

Evaluation and Metrics for Economic Development

Jim Damicis, Senior Vice President
Spring 2023



Jim Damicis - Senior Vice President

- Past President, Northeastern Economic Developers Association (NEDA)
- IEDC, Economic Development Research Program, International Economic Development Council & Course Instructor
- Collaborator – Communities of the Future
- 25+ Years Experience in Economic and Community Development

Email: jim@camoinassociates.com
Website: www.camoinassociates.com
Twitter: [@jdamicis](https://twitter.com/jdamicis)
LinkedIn: www.linkedin.com/in/jdamicis
Blog: www.camoinassociates.com/navigator





What is Economic Development?

Planning, Organizing, and Acting to
Support the Economy

Common end goals:

Job stability
and creation

Tax base
stability and
growth

Diversification
of economy
and tax base

Wealth
creation and
diversification



Economic Development is Accomplished Through...

Tools and techniques:

- Business retention and expansion
- Business attraction
- Global trade and foreign investment
- Workforce development
- Business technical assistance
- Innovation and entrepreneurial support
- Quality of place/place-based development
- Community development

As well as:

- Planning
- Organizing
- Implementation
- Resource development

And more!

Why Measure and Evaluate?



Understand effectiveness and/or efficiency of programs/activities in term of leading to desired outputs and outcomes



Prioritize resources



Support ability to adapt and make changes



Transparency with stakeholders/public – build trust, enhance engagement



Support funding /grant/investment requests

**High Performing Teams “measure their results and adjust accordingly”
- IEDC’s “High Performing Economic Development Organizations**



Evaluation and Metrics: Design and Approaches

Evaluation & Metric Building Blocks



Inputs: resources invested and used



Activities & Outputs: programs and services produced



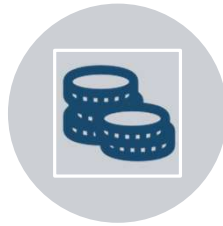
Outcomes: results obtained connected to mission, goals, and objectives



Typical Evaluation and Metric Purposes for Economic Development



PROGRAM EFFICIENCY
AND EFFECTIVENESS



ECONOMIC IMPACT



RETURN ON INVESTMENT



SERVICE AND PROGRAM
SATISFACTION AND
USEFULNESS

Evaluation & Metric Task Areas



Assign roles and responsibilities regarding who will be involved evaluation and metrics: staff, advisors



Describe and define goals, objectives, actions – expressed within a planning process



Develop a logic model - connecting inputs, outputs, outcomes goals, objectives, and actions; including external factors and assumptions that can influence results



Develop a data and metrics plan – specifying methodology and sources for gathering, analyzing and reporting data



Specify who information will be communicated and used



Tie together within an evaluation and metrics plan

Putting it Together: Sample Evaluation Logic Model

Sample Logic Model for Program to Expand Business and Industry Markets Domestically

Purpose: Provide market resources and assistance to businesses and industry stakeholders to help them access and grow US Markets

Inputs	Activities	Outcomes -- Impact		
		Short	Medium	Long
Staff time, knowledge base, and network	Developing the Website	Learning	Changing action	Change of the conditions
Partners and expertise	Technical assistance to businesses and industry partners	Domestic trade gaps identified including challenges and opportunities	Information added to business plans and proposals	Increase in domestic trade activity and dollars
Funding	Measure and evaluate the Domestic Trade performance	Reliable market data to businesses and entrepreneurs seeking new domestic trade opportunities	Inquiries received and responded to businesses and industry partners	Business growth by companies and industries served
	Communicate with community partners	Business resources established including data profiles and online support for technical assistance	Results of the program analyzed for further program planning and additional program funding requests	
		Awareness raised regarding the importance of domestic trade	Policies and community actions that support domestic trade long-term	

Assumptions:
Domestic Trade increase economic performance

External Factors
US trade relations and policy
Interest rates
Federal funding and policies for interstate commerce

Sample Implementation Matrix

Economic Development Vision and Plan - Template					
Guiding Principle/Vision:					
Goal 1:					
Actions	Roles/Responsibilities	Priority Level	Timeframe	Costs	Resources
1 Action		High			
2 Action		Medium			
3 Action		Low			
Measurements/Evaluation:					
Barriers:					
Goal 2:					
Actions	Roles/Responsibilities	Priority Level	Timeframe	Costs	Resources
1 Action		High			
2 Action		Low			

Be sure to
ingrate
measureme
nt &
evaluation
into your
action plan!



Deeper Dive: Using Dashboards for Evaluation and Metrics

Dashboard Tips



Know your Purpose: who is the information intended for audience, what will information be used for?



Narrow number of data indicators to fit your purpose – don't just show data because you can



Integrate into planning, monitoring, evaluation, and management

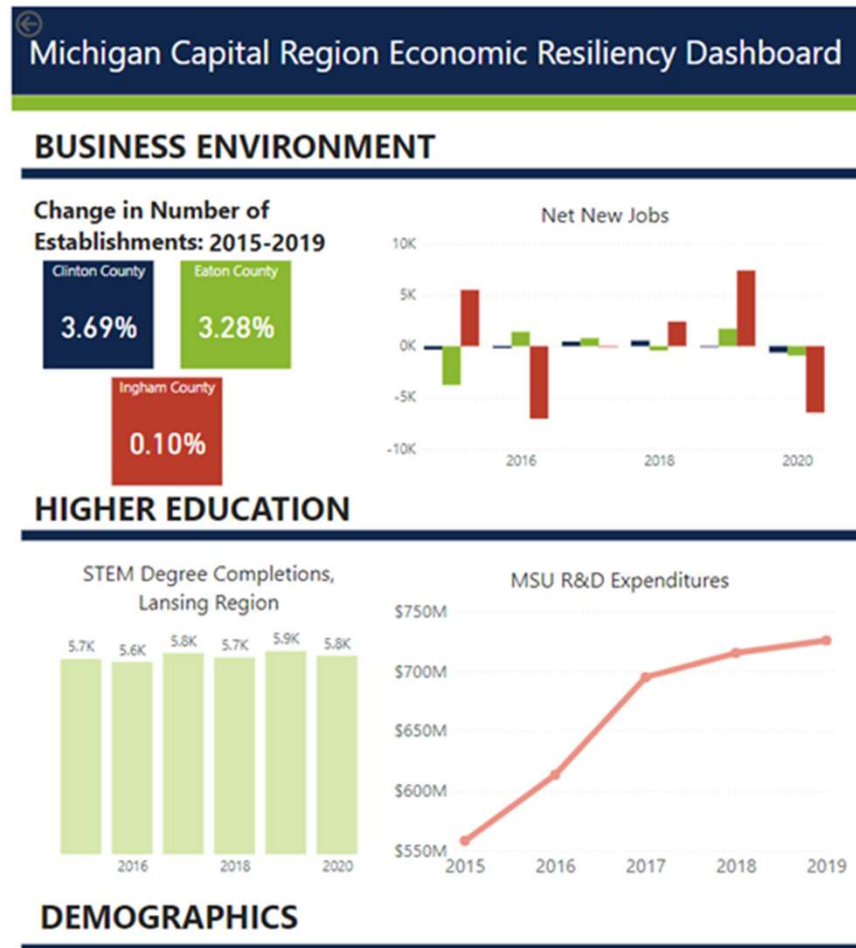


Develop and maintain technical skills around data and digital tool (or contract) – i.e., of API's, data visualization



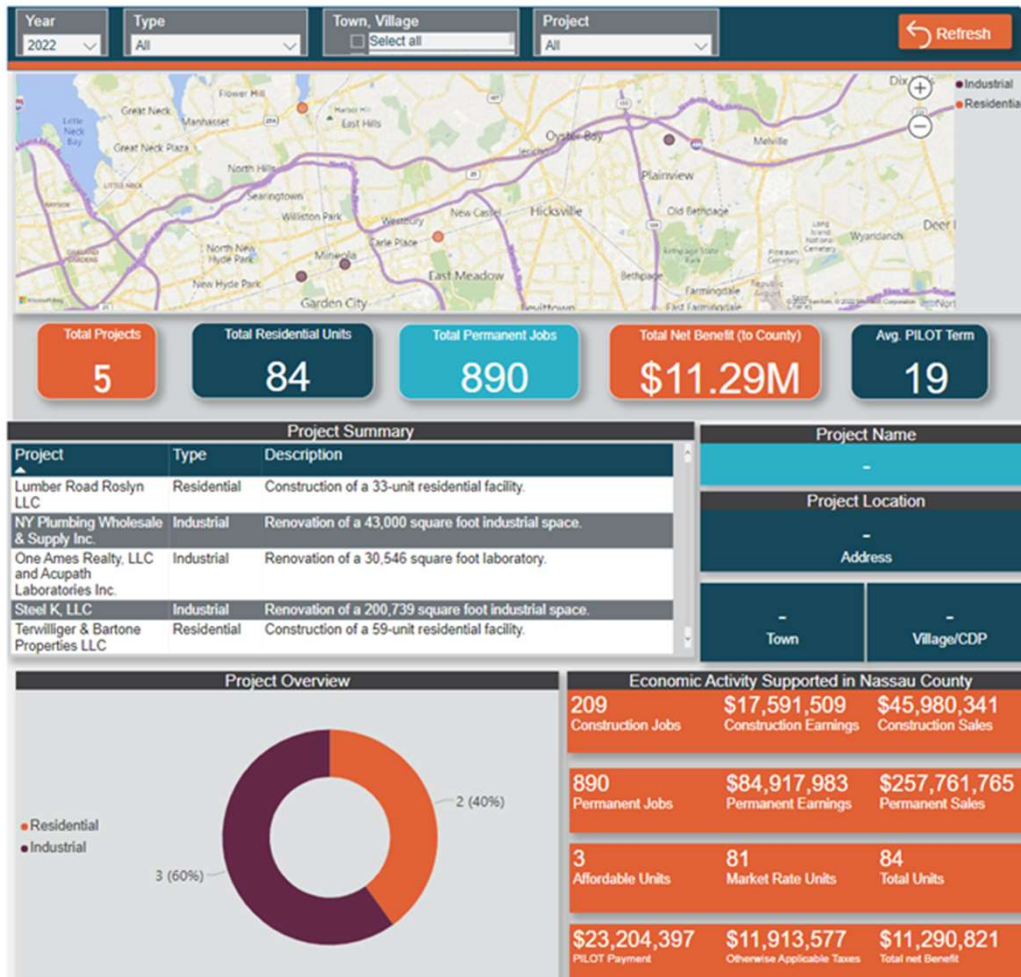
KEEP DATA UP TO DATE!

Sample Dashboard



Michigan Capital Region
Economic Resiliency
Dashboard
www.mitcrpc.org/resiliency

Sample Dashboard



Nassau County
Industrial
Development
Agency Economic
Impact Dashboard
<https://nassauida.org/economic-impact>



Deeper Dive: Impact Analysis

Typical Types of Impact Analyses



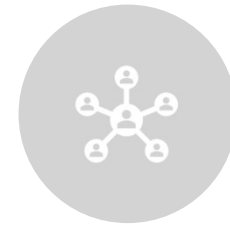
ECONOMIC
IMPACT



FISCAL IMPACT



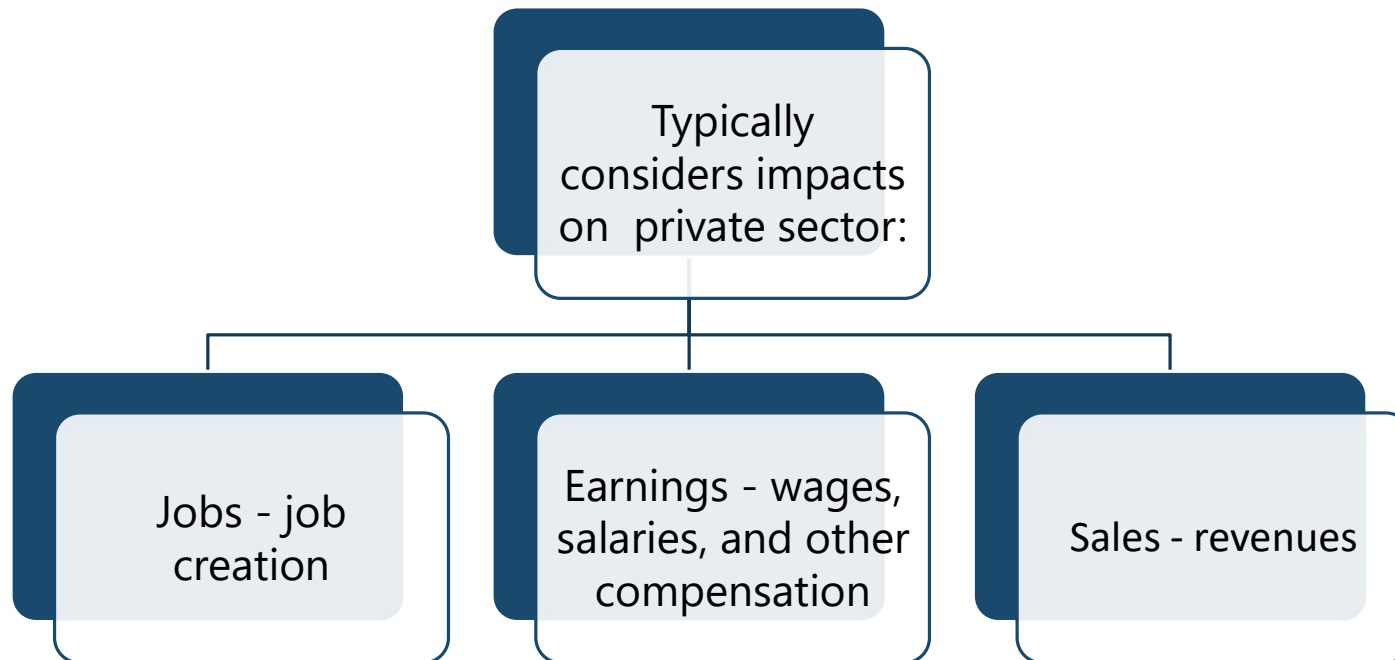
ENVIRONMENTAL



SOCIAL

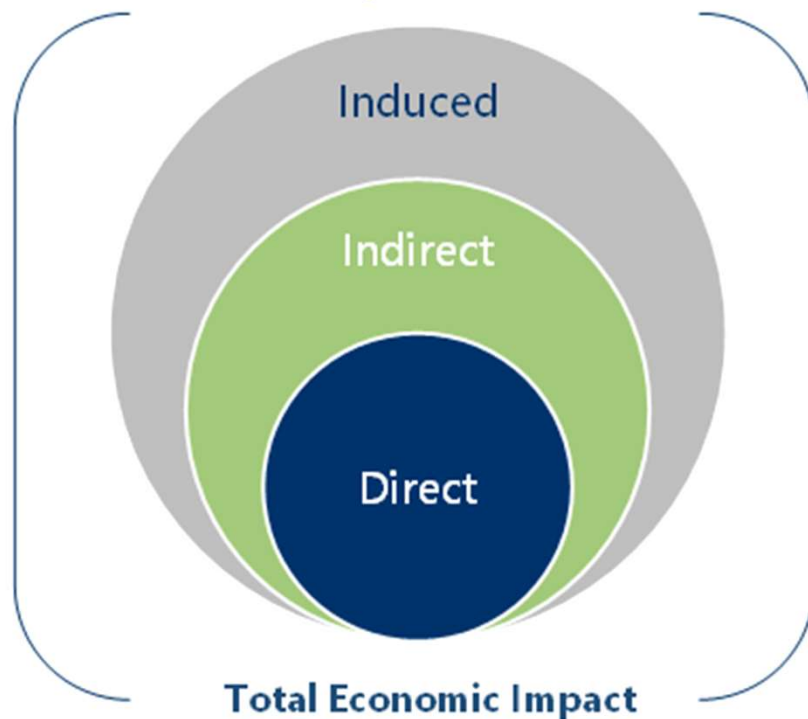
Economic Impact Analysis

Estimate of the impacts of an activity, development project, or business on a local or regional economy



Economic Impact - Measures

Measuring the Total Economic “Multiplier Effect”



Direct: most immediate impacts, include the on-site jobs and spending

Indirect: occur at businesses within the jurisdiction that supply goods and services (vendors) for the new project or business

Induced: occurs when workers both direct and indirect spend a portion of their wages at businesses within the jurisdiction for goods and services.



The Importance of “Net New” for Economic Impact Analysis

- ▶ Important to look only at the economic changes that would not happen but for the activity, project, development being assessed.
- ▶ Requires isolating the impacts specific to the activity, project, or development by factoring out activity that would happen anyway within the area
- ▶ Ex: factoring out transfer in purchasing habits within the area from one business to another i.e., new entertainment venue drawing activity from another within the area.



Economic Impact Resource

A simple, lay person overview

[What is the Point of an Economic Impact Analysis? | Camoin Associates](https://www.camoinassociates.com/resources/what-is-the-point-of-an-economic-impact-analysis-2/)

<https://www.camoinassociates.com/resources/what-is-the-point-of-an-economic-impact-analysis-2/>



Fiscal Impact Analysis

- ▶ Estimates the net cash flow to the public sector (the local government, taxing jurisdiction and, in many cases, the school district) resulting from new activity, project, or development
- ▶ Net difference between:
public expenditures vs public revenues



Why Perform a Fiscal Impact Analysis?

Estimate the impact of a development or a land use change on expenditures and revenues of governmental units serving the development.



The analysis can help a jurisdiction determine:

Land-use policy decisions;

Acceptable levels of service;

Plans for capital investments;

Long-term borrowing needs; and

Level of financial assistance to offer.



In strategic planning used to estimate, compare, and prioritize projects/actions



Two Approaches to Costing in Fiscal Impact Analysis

► **Average Cost** - attributes costs to new development or growth according to current or recent historical average cost per unit of service multiplied by the number of units the growth is estimated to require. Ex.. Per resident, per student, per household

► **Marginal Cost** – full amount of cost to provide added capacity to serve development or growth, Takes into account excess or deficient capacity (ability to absorb costs into current operations with current infrastructure. Ex.. cost to build additional school facility capacity to serve new students

In theory, over the long-term, average cost will equal marginal cost



Fiscal Impact Resource

White Paper - Resource for understanding and how to perform -

<https://camoinassociates.com/services/impact-analysis/>

Impact Analyses Cautions and Tips



Highly impacted by timeframe selected (how far into the future)



Must clarify “by whom” and to whom impacts are being considered



Data will not be perfect and there will be many modeling assumptions



Typically involve technical use and expertise in modeling platforms or software combined with specially data



Challenges for Using Evaluation and Metrics in Economic Development



Common Challenges

Lack of resources and commitment to measuring and evaluation – particularly ongoing process

Lack of “know how” and technical expertise

Lack of readily available, reliable, relevant, and affordable data

Biting of too much – trying to measure everything and not “rightsizing to purpose and resources

Fear of results (accountability)

Overstating causation – failing to recognize results have many influencing factors



Evaluation and Metrics Hesitancy

“One of the key flaws many organizations have in common is their inability to deal in the reality of their current situation. Many times there are emotional connections to methods, programs or processes that are no longer effective....”

Mark Cundiff, Leadership Blogger

<https://markjcundiff.com/you-cant-handle-the-truth/>



Applied Data Challenges

- **North American Industry Classification System (NAICS) and Standard Occupation Classification System (SOCS) limitations** – not all industries and jobs easy to define
- **Geography limits and challenges** – unavailable data, custom geographies i.e., small communities, rural areas, plus not all data available at all levels
- **Timeframe** - different years in past can produce different results (ex: when there is a shock such as Covid; 2008 - the years you pick matter! Also, geographic definitions can change over time making data non-consistent
- **Data is imperfect** - might not be available for what you want to measure - ex: fishing employment data not reported, need to use proxy of licenses issued
- **Rapid change** - in economy, culture creating need for new data - e-commerce, remote work, automations, more
- **Lack of analytics capacity** - within organizations and systems

And more! These will impact ability to measure and evaluate and must be addressed.



“All models are wrong, some are useful”

George Box, 1976 paper published in the
Journal of the American Statistical
Association



Deeper Dive: New Approaches and Techniques for Evaluation and Metrics

The Challenge:

Historical “best practices” are increasingly not working in a constantly changing, unpredictable world



TECHNOLOGICAL – TECH
OF EVERYTHING–
AGTECH, CLEANTECH,
HEALTHTECH, FINTECH,
MANUFACTURING 4.0,
DIGITAL PLATFORMS AS
SERVICE, ETC.....,



PANDEMICS/BIOLOGICAL
EVENTS



CLIMATE CHANGE



GLOBALIZATION



POLITICAL AND CULTURAL
POLARIZATION STEMMING
FROM EROSION OF MIDDLE
CLASS (SHORT-TERM WORK,
GIG ECONOMY, MULTIPLE
JOBS TO SURVIVE, K-SHAPED
RECOVERIES, CONTINUED
INEQUITIES)



The Challenge Con't:

And “best practices” are failing to meet a social, cultural, economic emphasis on the goals of:

- Resiliency
- Sustainability
- Equity and Inclusion



The Challenge of Navigating within a New Economic Future:

- The world is changing, and change happens rapidly” – tech, economy, climate, culture
- We no longer can rely solely rely on “best practices” and “modeling to predict”
- We must get comfortable with “acting amidst the unknown” being adaptable to change
- New ways, skills, and tools of are needed for:
 - Thinking, planning, acting
 - **Analyzing, strategizing, collaborating, and implementing – including evaluation and metrics**
 - Building capacities for adapting

Tools and Techniques for Measurement and Assessment

Recent & Past	Emerging	Applied Future
Capacities for planning, organizing, and implementing – organization and stakeholder performance; economic growth	Capacities for engaging networking and building ecosystems - network mapping and analysis, collective impact; capacities for innovation; emerging trends	Capacities to identify, anticipate, prepare, and adapt
Data: trends in employment, occupations, wages, business establishments, real estate and industry market trends, supply chains, trade, sociodemographic	Data: R&D, investment, commercialization entrepreneurship; market projections; remote work, gig work, automation; social impact	Data: Foresight and futures dialogues on what may happen if a trend developed or a transformative event occurs
All can be useful and should be considered within process		



Data/Metrics – Parallel Approaches

Traditional

- Near-term
- ROI Based
- Market Feasibility
- Financial Feasibility
- Economic and Fiscal Impact
- Economic Trends and Projections
- Used to Explain and Predict

Emerging – Future

- Long-term
- Capacity Building/Adaptability Based
- Network Presence & Strength
- Collective Impacts
- Social Impacts
- Applied Foresight and What-if Scenarios
- Used to Inform – generate engaging questions and discussing possibilities



New Approaches to Assessment and Evaluation – Simple Descriptions

- **Environmental Impact** – considers impact on physical and biological environment (land, water, air, etc....) though not a new approach overall less common in traditional economic development
- **Social Impact** – considers impact across broader range of issues and goals (beyond tradition economic) including impacts on health, wellness, culture, inclusion and opportunity
- **Collective Impact** - considers impact on holistic system including impact across communities and populations and by multiple individuals, organizing and networks within the system
- **Theories of Change** – demonstrates and measures pathways and connections of changes that are needed to achieve a goal

Must go beyond traditional economic growth measures and ask, “ by whom, to who, for whom, with whom?”



Deeper Dive: Equity and Inclusion

Developed by Christa Franzi, Vice President +
Director of Entrepreneurship, Camoin Associates





Equitable Entrepreneurship

- Breaking down barriers to business entry and growth.
- Creating opportunities for anyone with an idea to pursue it.

62% of Americans have a dream business in mind. 41% would start it in 6 months if they could. But less than 2% do.

Source: SBA survey, righttostart.org

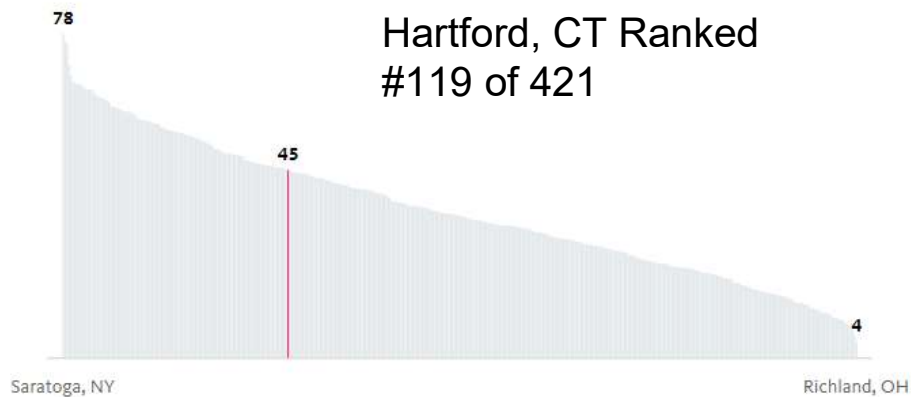
How do we rank on overall indicators of equity?

Data: Prosperity Score

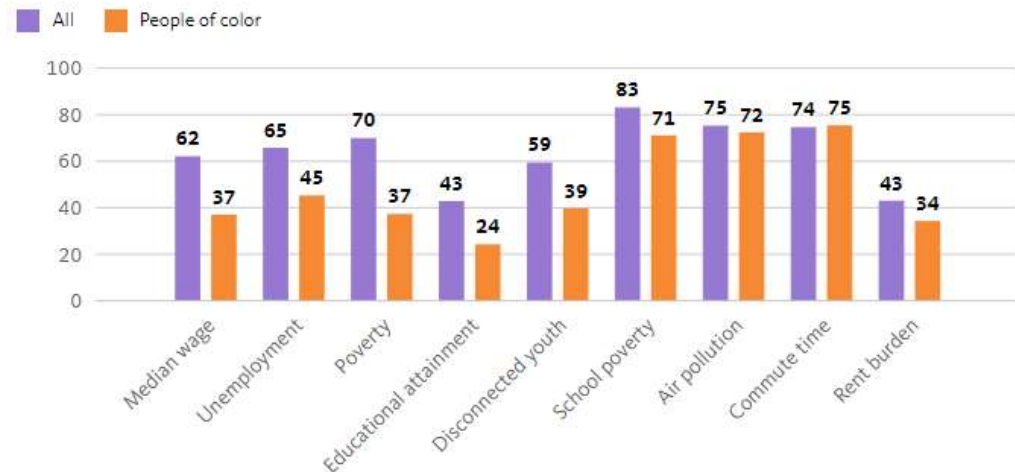
Method: Track ranking

Source: National Equity Atlas (Base: 5-year ACS)

Prosperity score, people of color, ranked: Hartford, CT; 2019



Prosperity score by indicator: Hartford, CT; 2019



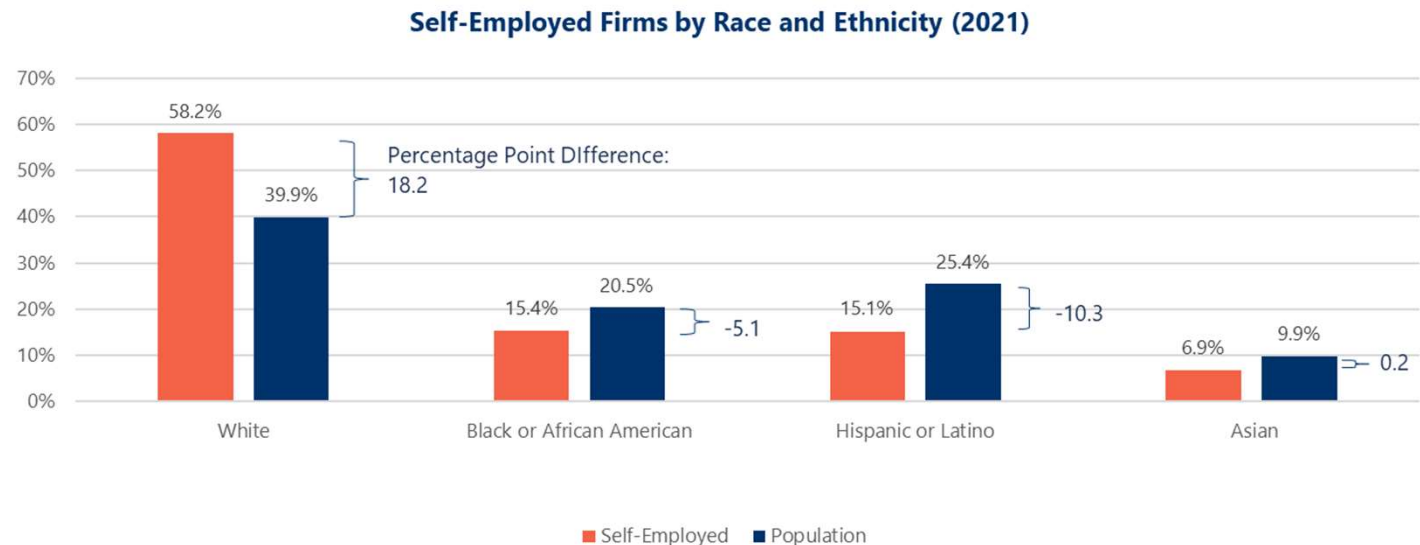
Is the rate of business creation equitable?

Data: Self-Employed Workers

Method: Benchmark proportion of self-employed vs. population distribution.

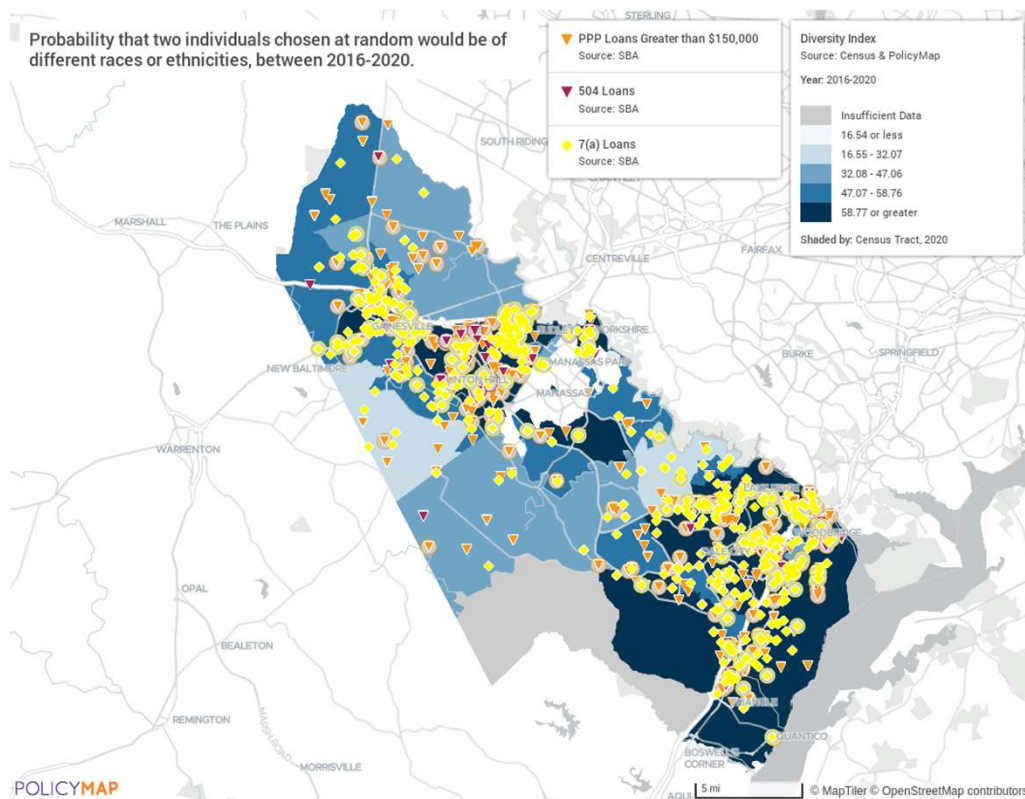
Source: Census American Community Survey

Self-employed individuals are founders!



Is the distribution of small business loans equitable?

Small Business Loans by Diversity Index



Data: Diversity Index & Loan Location

Method: Map layer overlay

Source: SBA, Census

How are our smallest businesses performing?

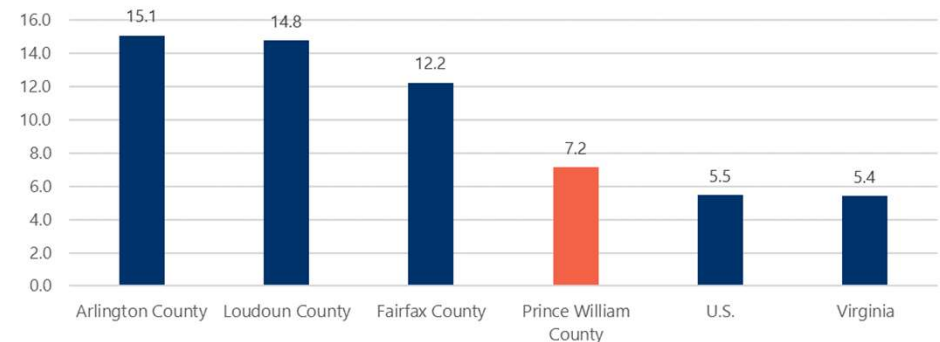
Data: Microbusiness

- Density
- Engagement
- Participation
- Infrastructure

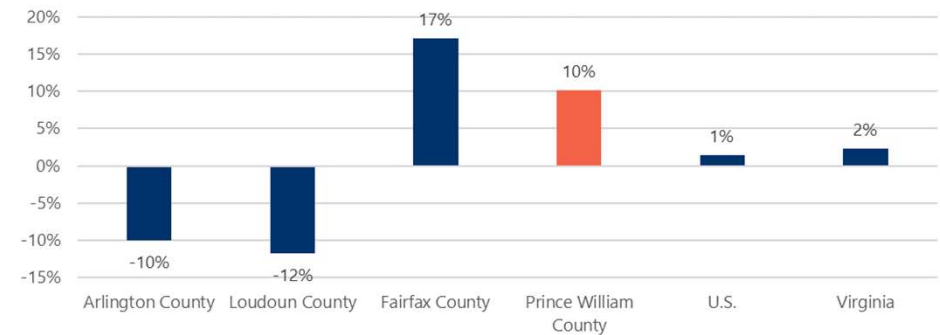
Method: Benchmark against competitors, State, & U.S.

Source: GoDaddy Microbusiness Data Hub

Microbusiness Density (June 2022)



% Change in Microbusinesses (2019-2022)





The BEST data is your own data!

Use business retention and expansion (BRE) methods to engage, understand, and serve under-represented businesses.

BRE Process

- **CONNECT** with the business community
- **UNDERSTAND** needs of local businesses
- **IDENTIFY** pervasive problems or trends
- **REPORT** trends, actions, and impact
- **RESPOND** with resources and solutions
- **ENGAGE** in ongoing projects and initiatives
- **TRACK** and adapt to trends over time



Example Metrics for Tracking Equitable Entrepreneurship

Goal	Metrics Tracked by vulnerable population, business size, etc. as well as location.
Increase density of the network	Increase attendees at events Increase number of local businesses in commercial corridors
Increase number of businesses served	Number of entrepreneurs who meet with staff Number of entrepreneurs who meet with partner organizations Number of referrals made
Increase firm viability	Survival rate (1-year, 5-years) Patents awarded Capital Raised
Increase job creation	Employment by companies less than 5 years old Employment by companies served
Reduce barriers to start	Approval process time, slippage, denials



Final Tips and Takeaways



Assess - Track, Measure, Evaluate, Learn, Communicate

Know the purpose & Include measurement of:

- Short term – outputs for actions and strategies
- Long term – outcomes tied to values, principles, vision

Measure for:

- Organization(s) involved in planning
- System – those doing and those impacted and the connections in between

Use a variety of methods and sources & utilize advisory committee

Track and measure using some of the same tools, methods and data used to analyze but tie desired goals, objectives, and actions

Communicate, share, and dialogue on findings to continue process – connect data to stories

Principles for Effective Data Usage

The world is complex and changes rapidly, and with this comes uncertainty. Therefore, data must be used to...

Inform, Not Predict



Inform, encourage thinking, ask and share engaging questions, build capacity, and collaborate.

Explore and Explain



Explore emerging issues, challenges, opportunities, and possibilities, and to explain, understand, measure, and evaluate.

Build Trust



Document sources, use multiple sources, and understand and share assumptions and limitations.

Lead Action



Avoid paralysis by analysis through continuous cycles of acting, learning, adapting, and transforming.



Resources

Economic Development Strategic Planning Resources -

<https://info.camoinassociates.com/strategicplanningresources>

Innovation Network – evaluation models and resources www.innonet.org/

Brookings - A roadmap to developing inclusive regional economic indicators -

www.brookings.edu/research/a-roadmap-to-developing-inclusive-regional-economic-indicators/

Brookings - How local leaders can upgrade their regional economic dashboards for a new era of place-based policymaking - <https://www.brookings.edu/research/how-local-leaders-can-upgrade-their-regional-economic-dashboards-for-a-new-era-of-place-based-policymaking/>

Center for Economic Inclusion - Indicators for an Inclusive Regional Economy -

<https://indicators.centerforeconomicinclusion.org/>

<https://indicators.centerforeconomicinclusion.org/executiveSummary>



For More Information

Jim Damicis, Senior Vice President

Email: jim@camoinassociates.com

Website: www.camoinassociates.com

Twitter: [@jdamicis](https://twitter.com/jdamicis)

Linkedin: www.linkedin.com/in/jdamicis

Blog: www.camoinassociates.com/navigator

