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

©2012 ViTAL Economy, Inc.
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.
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

Specific
Measurable
Achievable
Relevant
Time Based

Be Prepared.... Table exercise at the conclusion of the next section of the presentation
SMART Goals Development Process & Framework

Development Steps
1. Benchmark
2. Trend analysis
3. Goal setting
4. Measurement

Primary Issues of Challenge & Opportunity

Strategy & Action

Core Performance Metrics
Region Unique Metrics
Strategy Specific Metrics

Regional Examples

©2012 ViTAL Economy, Inc.
Primary Issues of Challenge & Opportunity

**Southern Illinois = Benchmark, High Poverty**

<table>
<thead>
<tr>
<th></th>
<th>Highest % in rural region</th>
<th>Highest poverty rate</th>
<th>Highest unemployment rate since 09/03</th>
<th>Lowest % college graduates</th>
<th>Highest % enrolled in Medicaid</th>
<th>Highest % age 5+ with a disability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td>Highest % of population over age 65</td>
<td>#1</td>
<td>Highest % age 65+ in poverty</td>
<td>#1</td>
<td>Lowest % of population 0-10</td>
<td>Highest % age 0-17 in poverty</td>
<td>Highest % households owner burdened</td>
</tr>
<tr>
<td></td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#4</td>
</tr>
<tr>
<td>Highest % households lack complete plumbing</td>
<td>#1</td>
<td>Highest % households lacking complete kitchen</td>
<td>#1</td>
<td>Lowest % population work and live in same county</td>
<td>Highest % households rent burdened</td>
<td>Highest % of Adults with no High School Diploma</td>
</tr>
<tr>
<td></td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#3</td>
<td>#3</td>
<td>#1</td>
</tr>
</tbody>
</table>

Maine = Trend Analysis, Aging Population

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

**MEASURES OF GROWTH**

**IN FOCUS**

MEGC

Maine Economic Growth Council

2011

Performance Measures and Benchmarks to Achieve a Vibrant and Sustainable Economy for Maine
Benchmark: Maine’s GDP

Key Trend Factors: Real GDP
1. 2009 Maine GDP = $66.4B
2. GDP Growth Rate
   - **US**: 5.7% (2004–2009), 2.6% (2009-2010)
   - **NE**: 3.9% (2004–2009), 3.4% (2009-2010)
   - **Maine**: 1.4% (2004–2009), 2.1% (2009-2010)

Maine Goal
GDP growth outpace NE and US

- GDP growth rate >4.2%
- Equals $1.35B over trend
- $50,376 → $51,400 per capita

---

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

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

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

Measureable Economic Vision

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

<table>
<thead>
<tr>
<th>EMDC Greater Bangor Region</th>
<th>Baseline 2008</th>
<th>2015 Goal</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>108,950</td>
<td>116,577</td>
<td>+7.0%</td>
</tr>
<tr>
<td>Employable Population (16 and older)</td>
<td>89,727</td>
<td>94,213</td>
<td>+5.0%</td>
</tr>
<tr>
<td>Labor Participation Rate</td>
<td>60.9%</td>
<td>63.5%</td>
<td>+1.04%</td>
</tr>
<tr>
<td>Total Employed</td>
<td>54,643</td>
<td>59,825</td>
<td>+9.4% (5,182)</td>
</tr>
<tr>
<td>Average Wage</td>
<td>$32,376</td>
<td>$45,000</td>
<td>+38.9%</td>
</tr>
<tr>
<td>Total Region Wages</td>
<td>$1.76B</td>
<td>$2.69B</td>
<td>+52.8%</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>$32,239</td>
<td>$50,000</td>
<td>+55%</td>
</tr>
<tr>
<td>Regional GDP</td>
<td>$5.8B</td>
<td>$8.8B</td>
<td>+52%</td>
</tr>
<tr>
<td>Internet Subscribers</td>
<td>40% (43,580)</td>
<td>60% (69,946)</td>
<td>+50% (26,366)</td>
</tr>
<tr>
<td>Bachelors Degrees 25 &amp; Over</td>
<td>20,339</td>
<td>27,457</td>
<td>+35% (7,118)</td>
</tr>
</tbody>
</table>

### Regional Specific Goals

<table>
<thead>
<tr>
<th>17-24 year old without HS Diploma</th>
<th>Baseline 2008</th>
<th>2015 Goal</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20%</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>20-44 population</th>
<th>Baseline 2008</th>
<th>2015 Goal</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35.6% (38,786)</td>
<td>38% (44,299)</td>
<td>+5,513</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Associate Degrees 25 &amp; Over</th>
<th>Baseline 2008</th>
<th>2015 Goal</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.6% (7,767)</td>
<td>15% (12,065)</td>
<td>+4,298</td>
</tr>
</tbody>
</table>

### New Jobs

- **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

©2012 ViTAL Economy, Inc.
Region Unique Metrics

20 County Regional Economic Development Strategy Led by Broadband & Healthcare

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


- 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

2012 Goals:

- 25-to-85% Broadband Coverage
- 12-to-54% Penetration
Strategy Specific Metrics

**Impact of Healthcare Goals**

1. Economic growth will improve payer mix

2. New health jobs will promote economic growth

**Desired SI Future State 2012**

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

**Potential Impact of New Healthcare Positions by 2012:**

<table>
<thead>
<tr>
<th></th>
<th>Jobs</th>
<th>Earnings</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct SI impacts</td>
<td>4,676</td>
<td>$214.7M</td>
<td>$260.3M</td>
</tr>
<tr>
<td>Indirect and induced</td>
<td>2,408</td>
<td>$75.4M</td>
<td>$156.3M</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,084</td>
<td>$282.3M</td>
<td>$424.5M</td>
</tr>
</tbody>
</table>

**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.

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

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

INNOVATION
UMPI, UMFK, UMaine & NMCC must lead in the development 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.

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

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

MARKETING & COMMUNICATIONS
A strategic and consistent internal and external communication plan must be implemented to promote the use of Aroostook energy products and resources.
Strategy Specific Metrics

Northern Maine Renewable Energy Economy Strategy

Strategy Specific Metrics

- **Aroostook 2015 Goals**
  - 1,677 new jobs @ $42,000
  - 1,118 new jobs @ $38,500
  - Improvement of 6,628 jobs by $5,000/yr.
  - $365M new wages
  - Increase Internet Subscriptions to 37,500
  - Reach Regional GDP of $2.8B
  - 27.7% Private Payer Healthcare Reimbursements

**Direct Impacts**

- 62 jobs (3.6%)
- 604 jobs (54%)
- $45.3M (12.4%)
- $94.6M (3.7%)
- 650+ jobs with benefits

**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

©2012 ViTAL Economy, Inc.
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 CSI 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
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 commutate a methodology, strategy, and priorities
• Increased creditability 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

Frank Knott
fknott@vitaleconomy.com

Jim Haguewood
jim@onegroupconsulting.com

www.vitaleconomy.com