

Performance Measures in Economic Development

Steven Landau
Glen Weisbrod

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Competitive Cities
Conference



Presentation

1. **General Overview**
Approaching Evaluations
2. **Cases: Rating Your Area**
Assessing Performance of Economic Development in Cities and Regions
3. **Cases: Evaluating Your Programs**
Assessing Performance of Economic Development Programs

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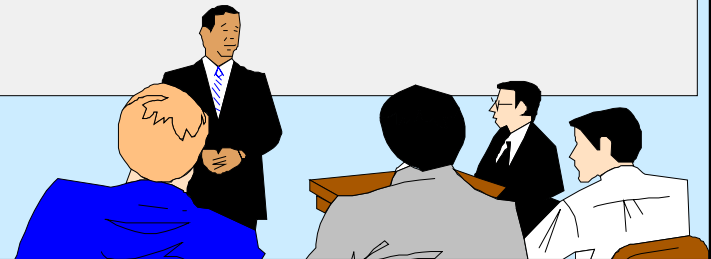


Approaching the Evaluation

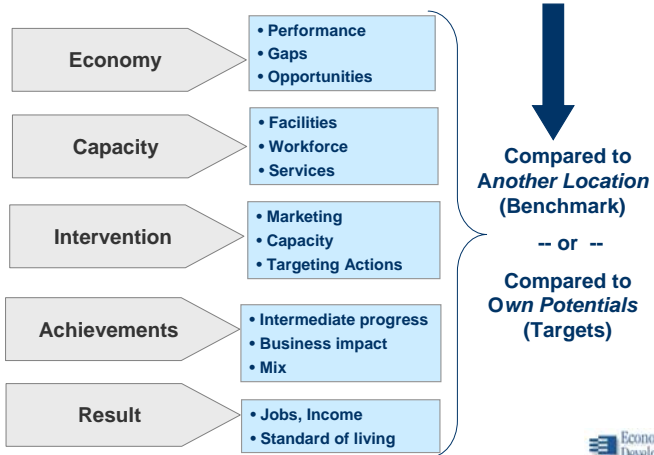
- Define Objectives
Audience/audiences?
- Organize Approach
Choose measures matching client data, surveys, interviews, benchmarks
- Collect Data
Baseline, programmatic, regional
- Manage Data
Database, spreadsheets
- Analyze
Pick performance indicators to match audiences
- Tell A Story
Remember the audiences!

Issues: Define Your Objectives

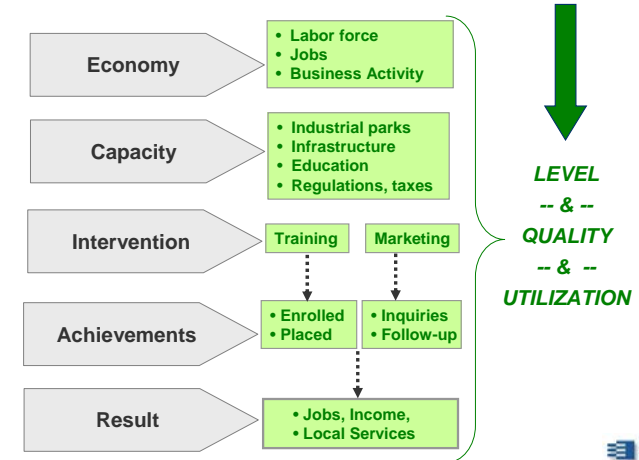
- There are separate needs for internal (diagnostic) and external (report to investors) measurement
- Build off of a logical case of Need → Action → Results
- Keep expectations reasonable w/ Intermediate Results
- Don't go overboard with too many Indicators



Choosing the Right Perspective



Full Performance Indicators



Rating Your Area:

MTC: Index Indicators

Corporate sales	R&D expenditure
Publicly-traded companies	Investment capital
Occupations and wages	Federal R&D expenditure
Median household income	High school dropout rates
Manufacturing exports	university enrollment
New businesses	Population growth rate
IPOs and M&As	Migration
Corporate headquarters	Median price of homes
	Housing starts

Benchmarking Comparisons

- See how Mass. performs compared to other states
- several indicators compared with national average or with composite measure of 8 competitive Leading Technology States (LTS)
- In 2005, California, Connecticut, Illinois, Minnesota, New Jersey, New York, North Carolina, Pennsylvania were chosen
- Monitors impact innovation in key industry clusters in state's economy

Economic Impact	Index Indicator	Trends
Cluster Employment	7 of 9 clusters lost jobs compared to LTS. R&D industry jobs grew 21% in 4 years	Consolidation in IT cluster, flat job growth in healthcare tech.
Corporate Sales	Annual rate 3.8%, avg. among LTS	IT related sales dropped, healthcare tech. sales grew by 163%
Jobs and Wages	Among large categories only healthcare has grown (.7%)	Overall job decline in the state
Median Income	Growth slowed in 2003 and declined in 2004	Follows similar decline among LTS
Manu. Exports	Second to MN but declined as share of GSP	Continued decline in MA

A Comparison Between the Socio-Economic Performance of Canada's Technology Triangle



Population growth
Migration
GDP growth
Employment growth
Participation rate
Employment rate
Unemployment rate
Employment income
Median income

Social assistance
Employment insurance
Proprietorship growth
Educational attainment
Richard Florida Indices

- Talent Index
- Bohemian Index (creativity)
- Mosaic Index (diversity)
- Tech-Pole Index (technology)

McGill Institute for Study of Canada



- “Indices of Urban Social, Economic and Cultural Performance in Major Cities in Canada”
- Diversity Indicators - bilingualism, immigration
- Socio-Economic Indicators – unemp., income, transfers
- Education Indicators - degrees, types of jobs
- Social Stability and Social Equality Indicators - age, HH structure, own/rent, M/F jobs, childcare
- Cultural Indicators – artists, librarians, etc.
- Consumption Indicators – spending patterns
- **Summary of Rankings for Cities by Indicators**

Calgary Economic Performance 2004

Indicator	2003	2004	% Change
Population	1,095,659	1,127,098	2.9%
Working Age Population	889,400	911,600	2.5%
Labour Force	666,800	685,000	2.7%
Employment	631,300	649,800	2.9%
Employment Rate	71.0	71.3	0.4%
Unemployment Rate	5.3	5.1	-3.8%
Labour Force Participation Rate	75.0	75.1	0.1%
Net Migration	15,000	8,000	-46.7%
Housing Starts	13,642	14,008	2.7%
MLS Average Residential House (Sale) Price	211,665	223,124	5.4%
Value of Building Permits - Total	3,030,226,000	3,137,925,000	3.6%
Inflation Rate	4.6%	2.0%	-56.5%
Industrial Space Inventory*	94,244,124	98,388,401	4.4%
Office Space Inventory*	44,653,026	44,981,096	0.7%

Greater Vancouver Regional District

- Annual Sustainability Report
- Categories of Performance: Community, Land, Economic, Air, Water, Liquid Waste, Solid Waste, Energy, Transportation, Security & Emergency Management and Our Employees
- Provides a regional context, policies and plans, and corporate performance

Greater Vancouver Regional District

Indicator	2002	2003	Change	% Change
Population	2,103,179	2,126,806	23,627	1.1
Unemployment	7.8	7.3	-.5	-6.4
Bus. Bankruptcies	440	372	-68	-15.5
Housing Starts	13,197	15,626	2,429	18.4
CPI(1992=100)	118.6	121	2.4	2.0

Regional Economic Observer



- Micro-Economic Policy Analysis Branch of the Ministry of Industry in Canada
- A snapshot of economy of provinces
- Uses Real GDP, Inflation, Labour Market, Employment by Industry, Economic Activity, Trade, and Demography

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Local Economic Performance / Targeting

Monitor Conditions

1. Economic Performance Gaps
2. Relative Costs
3. Relative Access to Markets
4. Physical Facilities
5. Labor Force
6. Business Climate & Outreach

Current State



*Constraints that might
be reduced or overcome*

Assess Opportunities

7. Targeting Prospects for Growth
8. Vulnerable Industries to Support

Outreach Targets

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Evaluating Your Programs: INAC Economic Development Programs



ARC Programs



- Evaluation of public works/infrastructure
- 13 states, 99 projects
- New jobs, wages
- Tax revenue
- Leveraged investment
- Business vitality/entrepreneurship
- Impact on level of area distressed counties
- Ratios of outcomes per \$ of investment
- Relative credit to agency

Performance Measures for Utility Community Development Programs



Handbook and Tools

Funded by Electric Power Research Institute (EPRI)

Implemented by Northeast Utilities (NU)

Developed by
Economic Development Research Group
Ticknor & Associates
Sally Hooks - Ascendix



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Survey of Economic Development Allies



Types of Programs	Criteria
Industrial Park	Services Used
Building Development	Years Utilized
Leadership Training	Satisfaction
Organizational Development	Role of Utility
Community Strategic Planning	Importance to Area Success
Local Econ Dev Grants	



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Economic Impacts of OECD's Public Works Programs

- OECD identified 56 projects that closed in 1999 or 2000.
- Enough time for economic impacts to accrue
 - Consistent dataset
 - Potential loss of institutional knowledge



Types of Projects

- Industrial/commercial sites
- Water and sewer systems
- Transportation improvements





- Started in 1998 by Alberta
- Designed to attract and retain leading researchers and graduate students in Information & Communication Technology
- Performance indicators for high quality people, intellectual capital, and economic impact



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Type of Investment	2003	2004
iCore Investment	\$ 28 M	\$ 35 M
Directly by Chairs and Profs	\$73 M	\$102 M
Research Collaborators	\$120 M	\$120 M
Direct Leverage	3.6 times	3.9 times
Indirect Leverage	7.9 times	7.4 times
Spin-off Companies	4	5



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Canadian
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- Process consists of inputs, activities, outputs, strategic outcomes and ultimate results
- Has a set of criteria to identify and select quantitative and qualitative performance indicators



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- **Validity** – Does the indicator allow you to be precise in measuring the results?
- **Relevance** – Is it relevant to the activity, product or process?
- **Reliability** – Is it a consistent measure over time?
- **Simplicity** – Is the information available and will it be feasible to collect?
- **Affordability** – Can we afford to collect and analyze?

Matrix for the Performance Measurement Plan



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Outcomes	Performance Indicators	Data Sources
Collection Methods	Frequency	Persons Responsible

 Economic
Development
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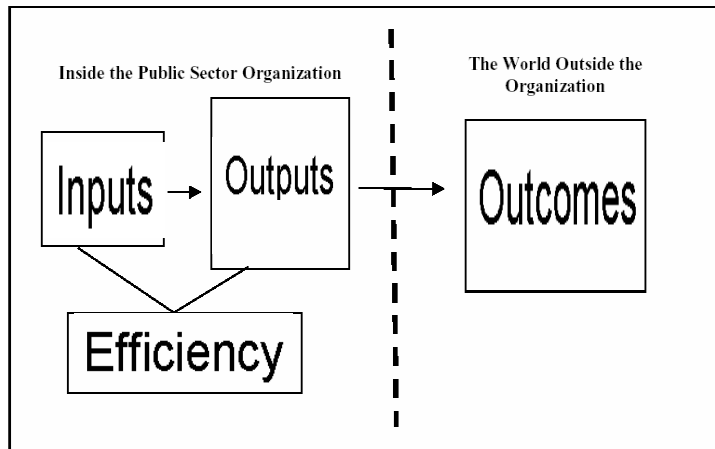
Institute on Governance



- “Means...Ends...Indicators: Performance Measurement in the Public Sector”
- Focused on effect of government on state of society
- Uses Four Types of Measures
 - Input
 - Output
 - Efficiency
 - Outcome

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Example for Economic Development

Inputs	Outputs	Efficiency	Outcomes
<ul style="list-style-type: none"> •Public Investment 	<ul style="list-style-type: none"> •Private Investment •Number of Jobs 	<ul style="list-style-type: none"> •Costs per Job •Personal Income and Benefits 	<ul style="list-style-type: none"> •Economic Development •Increased Job Opportunities

THANK YOU

Economic Development Research Group, Inc.

2 Oliver Street, 9th Floor
Boston, MA 02109 USA

Telephone: 1-617-338-6775

Website: www.edrgroup.com

