy to provide jobs and a quality of life for those within their communities. Leaders in each city work hard to attract new businesses and to help those existing businesses successfully compete. Unfortunately, many of these leaders have come to learn that today's economy is too complex for a single city to master. They have begun to move beyond their local communities and to think of themselves as a part of regional efforts because regions are more competitive in scale and assets than are cities. Regions are the right size to balance speed of response with a critical mass of assets to compete successfully. Vibrant regions have a strong self-identity rooted in shared experience, a regional mindset, regional action, and a real network of collaborating leaders and programs.

What many communities have found when addressing their economic challenges is that creating a regional culture takes a new kind of leadership. Political boundaries, institutional turf, school athletic rivalries, and other local issues can get in the way of pursuing collaborations. They know the value of a regional mindset yet understand how difficult it is to get others to see the need to think and act regionally. Several communities in north-central Indiana were facing such a challenge. As a result of a two-year initiative, a model emerged that provides insight into the process of developing a regional mindset.

KEY WORDS Regionalism; Innovation; Communication; Regional Mindset; Boundary Crossing

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In a recent CBS *60 Minutes* interview, Sergio Marchionne, CEO of Chrysler and Fiat, talked about the “fear in people’s faces” when he arrived at Chrysler. “I remember, when I came here, in 2009, there’s not a thing worse for a leader than to see fear in people’s faces. The workers were afraid they would lose their jobs, and I was taking on the responsibility, the daunting challenge of saving those jobs, by resurrecting a moribund company. There wasn’t a CEO in the world from the auto side that would have touched this with a 10-foot pole” (MSN News 2012). Communities across the Midwest, no matter what industries are located in their cities or towns, can all relate to the experience Marchionne describes.

Today, one of the key challenges facing community leaders across the country is to build an innovative, prosperous economy to provide jobs and a quality of life for those within their communities. Economists say that negative factors, such as falling home values or rising meat prices, are nowhere near as important as the growth in jobs. “People pay close attention to the jobless rate,” said Carroll Doherty, an associate director at the Pew Research Center. “That’s a number that matters to people, especially the trajectory.” Pew’s most recent quarterly poll showed a sharp turn upward in sentiment. Nationwide, 44 percent of Americans polled said they believe the economy will be better within a year. As recently as December, only 28 percent were feeling positive. That spike in positive sentiment came just as companies were stepping up their hiring. Labor Department data show that in January and February, employers added more than a half million jobs. The unemployment rate is now holding at 8.3 percent, down from its 10 percent peak in October 2009 (Shahani 2012).

So, the leaders in each city work hard to attract new businesses and to help those existing businesses successfully compete. Unfortunately, many of these leaders have come to learn that today’s economy is too complex for a single city to master. They have begun to move beyond their local communities and sectors to think of themselves as a part of regional efforts. The *Harvard Business Review*, in an article entitled “It’s Time to Act on the Jobs Crisis,” supports the need for collaboration: “No individual firm can do this acting alone—power comes through strong industry and regional networks. Business leaders need to work together and with other industry and regional stakeholders to share knowledge, mobilize the resources and build the ecosystems they need to compete on the basis of innovation, high productivity, and good wages” (Kochan 2012).

According to the Council on Competitiveness (2005), “The role of regions as the critical nexus for innovation-based economic growth has increased. The locus of innovative activities is at the regional level where workers, companies, universities, and government interface most directly” (p. 9). Regions are more competitive in scale and assets than are cities. Single communities are too small to compete globally, while states and nations are too large. Regions are the right size to balance speed of response with a critical mass of assets to compete successfully. A vibrant region has a strong self-identity rooted in shared experience, a regional mindset, regional action, and a real network of collaborating leaders and programs (North Central Indiana Regional Leadership Institute 2009).

According to Ed Morrison (2012), “Increasingly, innovation is taking place in open networks. Collaborative innovation emerges within regional economies among clusters of related firms and supporting organizations, like community colleges and research universities. These clusters form complex regional innovation systems to share information and resources. To accelerate regional innovation, economic developers need to focus on building these regional networks.”

Communities need to join these regional economic clusters to take advantage of geographic niches. Research has shown that regional collaborations generate positive economic results. According to a Brookings report by Muro and Katz (2010), “It is now broadly affirmed that strong clusters foster innovation through dense knowledge flows and spillovers; strengthen entrepreneurship by boosting new enterprise formation and start-up survival; enhance productivity, income-levels, and employment growth in industries; and positively influence regional economic performance.”

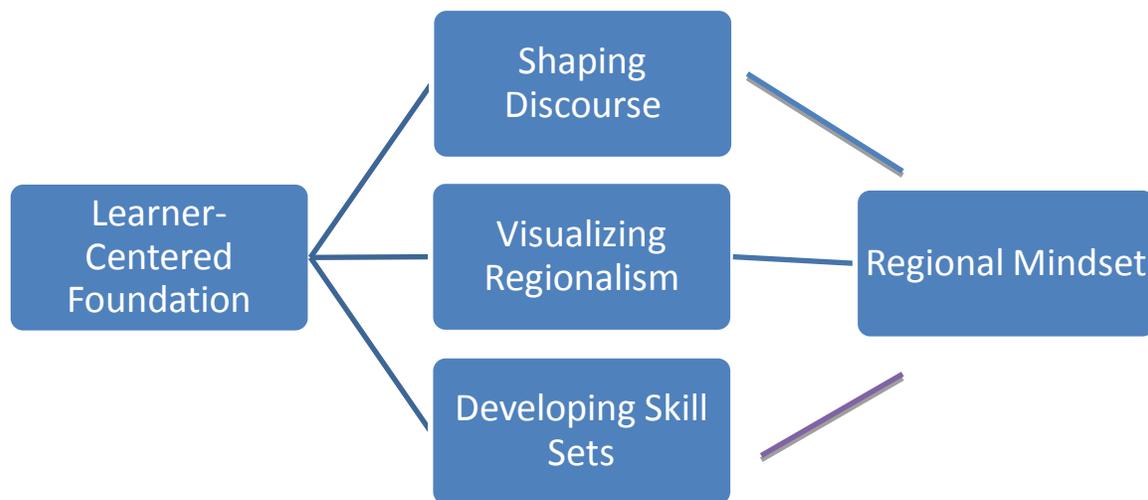
With all the support for regionalism, the question remains, however, how to promote a regional mindset in more geographic areas. What many communities have found is that creating a regional culture takes a new kind of leadership and few know how to engage in this kind of regional civic leadership. Political boundaries, institutional turf, school athletic rivalries, and other local issues can get in the way of pursuing collaborations. They know the value of a regional mindset yet understand how difficult it is to get others to see the need to think and act regionally. Human nature pulls constituencies to protect their cities’ boundaries, and thus, they end up competing with the communities around them rather than networking and collaborating to maximize access to greater resources and scale that comes from partnerships.

Several communities in north-central Indiana were facing such a challenge and turned to the faculty and staff of a regional campus of a university system to help develop a new broad group of leaders who could act as stewards or trustees of the region’s future. They needed a group of leaders who could help their local communities understand the importance of a regional mindset and work toward regional clusters for economic growth. Through the support of a WIRED grant, a regional leadership institute was created to support leadership development. As a result of this two-year initiative, a model emerged that provides insight into the process of developing a regional mindset. This paper explores the model that successfully led to the creation of the Hoosier Heartland Alliance, a successful network of leaders who clearly have embraced a regional mindset.

Several key factors play a role in transforming a community’s egocentric focus to a regional focus. The model begins with a learner-centered foundation, facilitating a common understanding of what it means to think and act regionally. Next, it is essential to shape discourse around the value of a regional mindset, exposing others to the literature on regionalism. A third strand that has a significant impact is helping leaders visualize how regionalism works. Finally, providing each participant with a skill set for engaging in regional work is important. All of these elements lead to a paradigm shift, to a new regional mindset.

The Regional Leadership Institute (RLI) provides an excellent case study of how 70 community members moved through the paradigm-shift process. The class included a diverse group of people from a hog farmer to a CEO of an organization, young and old, male and female, and members from both the private and public sectors. The institute curriculum was designed to create change. The feedback from each member of the class provided insight into how the process actually worked and what elements were essential to the transformation process. It is through the participants' analysis of the process and an analysis of the elements of the process that we learn what is necessary to create a regional mindset in other communities.

Figure 1. Regional Mindset Model



LEARNER-CENTERED MODEL

The learner-centered model places the student in the center of the learning process. In a learner-centered environment, people are active participants in their learning, they learn at their own pace and use their own strategies, they are more intrinsically than extrinsically motivated, and learning is more individualized than standardized. Learner-centered processes focus on problem solving, critical thinking, and reflective thinking.

This approach was chosen as the foundation for the model for creating a regional mindset because we were faced with adult learners who needed to reframe a concept—to relearn it, if you will. If we were to create change, the learners would need to understand the concept of regionalism, so first, we had to engage our regional constituencies in a learning experience. According to Holyoke and Larson (2009) in their article “Engaging the Adult Learner Generational Mix”: “Adult learners seek answers to resolve a specific need to know. Changes in developmental tasks or life changes are sometimes responsible for creating a need to know. When adults become ready to learn something they experience a need to learn it in order to cope more satisfyingly with real-life tasks or problems” (p. 16). Adult learners come with a readiness to learn; they are life-, mission-, or problem-centered in their route to learning. They want to see how new knowledge can be applied to their lives or what life could look like through an understanding or new knowledge lens (p. 16). Using the learner-centered approach as the foundation of the model dictated subsequent steps as educators, too, were grounded in allowing the participants to experience regionalism as they adapted to the paradigm shift.

SHAPING DISCOURSE

Today’s world is in a state of rapid change. Globalization of business has changed the meaning of place, and new technologies have redefined our notions of time and space. For example, a major international company houses a significant group of its engineering staff in a small Midwestern town, yet the CEO of the company is housed in Europe. The notion of place as it relates to company headquarters is no longer relevant. In addition, ideas are now the primary source of economic growth; ours is an economy of knowledge and innovation. The economic edge comes from being entrepreneurial, turning ideas into products and moving them quickly to market. There is an expectation that innovation is the norm. Finally, development and growth are taking place through partnerships, networks, alliances, and the like, with businesses in different industries and with different technologies (Henton 2005).

With this new economy as a backdrop, communities must respond in new ways to survive and grow. They must have economic strategies set in a global context and draw upon regional assets. In the past, civic leadership was based at the local town or community level; local leaders who knew each other worked together to make their communities better. Now, however, this egocentric view is no longer viable. What steps are necessary to transform local leadership to regional leadership? How can leaders come to recognize the value of boundary crossing as the vehicle to success? A leadership paradigm shift is essential for economic viability, yet, at the same time, difficult, as few know how to engage in regional leadership.

Shaping discourse is a strategy that focuses questions and conversations in a very directed way to bring about change. Bringing people together around new ideas affords an opportunity to engage people around a chosen topic and to focus their thoughts and actions. Engaging leaders in a discussion of the paradigm shift in leadership was a basic strategy to help participants look at leadership through a new knowledge lens and be

ready to learn a new concept—regionalism—to cope with the changing economic realities around them. We began the institute by sharing information about the concept of regionalism through invited guest presentations and engaging the participants in small-group book discussions. For example, one of the presenters addressed the speed of change and how regional efforts were able to respond; another presentation introduced the concept of regional fluidity, determining the borders of a region. In addition to helping everyone understand the need for change, the presenters also outlined how regional partnerships work. A key presentation involved staff members from Northern Kentucky Vision 2015, a regional organization with a long tenure of success. They addressed a number of topics that they believed led to the success of their region, including building the program over decades, finding consensus among urban and rural counties, and working effectively with the mayor. One participant in our program involved noted the importance of the regional discourse that took place: “RLI has reinforced regional economic development. Almost every book, and in committee meetings we discussed regionalism. RLI has helped us form the Midwest Indiana Economic Development group, nine counties working and promoting as one. We have also started WISER (Western Indiana Sustainable Energy Resource). Most importantly, the RLI has brought together 75-plus people to jointly discuss issues, possible solutions, and develop communication that has been absent.”

In addition, the institute leaders chose two books centered on regionalism: *Caught in the Middle* by R. Longworth and *Megacommunities: How Leaders in Government, Business and Non-Profits Can Tackle Today’s Global Challenges Together* by M. Gerencser, R. Van Lee, F. Napolitano, and C. Kelly. The book discussions were led by university faculty over a period of several months. The goal of both sharing the literature on regionalism and engaging participants in conversations about regionalism was that participants would begin to see the need for a new type of leadership, through a new lens. These vehicles were used to shape conversations around the concept of regionalism and the need for regional leadership. Another participant observed that “*Caught in the Middle* was a very good book to start the regional planning process. Being from a very small town in central Indiana, it certainly helped me to see the need for innovation and change in our region.”

VISUALIZING REGIONALISM

In the RLI initiative, key change occurred when participants visited three best-practice sites. During their visits, they spoke with volunteers and staff members who were engaged in regional projects. Seeing others think and act regionally was the spark that excited the group about regionalism. One participant stated, “As a nonprofit director, I learned that collaborations are more possible than one might think. Perhaps one is too quick to tell him- or herself no when maybe or yes is just as likely. The varied collaborations employed in Northern Kentucky were impressive and most likely were forged by time, perseverance, and success.” Another participant added, “I thoroughly enjoyed the trip to the Piedmont Triad of North Carolina. Those folks really had their act

together. Different little towns were not competing with each other but were feeding off of each other's successes. They had identified their strengths and had built on them. I was particularly interested in the regional commuter transportation system they had developed, and I sincerely believe that the development of something similar in our region would go a long way to developing a regional identity." In these reflections, participants began to understand the concept of regionalism, began to see what it looked like when people acted regionally, and began to plan how to create a regional mindset back home. Being able to visualize the concept made all the difference, as the leaders returned home intent on creating a regional strategic plan.

DEVELOPING A REGIONAL SKILL SET

Regional leaders will be challenged as they work to facilitate the paradigm shift. What skills are necessary to help others think and act regionally? One of the most fundamental skills is to create a habit of mind of optimizing. According to the book *Megacommunities*, "Optimizing refers to the recognition and actualization of benefits to the larger system as a whole" (Gerencser et al. 2008). This is a perspective that understands the interdependence of everyone. Optimizing is the opposite of maximizing, which refers to a primary focus on the immediate benefits to your own local domain. Maximizing is an ineffective strategy when responding to a complex global economy because it does not respond to all sectors involved, and we know that no one sector possesses all the capabilities to meet the challenges. Opening the minds of most Americans to the concept of optimizing is difficult because we have been raised on a winner-take-all philosophy, a win-lose perspective—one city wins a new industry while another one loses—rather than a regional win-win perspective. Everyone in the region can prosper from new business.

The ability to cross boundaries is another essential skill as groups come together to partner on regional initiatives. Relationship-building skills, networking skills, and effective communication skills are all necessary if regional partnerships are to succeed. One participant noted the skills necessary when she stated, "Tearing down silos, planting the seed for future cooperation, and regional planning were all part of the leadership program." Michael Porter (1998), at the Harvard Institute for Strategy and Competitiveness, stated, "The enduring competitive advantages in a global economy lie increasingly in local things—knowledge, relationships, motivation..." (p. 77). Working across boundaries is a difficult task because it draws on our ability to negotiate what is truly valuable for the parties involved. Understanding one another's cultures, value systems, needs, and so on takes a tremendous amount of energy and commitment. The foundation for effective communication and collaborative relationships is the willingness to understand one another before moving toward action. Another participant shared, "I learned the value of networking and establishing personal connections beyond my immediate sphere of influence. These connections are difficult to maintain over time, distance, and changing circumstances unless a mutual goal(s) is being pursued and face-to-face contact is made every six months or so."

As they begin to understand one another, the parties can initiate opportunities for collaboration: What can we do together? How can we benefit one another? This skill set has been coined Strategic Doing in the literature. It is a set of principles, practices, and disciplines for implementing strategy in a network. Strategic Doing guides strategy across organizational and political boundaries with a discipline to build collaborations quickly. Strategic Doing answers four questions: What could we do together? What should we do together? What will we do together? When will we get back together? This is an essential skill if regional projects are to be realized.

Most leaders need support in developing the skills needed to facilitate this type of change. Each of these skills was addressed in the institute through workshops and seminars. As one participant noted, “I think I had those skills before, but what I learned was that the challenge is in communicating those necessary skills, and the necessity of acting and thinking regionally to those who want to keep silos is a much greater challenge and not a concept everyone can buy in to.”

FUTURE RESEARCH

The model for creating a regional mindset worked well, as the participants adopted a new way of thinking, as evidenced by the development of a strategic plan for the region and an asset map to share with future employers. The elements of the model led to a paradigm shift, to a new regional mindset for the members of the class. These elements included a learner-centered foundation; facilitating a common understanding of what it means to think and act regionally, shaping discourse around the value of a regional mindset; and helping leaders visualize how regionalism works and providing each participant with a skill set for engaging in regional work.

The regional leadership group continues to work on transforming their region. The applied nature of this research is important to other regions throughout the country. The model provides a framework for facilitating regional transformation. If we agree that the new economic reality is competing globally and that communities need to join regional economic clusters to generate positive economic results, then future research needs to continue to explore the tenets of a regional mindset. We need to focus on additional strategies that will support the paradigm shift that needs to occur. A participant summarized it best: “They helped us understand that the global events affecting us are too daunting to respond to as individual communities. Our response needs to be made weightier through the coordinated efforts of many.”

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