

# Comparative Advantage

## Considering the Strengths and Weaknesses of Your Community

The Building Communities process for selecting strategies is rooted in the comparative advantages that a community enjoys relative to “competitor communities.” This suggests the following key questions:

- What are we comparing?
- What scale are we using for comparison?
- Compared to which communities?

Determining *comparative advantage* for community and economic development planning purposes requires that the right questions be asked and answered in order to rate and rank the 25 potential strategies in terms of their *implementation viability*.

### Answering the First Two Questions

Building Communities provides the specific questions and the required scale for the first two questions. There are 85 *Key Success Factors* that determine a community’s comparative advantage for implementing one or more of the 25 strategies. The required scale is 0 to 4, with 0 being a substantial comparative disadvantage and 4 being a substantial comparative advantage.

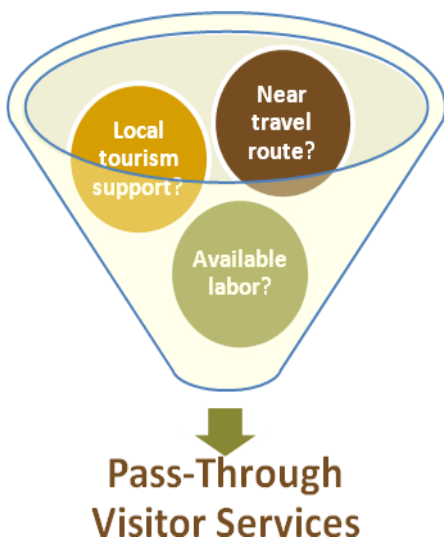
Question	How to Find the Answer
What are we comparing?	Building Communities
What scale are we using for comparison?	
Compared to which communities?	Local Knowledge

### Answering the Third Question

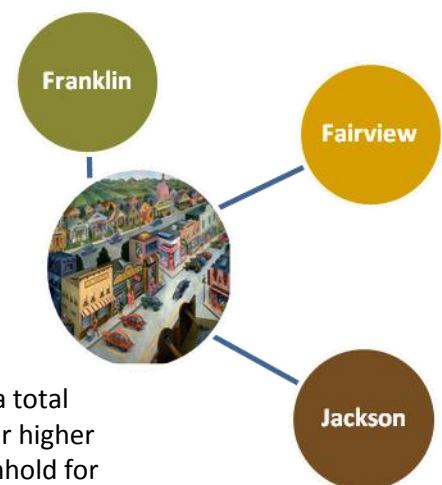
Answering the “Compared to which communities?” question requires some subjectivity and local knowledge. In general, communities should consider *comparison communities* to be ones that compete for recruiting companies, tourists, and outside investment. Such a community may be the community “next door”, or it may be a metropolitan area in a neighboring state. Depending upon the specific question, the comparison community may change for a few of the questions. Local knowledge and a bit of subjective judgment are needed for this part of the planning process.

### Considering an Example

Consider a Pass-Through Visitor Services strategy, for example. This strategy—the simplest of the 25—has only three Key Success Factors. For each of the three questions shown in the figure below-left, the community needs to determine its comparative advantage/disadvantage relative to the communities it selected as comparison communities (below-right).



It may be that this community is on a major travel route (score 4), there is plenty of local labor to support expanding local tourism-related businesses (score another 4), but the community is indifferent to capitalizing on potential tourism revenues (score 2).



These scores would then be entered into the Strategy Selector tool algorithm, and a total score of 85 would result. A score of 85 or higher meets the “highly recommended” threshold for strategy implementation and makes the strategy a very viable one.