

## What's the Difference between a Chamber of Commerce and Local Economic Development Organization?

Sometimes, local leaders struggle with understanding why a community should support both a chamber of commerce and local economic development organization (LEDO). Leaders sometimes look at the private dollars that support the chamber and the combination of public and private funds that support the LEDO and think that economies of scale could be achieved by combining the organizations or eliminating one or the other.

While chambers and LEDO's operate differently in different communities, in the purest sense, chambers and LEDO's should serve different, but complementary, missions in a community.

The first chamber of commerce in the United States was formed in New York in 1768 as an association of business owners to advance their collective interests before the government.

The purpose of chambers of commerce hasn't changed much since 1768: chambers of commerce are formed as associations of business owners and managers who band together to promote a positive business climate in their communities.

Local economic development organizations, LEDO's, in their purest sense, are formed to facilitate the growth of new investment in a community. LEDO's are formed to attract new businesses who bring new investment and jobs, and work with existing businesses to help them expand and grow in the community.

One way to think of the division of labor in a community between chambers of commerce and LEDO's is this: chambers of commerce work on 'product development' and LEDO's focus on 'sales and marketing.'

In this characterization, the 'product' is the community: is the local government is 'business friendly,' are the schools are producing a viable workforce, are zoning and business regulations logical and reasonable... all of which are part of a chamber's traditional mission of business advocacy.

LEDO's are then formed to promote the positive business environment that chambers advocate. LEDO's help to market the community, selling the community's assets to new businesses that want to relocate, and help to coordinate details for existing companies that want to expand. LEDO's provide a vital source of information from outside the community: how is the community perceived by outsiders, how does a community's assets measure up to outside competition, and how can local leaders continue to mobilize to build a 'product' that is desirable to new investors.

Communities go through waves of merging and splitting up their chambers and LEDO's. There is no one right answer to the question 'should the chamber and LEDO be the same organization.' While the missions of the chamber and LEDO should be complementary, they are often times not completely compatible within the same organization. Chamber members who pay dues to the chamber don't want those dues dollars being used by the LEDO to recruit competition to the community.

When public dollars go to underwrite the LEDO, it can be difficult for the LEDO staff to deliver bad news or a negative message to the local elected officials who provide the funding.

But to be honest, in some communities, the chamber of commerce has strayed from the traditional business advocacy mission and now focus more on networking among members. To be frank, to be a

viable advocate on behalf of business, a chamber must sometimes ruffle a few feathers in the community, particularly those of local elected officials. Increasingly, as chambers struggle to find funds and friends, some are abdicating their role as 'business advocates.'

Sometimes when this happens in a community, LEDO's take on an expanded role, attempting to serve as advocates on behalf of business and facilitators within their communities to promote workforce development, supportive regulations, and a positive quality of life: all 'product assets' that are attractive to new investors.

As community development professionals like to say: 'If you've seen one community in Indiana... you've seen one community in Indiana....' Each community develops its own organizational infrastructure and the chamber of commerce and the LEDO each reflect the values and needs of the host community, but usually within the traditional mission of structure of each type of organization. There is no 'one size fits all' model for determining the correct mission and function for chambers and LEDO's.