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From the Puget Sound Business Journal:

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Former Amazon director: 'Blank checks aren't the answer' on incentives

Apr 16, 2019, 2:16pm PDT

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Mike Grella started Amazon's economic development team at a time when it was uncommon for companies to do that kind of work in-house.

He joined the Seattle-based company in 2012, when it was beginning a major expansion of its fulfillment network, and later transitioned to run economic development for Amazon Web Services. Grella left the company in February to launch Social Equity Ventures and has invested in early-stage startups.

Grella declined to discuss specifics about Amazon's economic development or the company's HQ2 search.

What's the biggest misconception about economic development? Many people oversimplify economic development. Friends and colleagues think you have the easiest job in the world — call up a government, ask them to write you a check, bring jobs and everyone is happy. If that was true, Amazon wouldn't need me. It isn't easy at all. The job isn't a straight quid-pro-quo. It's not, "You give us jobs and an ability to have a press announcement and we'll give you a blank check." I'm not saying that hasn't happened in the history of economic development. It certainly has, but most companies approach it as a partnership.

How will it change? Economic development has to change in order to consider the externalities. There's going to be a shift in the paradigm where people want accountability. You need to have vision and foresight to understand, anticipate and expect the not-so-positive outcomes. How will this impact traffic and the environment? How many teachers and police and fire will be needed for the project? Are buses going to be too crowded? How do you hire diverse populations? We should care about the longevity and sustainability of the project. The biggest lesson I learned is you have to engage communities so they feel heard and included, even if you don't win everybody's hearts and minds you most often earn their respect.

Should incentives play a role? The goal of incentives should be to take a laser-focused approach to solving complex problems the free market has not adequately addressed on its own. That could be an urban or rural area that has lacked development for whatever reason — lack of talent, high crime or a brownfield site. Institutional, generational poverty exists because the free market hasn't deemed it's worthwhile to fix the problem. That's where incentives have the most value. Incentives should evolve away from these blank checks to ones that address needs rather than wants. Not, "I want millions of dollars because you have millions of

dollars," but, "We need additional power or a new higher education partnership to crank out STEM grads." Blank checks aren't the answer. They set a bad precedent and often lack adequate accountability measures. I believe incentives are going to shift in the next five years as governments realize they're better off investing in infrastructure than picking winners and losers.

Ashley Stewart

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