

AUGUST 2012



Performance Metrics Matter

*Go Beyond Counting Jobs to Create a Highly Effective
Comprehensive Economic Development Strategy*

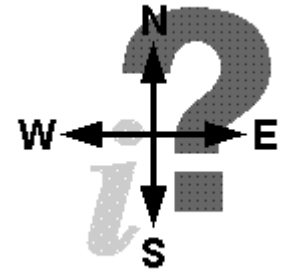
Presenters:

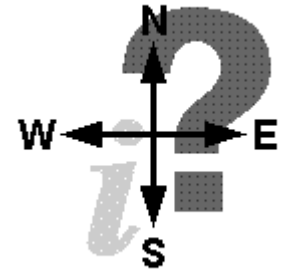
Frank Knott, CEO & Founder
Jim Haguewood, Senior Member

www.vitaleconomy.com

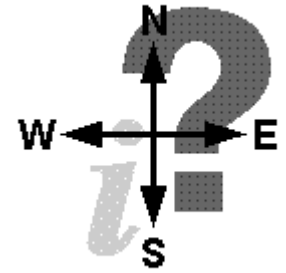


How many of you are responsible for creating and implementing a CEDS?





What is the general size of your economy?
Population, Counties, GDP



How do you measure and communicate your CEDS strategies and progress?



The measureable and sustainable transformation of under performing regional economies....especially remote and rural into thriving regional economies.

www.vitaleconomy.com

ViTAL Economy CEDS Premise

1. A CEDS is more than...
 - a list of projects
 - a description of the region
 - generally defined using aspirational goals
 - a task to reach eligibility for federal funding
2. A CEDS should be an opportunity to formulate effective strategies that can transform a region's economy by creating or retaining wealth and increasing prosperity
3. Effective CEDS strategies must be measureable, accountable to leadership and owned by the region

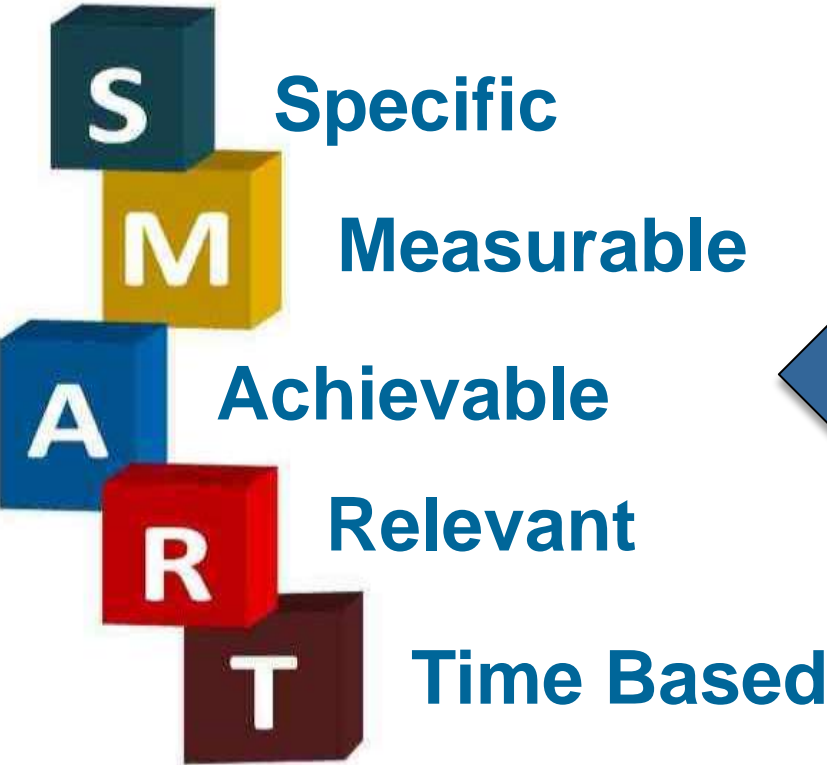
Not all jobs are created equal!

Keys to Regional CEDS Development & Implementation

1. **Process** – Based on Best Practices for Regional CED & Collaboration
2. **Regional Focus** – Enables regions to compete against country strategies
3. **Asset-Based** – Indigenous assets grow more durable economies
4. **Diversified** – Makes for a more nimble & resilient economy!
5. **Measurable Strategy** – Responsive to trends...relevant to region
6. **Disciplined & Consistent** – All ideas are not equal...priorities matter

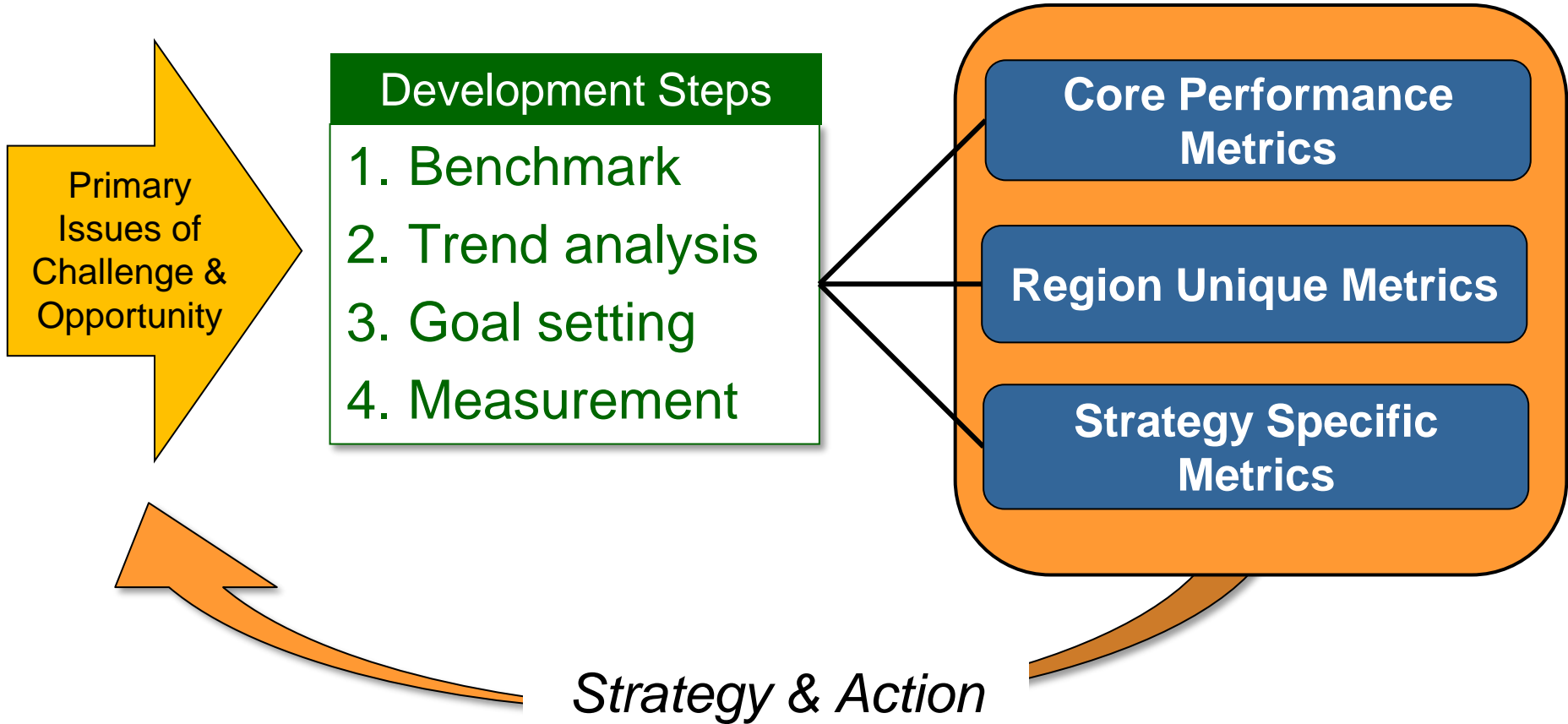


SMART Goals = Measure the Right Things to Get Better Results



Be Prepared.... Table exercise at the conclusion of the next section of the presentation

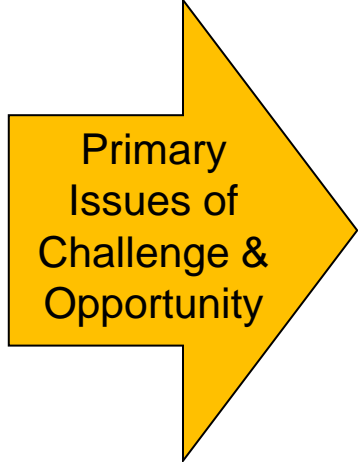
SMART Goals Development Process & Framework



Regional Examples

connectSI
crossing boundaries

MOBILIZE MAINE



Southern Illinois = Benchmark, High Poverty

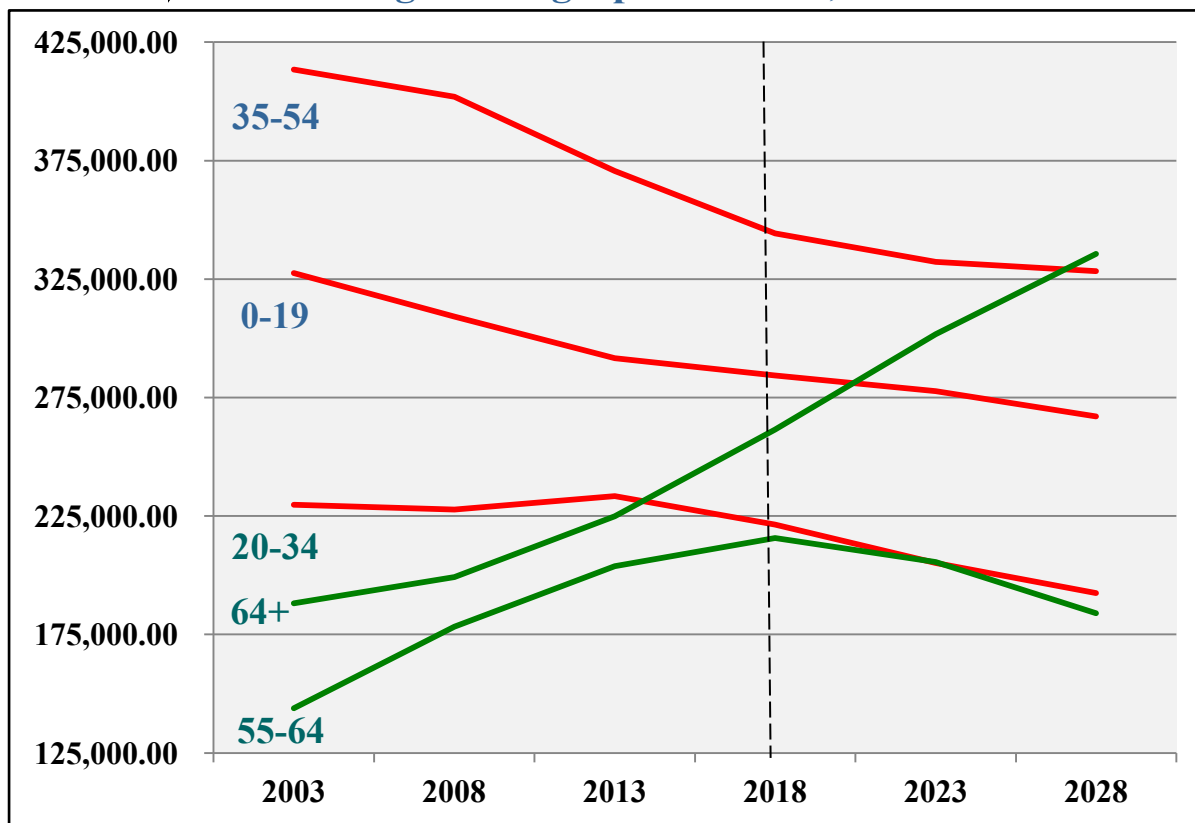
Highest % in rural region	Highest poverty rate	Highest unemployment rate since 09/03	Lowest % college graduates	Highest % enrolled in Medicaid	Highest % age 5+ with a disability
#1	#1	#1	#1	#1	#1
Highest % of population over age 65	Highest % age 65+ in poverty	Highest % age 65+ with a disability	Lowest % of population 0-10	Highest % age 0-17 in poverty	Highest % households owner burdened
#1	#1	#1	#1	#1	#4
Highest % households lack complete plumbing	Highest % households lacking complete kitchen	Highest % commuting to work from other IL counties	Lowest % population work and live in same county	Highest % households rent burdened	Highest % of Adults with no High School Diploma
#1	#1	#1	#3	#3	#1

Source: IL Poverty Summit, “2004 Report on Illinois Poverty,” Based on US 2000 Census or IL Dept of Employment Security data & Atlas of Illinois Poverty Spring 2003



Maine = Trend Analysis, Aging Population

Age Demographic Trends, 2003 - 2028



2013-2028
Population Change

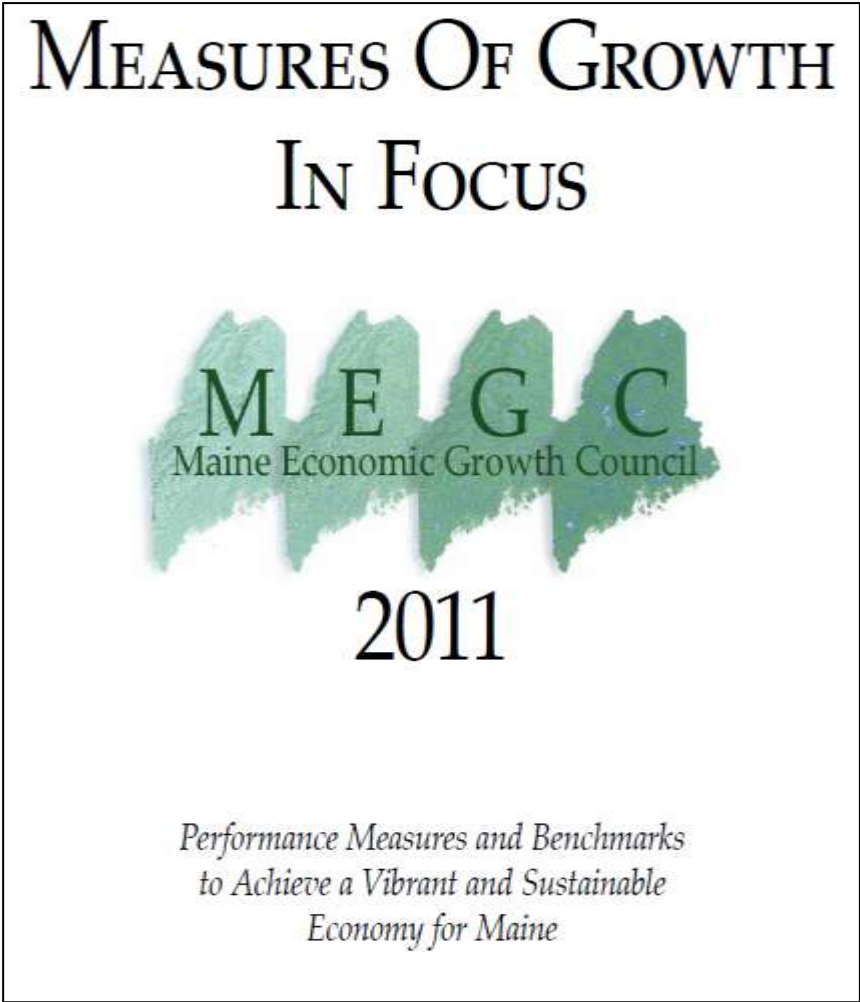
0-54 ↓ -107,980

54+ ↑ +90,826

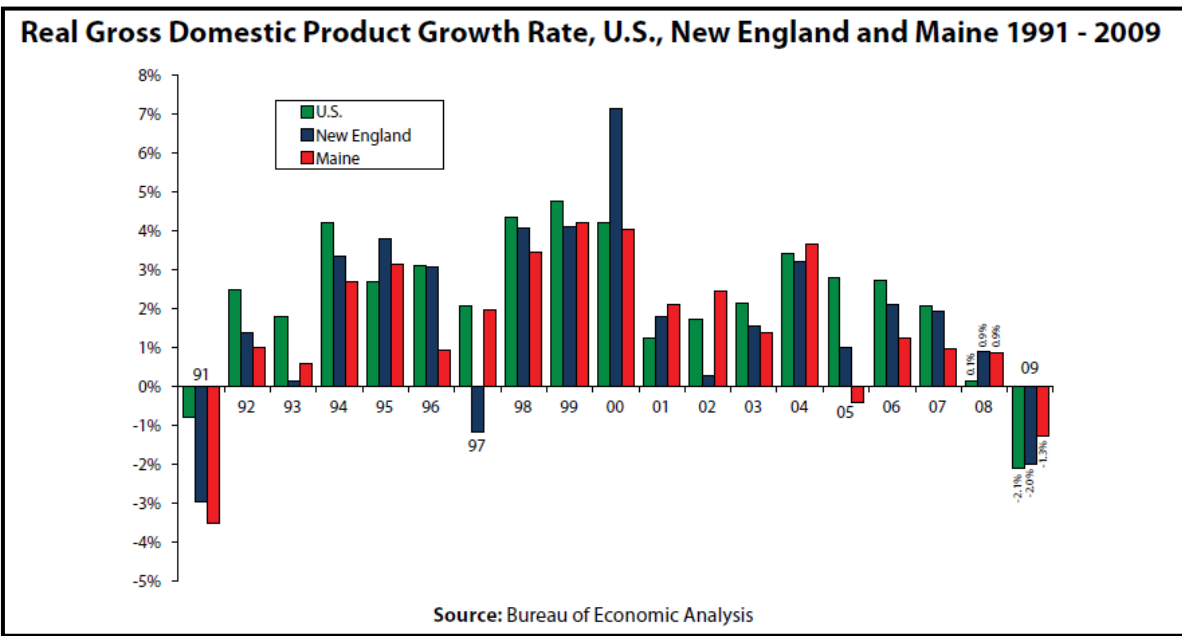
Maine is already the “oldest state” in the U.S. and facing an acceleration of decline in all ages except for 64+ starting in 2018

This will threaten the viability of the Maine economy and Quality of Life

Existing Regional Benchmark Reports Provide a Solid Foundation to Build Key Performance Metrics



Benchmark: Maine's GDP



Key Trend Factors: Real GDP

1. 2009 Maine GDP = \$66.4B

2. GDP Growth Rate
2004-2009 2009-2010

US	5.7%	2.6%
NE	3.9%	3.4%
Maine	1.4%	2.1%

Graphic Source: Maine Measures of Growth in Focus, 2011

Region	% of Maine GDP	Regional GDP (2009)	Per Capita GDP
Northern	6.9%	\$4.6	\$44,770
Eastern	18.5%	\$12.3B	\$47,819
Androscoggin	12.0%	\$8.0B	\$41,914
Kennebec	12.5%	\$8.3B	\$48,803
Portland/Lakes	33.1%	\$22.0B	\$48,400
Southern	11.7%	\$7.8B	\$39,106
MidCoast	7.9%	\$5.3B	\$47,858

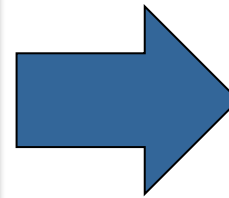
Maine Goal
GDP growth outpace
NE and US

GDP growth rate >4.2%

Equals \$1.35B over trend
 \$50,376 → \$51,400 per capita

GDP Data: NNE Economic Scenario Model, 2009 data - 2011 dollars

- Population
- Employable Population
- Labor Participation Rate
- Total Employed
- Average Wage
- Total Region Wages
- Per Capita Income
- Regional GDP
- Bachelors Degrees 25+



Target Job Goals

1. New high wage jobs at 110-115% of average wage
2. New jobs at new average wage
3. Improvement of 20% of existing jobs by \$5,000/yr

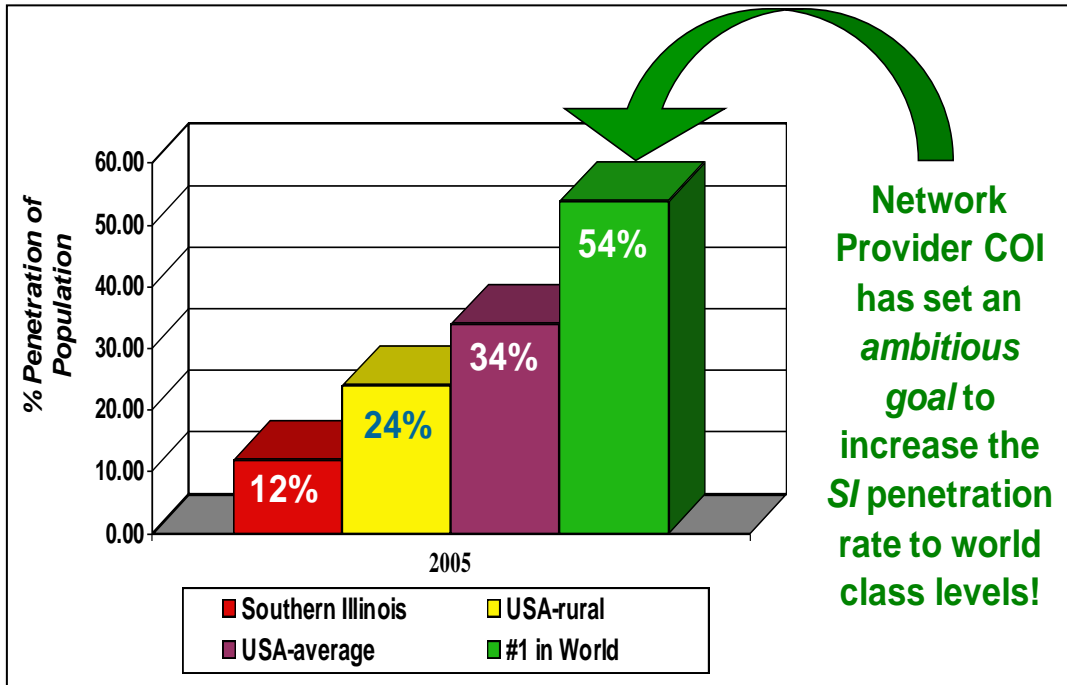
Core Performance Metrics



<i>EMDC Greater Bangor Region</i>	<i>Baseline 2008</i>	<i>2015 Goal</i>	<i>Change</i>
Population	108,950	116,577	+7.0%
Employable Population (16 and older)	89,727	94,213	+5.0%
Labor Participation Rate	60.9%	63.5%	+1.04%
Total Employed	54,643	59,825	+9.4% (5,182)
Average Wage	\$32,376	\$45,000	+38.9%
Total Region Wages	\$1.76B	\$2.69B	+52.8%
Per Capita Income	\$32,239	\$50,000	+55%
Regional GDP	\$5.8B	\$8.8B	+52%
Internet Subscribers	40% (43,580)	60% (69,946)	+50% (26,366)
Bachelors Degrees 25 & Over	20,339	27,457	+35% (7,118)
<i>Regional Specific Goals</i>	<i>Baseline 2008</i>	<i>2015 Goal</i>	<i>Change</i>
17-24 year old without HS Diploma	20%	15%	
20-44 population	35.6% (38,786)	38% (44,299)	+5,513
Associate Degrees 25 & Over	10.6% (7,767)	15% (12,065)	+4,298

NEW JOBS:	3,109	WAGE: \$51,750	\$160.8m
NEW JOBS AT AVERAGE WAGE:	2,072	WAGE: \$45,000	\$93.2m
IMPROVEMENT OF EXISTING JOBS:	10,928	WAGE: \$5,000	\$54.6m
CLIMATE OF ECONOMIC OPPORTUNITY:			\$681.4m

2007-2015 CPI-W Inflation Assumption: 3.08%/year



Network Provider COI has set an *ambitious goal* to increase the *SI* penetration rate to world class levels!

2012 Goals:

25-to-85%
Broadband Coverage

12-to-54%
Penetration

Measurement & Outcomes (2007-2011):

- Created a demand driven customer aggregation model generating thousands of open-access sales leads (www.iwantmybroadband.com)
- Over 35+ small towns have received broadband enabled by 53 central offices
- Over \$75M+ in new private sector broadband infrastructure
- **Reached 45% Penetration and 75% Broadband Coverage by 2011**



Impact of Healthcare Goals

1. Economic growth will improve payer mix

Desired SI
Future State 2012

2. New health jobs will promote economic growth

- Insured population ↑ +10%
- Medicaid ↓ -26%
- Medicare ↑ +18%
- Uninsured ↓ -32%

Potential Impact of New Healthcare Positions by 2012:

	Jobs	Earnings	GDP
Direct SI impacts	4,676	\$214.7M	\$260.3M
Indirect and induced	2,408	\$75.4M	\$156.3M
TOTAL	7,084	\$282.3M	\$424.5M

Measurement & Outcomes (2006-2011)

- \$100M per year recapture of healthcare service leakage
- 25% decrease in outmigration of cardiology and oncology services
- 4,500 of 7,000 projected healthcare job openings addressed by,
 - Southern Illinois Online Nursing Instruction
 - Regional Simulation and Learning Lab
- Creation of the Health Information Exchange for sharing electronic healthcare records between providers & patients
- Launch of Coordinated Approach to Children's Health (CATCH) in 53 elementary schools focusing on obesity and nutrition

Aroostook County Renewable Energy Economy Strategic Elements

FINANCE

The region must develop an integrated finance structure to supply specialty forms of financing for energy efficiency modifications and heating system conversions

INNOVATION

UMPI, UMFK, UMaine & NMCC must lead in the develop of R&D and workforce training programs attracting young thinkers and linking to regional industry

CONNECTIVITY

The region must be leading the US in the availability and 24x7 boundary free uses and access to broadband services

NATURAL RESOURCE

Forest and Farm biomass resources form the foundation of this industry in Aroostook County



Aroostook Renewable Energy Economy



VALUE ADDED PROCESSING

Pellet and Chip manufacturers converting biomass for forest and farm into heating fuel material. Distribution systems deliver product to consumer.

ENTREPRENUERSHIP

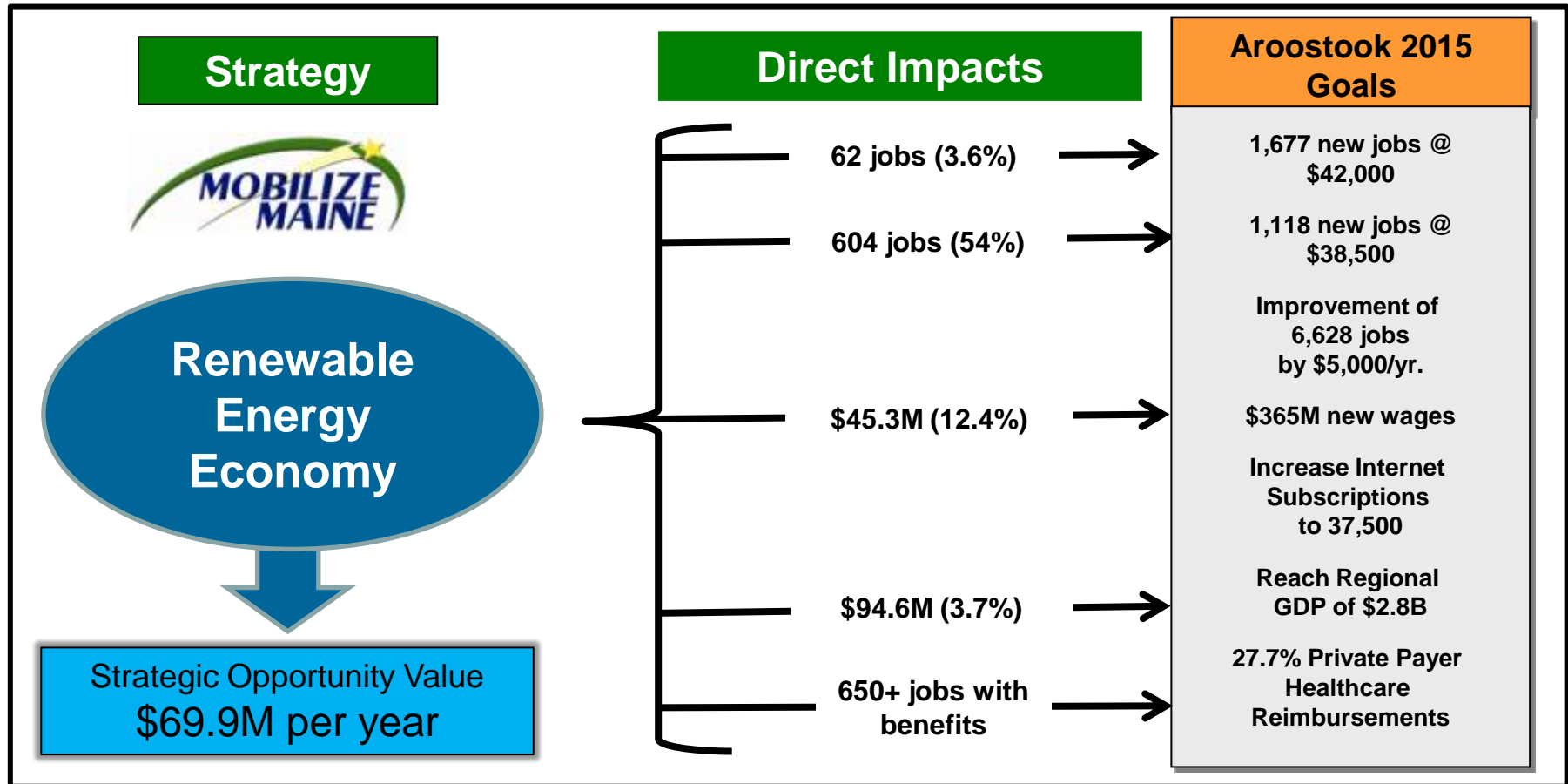
The region must embed a climate of entrepreneurship from grade school education to community leaders

MARKETING & COMMUNICATIONS

A strategic and consistent internal and external communication plan must be implemented to promote the use of Aroostook energy products and resources

INDUSTRY NETWORKS

Informal and formal industry networks must be create locally, regionally, nationally and globally



Measurement & Outcomes: 2011-2012

- 16 commercial installations, \$19M, \$2,1M savings/year
- 100+ residential installations
- JIAC grant award, \$1.9M, \$1M private match
- \$1.2 NMCC Award, largest private donation in Maine history
- 12x1 investment leverage

Performance Metric Development Exercise

- What is the issue of challenge or opportunity that your region struggles to address?
- What is the performance metric that would help better address that issue?
- What impact would the performance metric have on your region's ability to be more successful?

Why do Performance Metrics Matter?

Communities that fail to set goals and measure progress, never know how close they are.....

ViTAL Economy

SI's Transformation: Four Measurable Goals



- **GOAL #1: Transform SI Mindset and Behavior** – Increase CS/ champions and collaborative funding by 300% and build a climate of unlimited economic opportunity through creation of 1,600 KBE firms by 2012
- **GOAL #2: Transform SI Economic Performance** – Increase SI GRP by \$3.5 billion/year, its average annual growth rate from 1.34% to 3.85%, and its state and local tax revenues by \$200M+ per year by 2012
- **GOAL #3: Transform the SI Enabling Environment** – Create a collaborative regional culture of livable communities with planning and zoning standards; with global best practice broadband penetration; and reduce SI's #1 ranking in 15 of 18 Illinois Poverty Summit indicators by 50% by 2012
- **GOAL #4: Transform SI Leadership and Governance Frameworks** – Realize “Crossing the Boundaries” vision of *Connect SI* by expanding the base of collaborative leaders by 500 persons and implementing regional collaborative governance frameworks to successfully fund, resource and manage a dynamic SI economy; accomplished by 2012

#3: Transform - SI Enabling Environment



GOAL #3: Transform SI Enabling Environment – Create a collaborative regional culture of livable communities with planning and zoning standards; with global best practice broadband penetration; and reduce SI's #1 ranking in 15 of 18 Illinois Poverty Summit indicators by 50%, by 2012

- **STRATEGY 3A** – Define *SI Livable Community Standards* by end of 2009 that leverages the planning and design resources of SIU, UI and Urban Land Institute
- **STRATEGY 3B** – Improve regional health outcomes by reducing cardiovascular disease mortality from 215 to 166 per 100,000 by 2012, a 23% reduction
- **STRATEGY 3C** – Achieve a 54% global best practice broadband penetration rate in *SI* by 2012 and increase Network Providers revenues \$45M/year by responding to industry cluster and regional COI connectivity requirements
- **STRATEGY 3D** – Develop a collaborative education and training strategy across *SI* that achieves a 32% Associate Degree and 85% High School Diploma or higher to meet 2012 workforce requirements

Why do Performance Metrics Matter?

Regional Development Organization

- Broader buy in and commitment to the strategy
- Improved ability to communicate a methodology, strategy, and priorities
- Increased credibility and relevance as a organization
- Greater ability to sustain a strategy by using ongoing measurement
- Broader investment in regional CED

Community

- More diverse and balanced economic development approach
- More sustainable economy
- Faster growing economy due to clear direction and priorities
- More attractive economy

Put it all together to create a highly effective CEDS

1. Measure a comprehensive set of performance metrics
2. Assess long term trends leading to the current climate
3. Identify the key issues and create a sense of urgency
4. Create a Quality of Place vision for the region
5. Set measureable SMART Goals
6. Map and analyze existing assets
7. Develop strategies for the top 2-3 industry clusters
8. Empower the entire community to be involved
9. Foster a climate of innovation & entrepreneurship
10. Take action and measure progress

Thank You!

Q & A

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