

Benchmarking Economic Development and Entrepreneurship



Presentation to the Mississippi
Entrepreneurship Policy Academy
January 19, 2001



Scope of Presentation

- Use of a national comparative benchmarking tool to provide a context for Mississippi enterprise development & entrepreneurship policy



Development Report Card for the States

- Published by CFED every year for 14 years
- Provides state comparative benchmarks
- Uses 60 indicators grouped into three indexes: performance, business vitality, and development capacity



Development Report Card for the States

- Purpose is to stimulate analysis of and public debate about economic development policy and impact
- Data is transparent and accessible to encourage states to produce own analyses based on choice of indicators and weights



Development Report Card for the States

- Available only on-line for 2000 – drc.cfed.org
- 45,000 hits on DRC web pages, 5,000 unique visitors, over 1,300 customized reports run, 8,500 state pages viewed
- Covered in 42 states, over 100 stories tracked



Index #1: Performance

- How well is the state's economy performing in providing a more widely shared and sustainable standard of living?
- Measures employment, earnings & job quality, equity, quality of life, and resource efficiency.
- 2000: #1 Minnesota, #2 New Hampshire



Index #2: Business Vitality

- How vital and dynamic is the state's business sector?
- Measures competitiveness of existing businesses, entrepreneurial energy, and structural diversity
- 2000 #1: California, #2 Colorado



Index #3: Development Capacity

- What is the state's capacity for future growth and development?
- Measures human, financial, infrastructure, amenity resources and innovation assets
- 2000 #1: Minnesota, #2 Massachusetts



Development Report Card for the States

- *...contains the stereotypical hyperbole for which your organization has become infamous...your utter ignorance of the remarkable economic and social progress made by this state is appalling...presenting this report as some sort of authoritative or helpful resource defies logic...contains so many deceptions that it is worthless...my hope is that before your organization produces another worthless report your people get out of the office and out into the field where they will find real action in economic development.*
- James Heidel (former Executive Director, MS Department of Economic & Community Development)



Mississippi

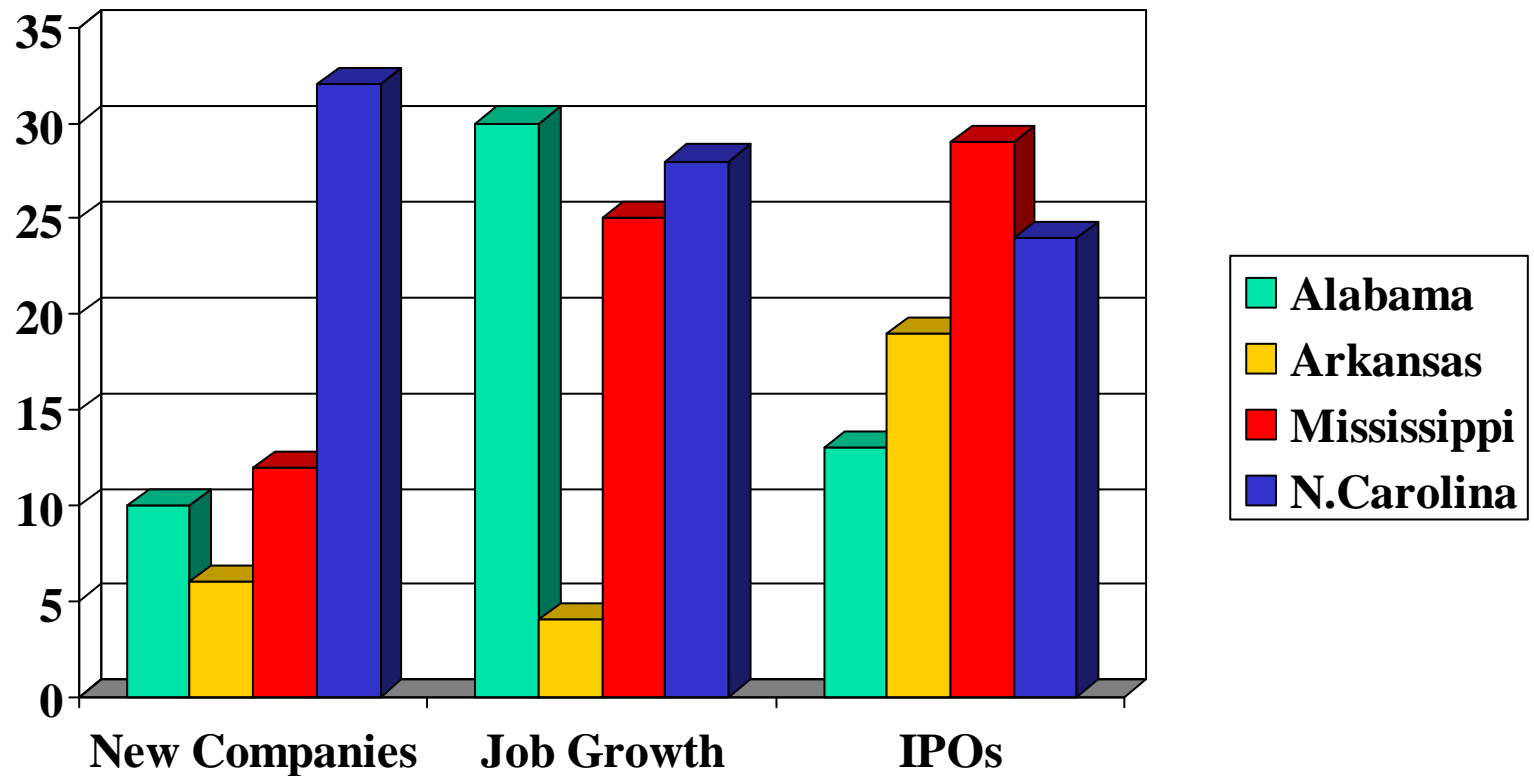
- Performance 47th F
- Business Vitality 36th D
- Development Capacity 50th F



Entrepreneurial Energy

- One of the three sub-indexes of Business Vitality – Mississippi ranks 38th
- Measures used:
 - New companies – 39th
 - Change in number of new company formations – 22nd
 - New business (<5 yrs) job growth – 26th
 - Technology companies – 47th
 - Initial Public Offerings – 22nd

Entrepreneurial Energy Compared



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Innovation Assets

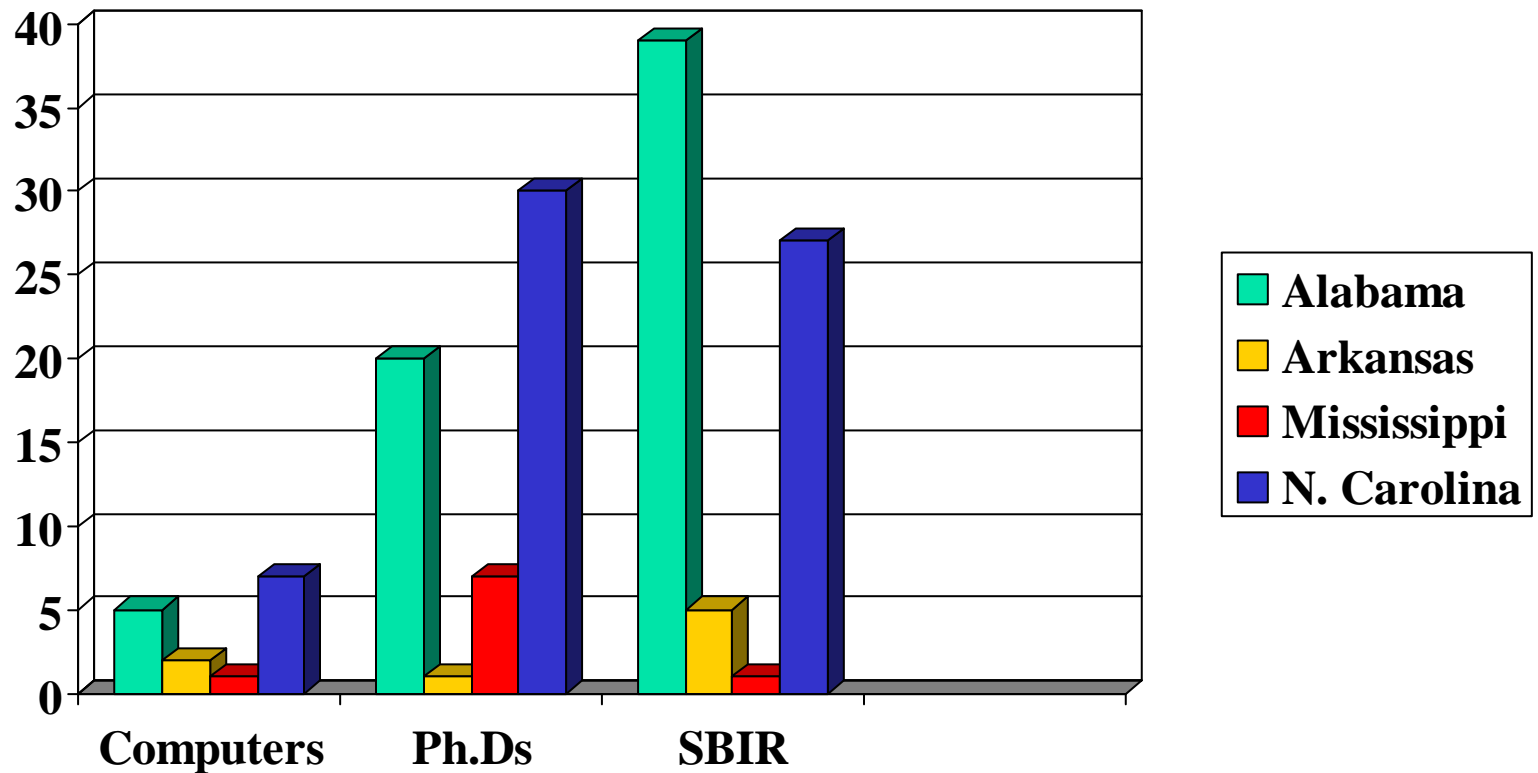
- “States rich in innovation assets have the most competitive, diverse, and entrepreneurial business climates”
- One of the key elements of Development Capacity – Mississippi ranks 49th
 - Measures used:
 - Ph.D scientists and engineers – 44th
 - Science & engineering graduate students – 40th
 - Households with computers – 50th
 - University R&D – 43rd



Innovation Assets

- Measures contd.
 - Federal R&D – 29th
 - Private R&D – 46th
 - SBIR grants – 50th
 - Royalties and licenses – 43rd
 - Patents issued – 50th
 - University spin-outs – 25th

Innovation Assets Compared



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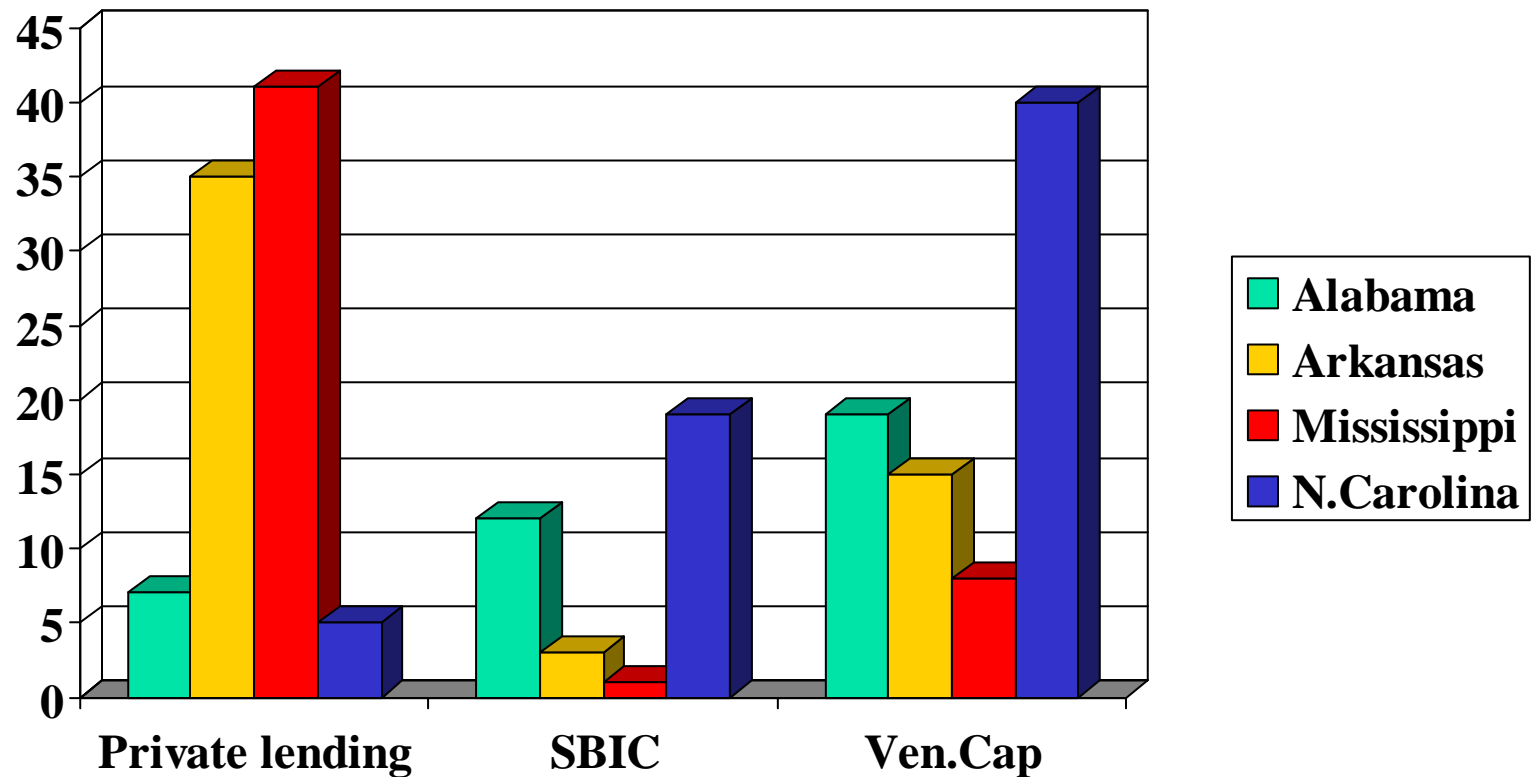
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Financial Resources

- Another sub-index of Development Capacity
- Some of the measures include:
 - Venture capital investments – 43rd
 - SBIC financing – 50th
 - Private lending to small businesses – 10th

Financial Resources Compared



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How to respond?

- **Business climate** – improving the health and productivity of the state economy
- **Opportunity ladders** – enabling all residents to advance through wealth creation
- **Entrepreneurship** – providing the tools for new business formation and growth



Business Climate

- **Education and Workforce Development** – the most critical for both productivity and personal economic success. Private sector's #1 issue nationwide
- **Public Services** – high quality highways, water and sewers, public health and safety, parks, environmental protection... the bread and butter of economic development:
- **Regulation** – streamlined and fair with focus on outcomes rather than bureaucratic compliance
- **Taxation** – reliable, balanced, equitable, efficient, and accountable system



Opportunity Ladders

- **Asset building strategies** – moving people out of poverty by promoting and rewarding savings – individual development accounts, children’s savings accounts
- **Microenterprise development** – helping poor people supplement income, create new businesses and jobs -- microfinance, training and technical assistance, networking



Entrepreneurship

- **Capital** – debt & venture capital for growth companies, microfinance for microenterprises – community development financial institutions (CDFIs), loan funds
- **Information and advice** – effective advisory and referral services – regional/local agencies
- **Networks** – support systems for entrepreneurs
- **Education** – school-based programs, higher/continuing education and community programs