



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

*The Power of
Knowledge and Leadership*

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Professional Development

Measuring Success



**By: Audrey Taylor
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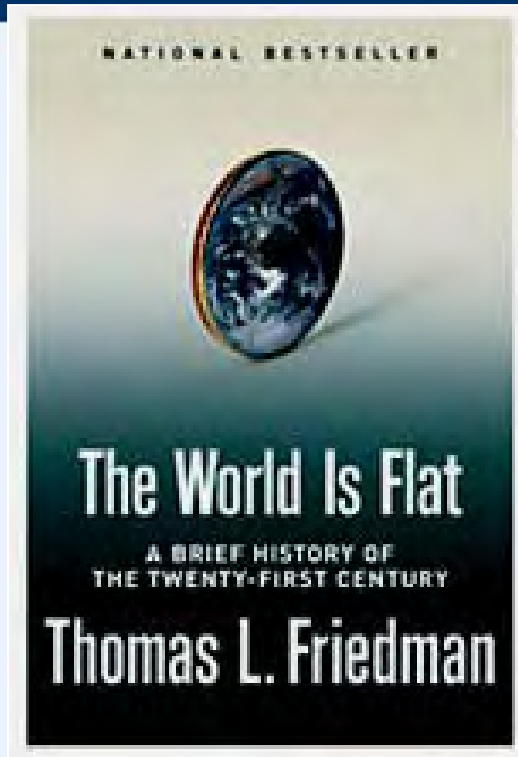
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Agenda

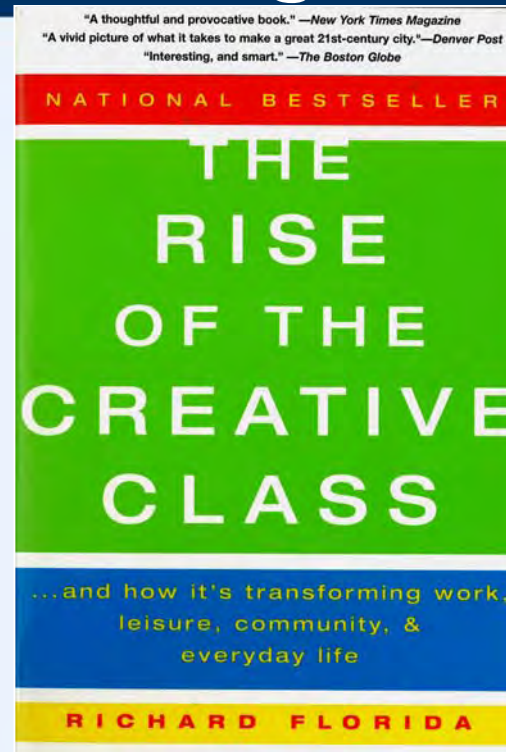
- Setting the Stage - Trends Affecting Economic Development
- Your Economic Development Organization's Goals Drive How you Measure Success
- Measuring Marketing and its Effectiveness to Accomplishing the Overall Mission

Setting the Stage

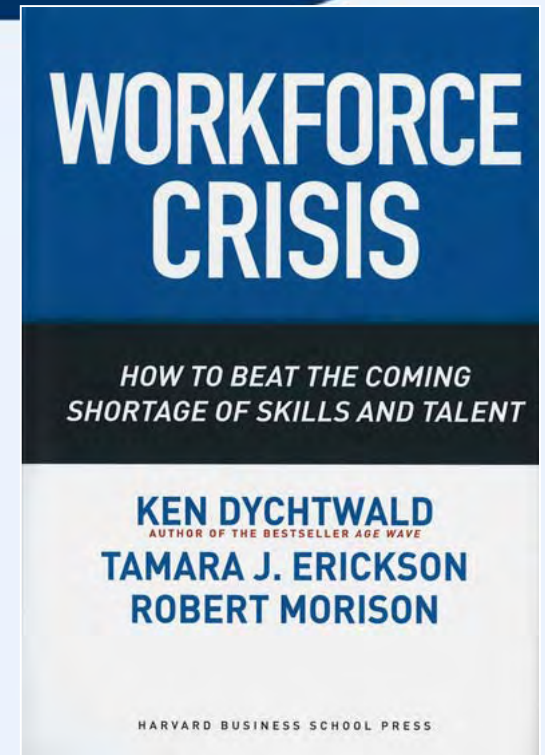
The *New* Economic Development Paradigm



Corporate investments occur within a complex network of global competition

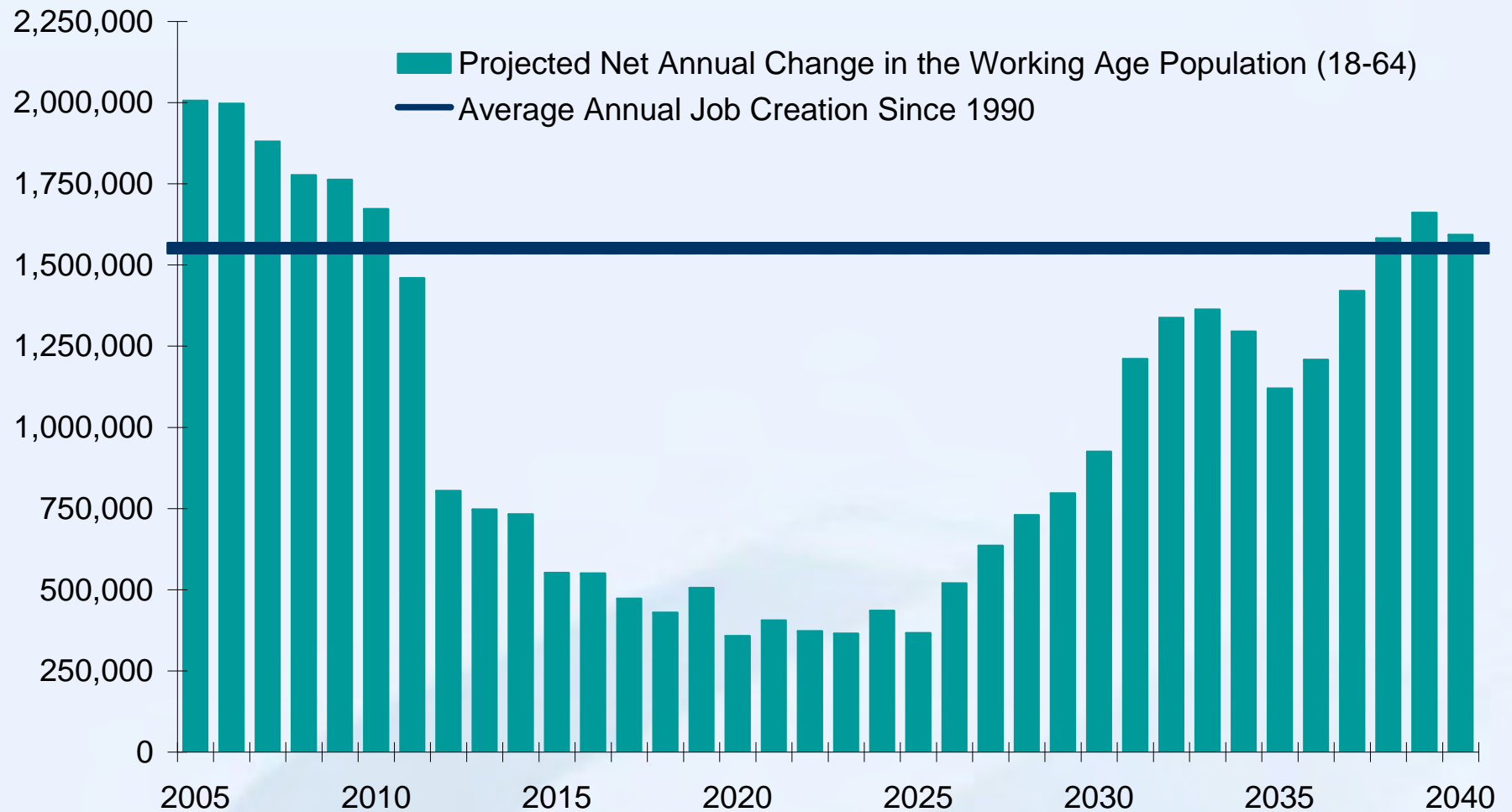


Location decisions track the personal life decisions of workers, social networks



Predicted shortages of skilled workers demands workplace innovations

Focus on Talent



Sources: TIP Strategies; U.S. Census Bureau; U.S. Bureau of Economic Analysis

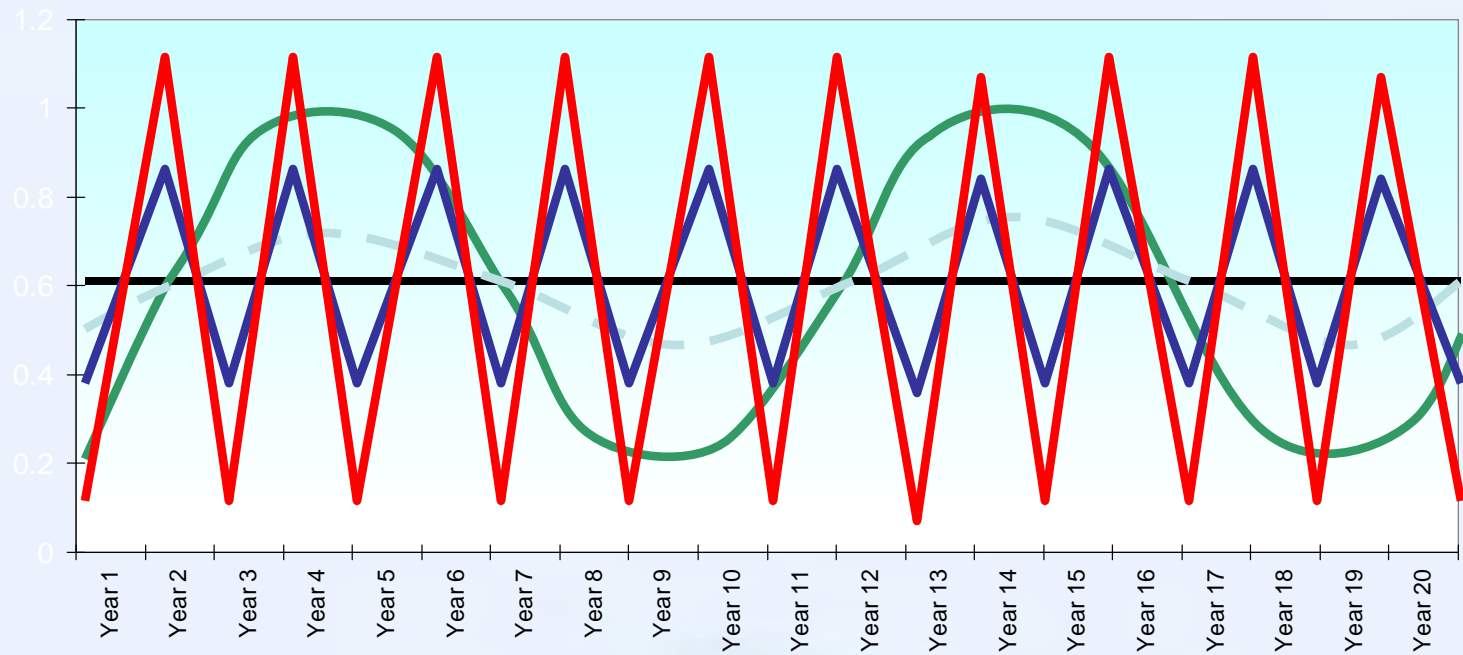
The War for Talent

The Old Reality	The New Reality
People need companies	Companies need people
Machines, capital, and geography are the competitive advantage	Talented people are the competitive advantage
Better talent makes some difference	Better talent makes a huge difference
Jobs are scarce	Talented people are scarce
Employees are loyal and jobs are secure	People are mobile and their commitment is short term
People accept the standard package they are offered	People demand much more

PWC's Annual CEO Survey

1. **Greatly increased activity in M&A, Consolidations** – why?
Access to new markets.
1. **Redefining the value chain** – Collaboration to achieve competitive advantage.
2. **Sustainability: a business imperative.** CEO are engaged – sustainable economic returns and the needs of employees and wider society.
3. **Flexibility, adaptability** and a truly global mindset are all critical attributes.
4. **Talent management** – retaining, attracting, training, developing and promoting outstanding talent...
5. **The need to grow competitive intellectual capital** within a rapidly changing environment and to innovate when applying that knowledge.

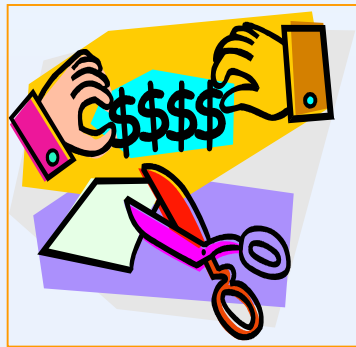
Business Cycles



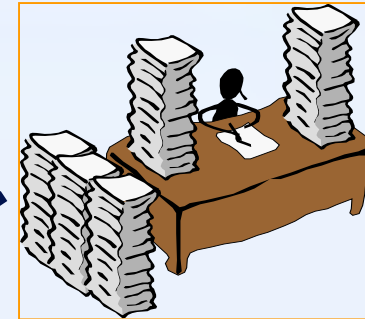
- Historic Business Cycle
- Information Age
- Current National Business Cycle
- Current Silicon Valley Business Cycle

Slide courtesy
of Drew Arvay of

Global Business Location Drivers



Costs



Productivity

**Business Location
&
Expansions**



Flexibility (speed & innovation)



Talent Pool & Networks

Economic development is changing as the world globalizes and job growth opportunities shift

Traditional Economic Development

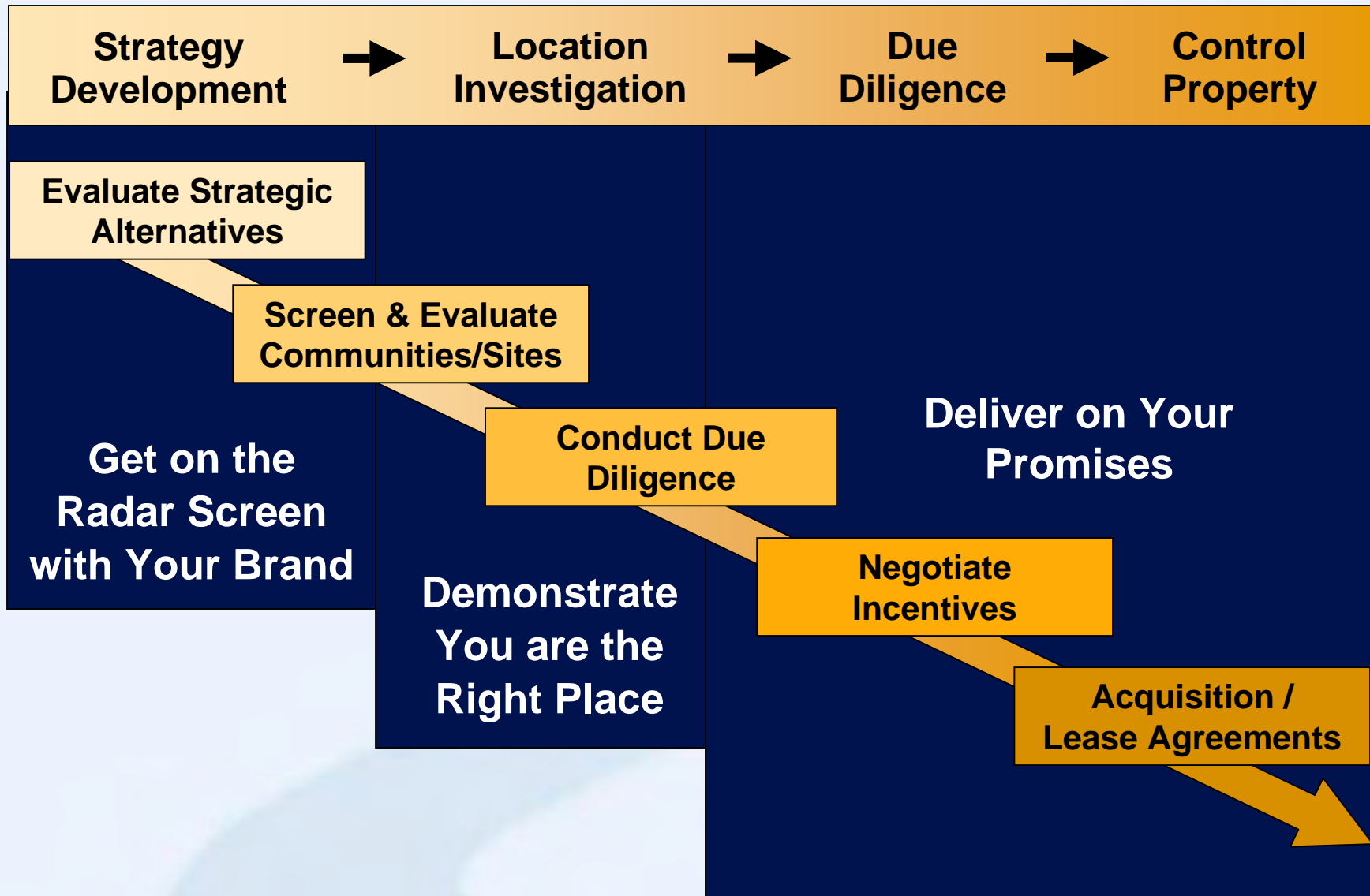
- Focuses on growth of jobs in industrial enterprises
 - Manufacturing
 - Distribution
 - Transportation
- Sensitive to transportation, site selection, labor
- Facing tough competition from low labor cost regions
- Government /EDOs assist with zoning, site selection, hard infrastructure and tax concessions

Collaborative Economic Development

- Focuses on intellectual capital driven industries
 - Research
 - Technology
 - Services
- Sensitive to access to ideas, collaboration, venture capital
- Less susceptible to globalization
- Government/EDOs assist with value networks to promote collaboration and access to critical services

Developed and developing regions must define and implement new strategies to be successful. Competitiveness in innovation, and technology driven strategy will play a vital role in creating new economy jobs

Avoid Providing Reasons for the Potential Investor to Walk Away



Elements of Effective ED Programs

- Build on vision and values
- Determine your competitive position – assets, opportunities – political will
- **Build a brand platform based on differentiation**
- Create a compelling business case that supports your value proposition
- Collaborative organizational structure and investment readiness
- **Focus on execution and consistently communicate your brand differentiation**

**Your Economic Development
Organization's Goals Drive
How You Measure Success**

Economic Development America

1. An EDO's mission represents the bottom line for its performance
 - Most have multi-dimensional missions
 - Must be adequately defined and measurable
 - Everything else the organization does – and measures – must directly support its overall mission
2. **Customer (Stakeholders') Perspective**
 - Customer satisfaction is often a leading indicator of how well an organization is performing

Different People Want Different Results

- **Economists:** growth, enlargement of economy
- **Business Leaders:** competitiveness and new markets
- **Labor Leaders:** better wages, benefits, training
- **Community Activists:** code for “industrial policy”
- **Elected Officials:** revenue source
- **Environmentalists:** sustainability, social justice agenda
- **Community-based Leaders & Professionals:** way to strengthen communities, inner cities, rural areas in order to raise quality of life and standards of living.

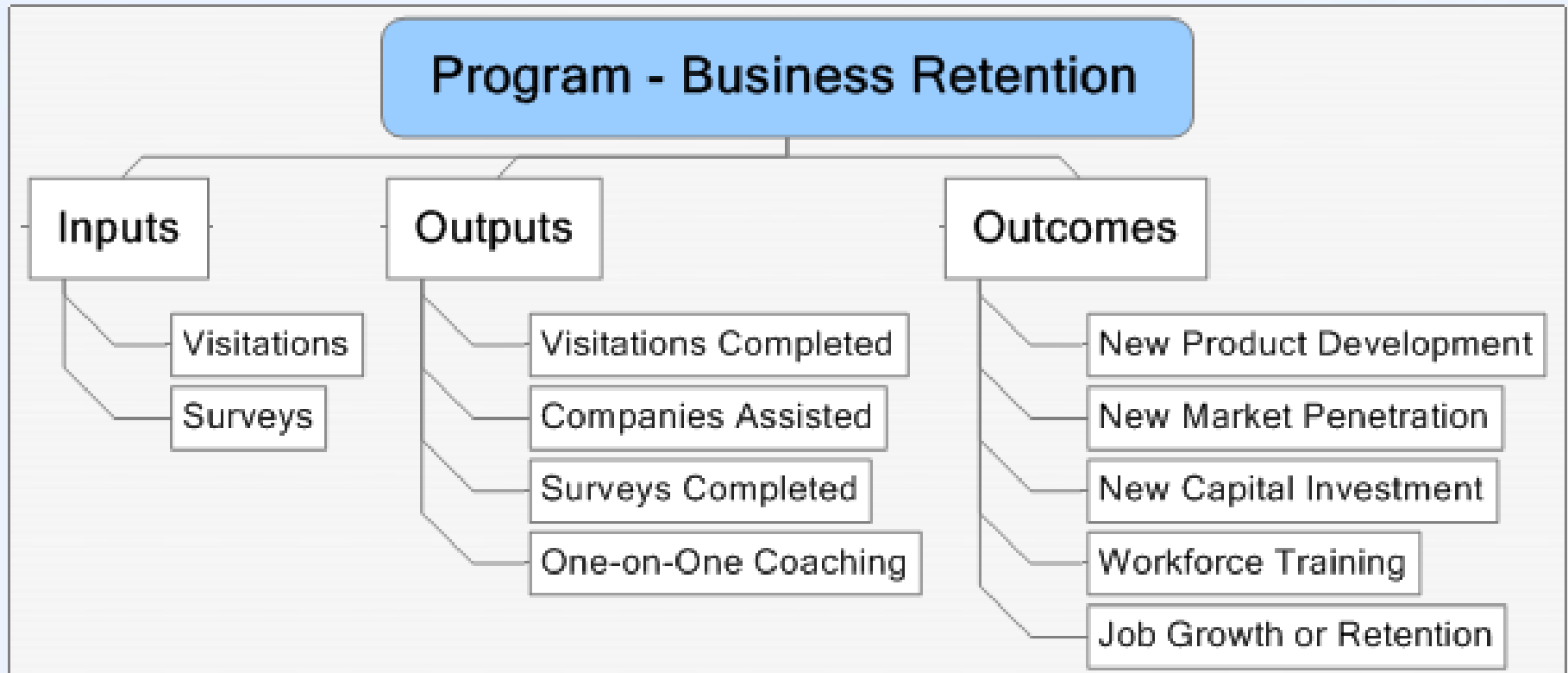
But,

The measurement of your success is the contract you have with the community...

With the reality of ever changing demographic, economic and global shifts...

Your strategy from year to year must change, be agile and flexible to meet the demands of the community and the market...

Performance Measures



Performance Measures

Specific

Measurable

Achievable

Relevant

Time-based

Using data measurements as an economy education platform

To put in context for reporting, include the economic shifts and demands, benchmark to past and compare to national averages:

- Economy
- Income
- Employment
- Education
- Finance
- Infrastructure Investment
- Innovation
- Quality of Life

See Handout

Samples

Rutgers University Inputs, Outputs, Outcomes

Rutgers, The State University of New Jersey, Campus at Newark

Citizen-Driven Government Performance

The National Center for Public Productivity

RECOMMENDED SERVICE EFFORTS AND ACCOMPLISHMENTS (SEA) REPORTING INDICATORS FOR ECONOMIC DEVELOPMENT

Economic development can have multiple aims. Most commonly discussed areas within economic development activity are: 1) business attraction and marketing; 2) financial assistance programs; and 3) export programs. Below follow GASB recommended Service Efforts and Accomplishments indicators for Business Attraction/Marketing Programs (Hatry et al. 1990: 80-82).

INPUTS

- Dollars spent on the program's activities (current and constant dollars)
- Number of staff-hours expended by the program

OUTPUTS

- Number and percentage of business prospects identified that may be interested in locating
- Number of businesses from target industries that are interested in locating
- Number of contracts made with firms interested in locating
- Number of firms that received assistance from the program (by type of assistance)
- Percentage of leverage (non-governmental) funds used to finance the project

OUTCOMES

Intermediate Outcomes

- Number of visits by interested businesses that received assistance
- Number and percentage of responses to advertising or direct mail solicitations

Longer-term Outcomes

- Number and percentage of firms that received assistance and located elsewhere
- Number and percentage of firms receiving assistance that located in jurisdiction and that felt that assistance contributed to their location decision
- Number of actual jobs created by assistance 12 months/24 months after their initial contact with the

Local intranet

Samples

Framework for Progress, CalTrans



Samples

City of Santa Rosa

STRATEGIC ACTION INITIATIVE	
I. Existing & Emerging Cluster Development	
Purpose:	Retain and strengthen the existing business cluster base, and support the growth of emerging clusters, particularly those that contribute and provide income stability and a range of jobs, diversify the economic base, and add revenue to the City of Santa Rosa.
Goal:	Create a Business Outreach Program that is 1) targeted to existing and emerging clusters, 2) focused on retaining and expanding these clusters, 3) supported with tools, resources and services that businesses can utilize to assist them to remain competitive in the global marketplace and 4) sends a clear message that Santa Rosa is the North Bay's premier location for technology and entrepreneurial businesses.
Challenge:	Santa Rosa's largest economic clusters are in stable but not necessarily growth industries. These clusters are large, providing economic strength, jobs and revenue and as such should be maintained and strengthened; while smaller, emerging growth industries and clusters should be cultivated to grow in Santa Rosa.
Performance Measures:	<ul style="list-style-type: none"> > Number of businesses retained/expanded as a result of assistance provided by the City > Increase in the number of jobs added by local businesses because of direct financial assistance provided by or facilitated by the City's economic development programs > Increase in foreign investment and export sales by local businesses > Increase in productivity and savings of companies that use lean manufacturing programs > Number of buyer-supplier connections made through a City facilitated program > Increase in the number of affordable housing units created through private and public sector developments > Number of new affordable and market rate units in higher density projects approved in the City > Feedback from businesses > Number of businesses contacted and assisted > Number of businesses assisted by City programs (such as façade improvement, grants, manufacturing assistance and international programs)



Agency Performance Measures Report

Virginia Economic Development Partnership

Date: 10-28-2007
Time: 8:16 pm

Service Area

Economic Development Services

Objective

Assist new and existing companies in making investments in Virginia.

Measure

1 of 3

The Virginia Economic Development Partnership will assist new and existing companies to invest \$2.5 billion in Virginia.

Last Modified: 01-Dec-06

Measure Type

Outcome

Preferred Trend

Up

Key Measure

Yes

Measure Methodology

Amount of dollars Invested by New and Existing Companies is an outcome based measure reported annually. The data source is company investment announcements and is measured by the dollars invested by companies locating to and expanding in Virginia. It should be noted that in each year of the baseline VEDP had major project announcements that pushed both investment and jobs above a normal year. These "mega" projects are defined as having \$150 million in investment and/or 700 jobs. A few examples are: FY2001-Capital One; FY2002 Eli Lilly; and FY2004 Infineon.

Measure Baseline

Value	Date	Description
3.47	6/30/2006	Average of billions of dollars of investment for years FY2002 through FY2006. Please see note in Measure Methodology.

Measure Target

Target	Date	Description
2.5	6/30/2007	\$2.5 billion invested by new and expanding companies in FY07.

Samples

Shasta County ROI

with the assistance of the EDC of Shasta County. These businesses employ people from throughout the county. Most of the impact comes from property tax collections from the parcels that are occupied by the businesses themselves. The County's property tax increment of 13.1 percent of over \$1.5 million in taxes collected (1 percent) from properties that contain these businesses translates to about \$156,000 in additional collections per year.

In addition, some of the taxable sales generated by these businesses and their employees are spent at businesses in the unincorporated portion of the County, adding about \$6,000 per year to the General Fund.

Some of the attracted businesses own their own motor vehicles, leading to an increased collection of about \$9,000 in commercial vehicle license fees annually to the county.

Most of the employees working for the attracted businesses live in Shasta County. This leads to an increased demand for residential land and increased property values. New jobs help create sales of residential real estate, which leads to a further increase in property tax collections of about \$7,000 per year.

Most if not all of the business' employees own a car, leading to increased disbursement of vehicle license fees in the County of Shasta. The increase in collections to the County is expected to be about \$46,000 per year.

The estimated combined impact to Shasta County's General Fund is \$226,000 every year. The impact is a return of 375 percent on the county's annual investment of \$60,200 per year.

Annual Fiscal Impact of Businesses Attracted by the EDC to County of Shasta General Fund Revenues

<i>Source of Revenue</i>	<i>Fiscal Impact</i>
Local government revenue from indirect business taxes	
Property taxes	\$ 156,300
Sales taxes	\$ 6,700
Motor vehicle license fees	\$ 9,200
Local government revenue from taxes on individuals	
Property taxes	\$ 7,300
Motor vehicle license fees	\$ 46,500
Total local general fund government revenue	\$ 226,000
Total Investment in EDC of Shasta County last year	\$ 60,200
Annual return on investment	375 %



Measuring Marketing and its Effectiveness to Accomplishing the Overall Mission



Marketing Goals (Outcomes)

- Establish a Brand Identity
- Create Top of Mind Awareness
- Change a Perception
- Educate
- Present a Value Proposition
- Generates a Lead or Action

Measurable Outcomes



Fact

Inquiries are the biggest measurable, specifically qualified inquiries:

- Up to 90% of all leads are never followed up
- 80% of companies do not follow-up on trade show leads
- 59% of inquirers receive the wrong information
- 43% receive the information too late
- 18% don't receive any information

Marketing Outcomes & Measures

Outcomes	Measurement
Brand Identity	Benchmark - Survey
Top of Mind Awareness	Benchmark – Survey, Inquiries
Message-Unique & Consistent	Benchmarking, Design & Materials Review
Value Proposition	Survey
Change a Perception	Benchmark - Survey
Educate	Benchmark - Survey
Business Climate	Benchmark - Survey
Service Orientation	Benchmark - Survey

Marketing Outcomes & Measures

Outcomes	Measurement
Inquiries	Leads received, web hits, direct calls, direct outreach
Qualified Prospects	Follow-up
Ongoing Prospect Dialog	Continuous Follow-Up, Prospect Ranking
Targeted Prospecting	Contact Database
Proposals	Time per Response to Prospect Inquiry
Business Assisted	# of businesses, assistance provided, results
Business Located	# of businesses, jobs, investment

Marketing

There are a lot of peaks in
Colorado higher than
Pike's Peak...
but try to name them!

