Making it Count:
Metrics for High Performing EDOs

February 3, 2014
International Economic Development Council

The International Economic Development Council (IEDC) is a non-profit membership organization serving economic developers. With more than 4,000 members, IEDC is the largest organization of its kind. Economic developers promote economic well-being and quality of life for their communities, by creating, retaining and expanding jobs that facilitate growth, enhance wealth and provide a stable tax base. From public to private, rural to urban, and local to international, IEDC’s members are engaged in the full range of economic development experience. Given the breadth of economic development work, our members are employed in a wide variety of settings including local, state, provincial and federal governments, public private partnerships, chambers of commerce, universities and a variety of other institutions. When we succeed, our members create high-quality jobs, develop vibrant communities, and improve the quality of life in their regions.

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Bill Sproull, FM
President and CEO, Richardson Chamber of Commerce
Chairman of the Board

Paul Krutko, FM
President and CEO, Ann Arbor SPARK
Immediate Past Chair of the Board

Jeffrey A. Finkle, CEcD
President and CEO
International Economic Development Council

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Primary Authors
Swati Ghosh
Jess Chen

Contributing Authors and Research Support
Aaron Chafetz
Frankie Clogston
Mishka Parkins
Kristina Pecorelli
David Lai

Editor
Tye Libby

Graphics Support
Mishka Parkins
Economic Development Research Partners (EDRP)

The EDRP Program is the “think tank” component of IEDC, designed to help economic development professionals weather the challenges and grab opportunities from economic changes affecting our communities. EDRP members are leaders in the field of economic development, working through this program to improve the knowledge and practice of the profession.

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Southwest Michigan First
St. Louis Regional Chamber & Growth Association
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Towson University
Tulsa Regional Chamber
York County Economic Alliance

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Acknowledgments

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Part III: Case Studies
Case Studies Overview

These case studies are examples of how economic development organizations of different sizes, functions, and geographic locations are taking innovative approaches to tracking metrics. This includes selection of new and interesting metrics (e.g., Southwest Michigan First), fresh approaches to the metrics process itself (e.g., City of Fort Collins), and strategies for making performance measurement easier to carry out (e.g., Government of South Australia). Some case studies highlight how even small EDOs (e.g., Yates County, New York) have built a performance measurement system from the ground up with few extra resources.

Virginia Performs

In 2004, the Council on Virginia’s Future was established to develop an economic development vision, and corresponding goals to help realize that vision, for the Commonwealth of Virginia. Given this purpose, the council established a statewide accountability system that aligns impact and performance measurements across state agencies.1 Dubbed Virginia Performs, this performance measurement system facilitates a comprehensive approach to the state’s planning, budgeting, and performance management efforts. This case study illustrates a state-level approach that assembles performance metrics from typically disparate agencies.

Today, more than 80 state agencies enter performance data directly into the Virginia Performs database. In order to aid the assimilation to outcome rather than process measures, agencies received structured training and guidelines.2 Now, agencies simply report on standardized measures relevant to the state’s long-term goals. Performance metrics are outcome- or output-based and measured quarterly, semi-annually, or annually. Agencies also indicate the measurement intent of a given metric. For example, a metric may track general agency performance or a service that the agency provides. Furthermore, agencies specify the classification of a given metric (e.g., key, productivity, or other measure).

Key agency measures then correspond to a goal central to the realization of the state’s vision. For example, the Virginia Economic Development Partnership measures and inputs agency performance on the number of jobs created by new and existing companies.3

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1 Personal Communication with Gerard Ward, Deputy Director of the Council on Virginia’s Future, January 8, 2014.
A key indicator of Virginia’s performance on employment growth is employment growth. Virginia’s Department of Business Assistance also reports on related measures for employment growth. A key agency measure is the number of companies assisted by the Virginia Jobs Investment Program. Monitoring the performance of this program is important to employment growth, because its objective is to assist businesses in the state to create and retain jobs.

All the key metrics for each agency are then aggregated, summarized, and displayed on the Virginia Performs website. The website shows how Virginia is doing with scorecards, data maps, and performance indicators. An example of a scorecard item with the corresponding goals and indicators is provided below.

Figure 1: VA Performs Economy Scorecard Item

Not only does this provide transparency for citizens, it also provides a practical performance tracking model for regional and local agencies. For example, the Council on Virginia’s Future collaborated with the Hampton Roads region to create Hampton Roads Performs. This regional model utilizes some of the Virginia Performs measures and replicates the Virginia Performs monitoring process on a regional scale. For more information on Virginia Performs, visit [http://vaperforms.virginia.gov](http://vaperforms.virginia.gov).

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5 Ibid.
Government of South Australia

South Australia is one of six states in the Commonwealth of Australia. In 2004, the Government of South Australia launched a statewide strategic plan with 79 targets for improvement. The plan was created in response to the state’s Economic Development Board’s request for a long-term, transparent, and measurable strategic plan. The South Australian Strategic Plan tackles six interrelated and long-term objectives: growing prosperity, improved wellbeing, attaining sustainability, fostering creativity, building communities, and expanding opportunity. To ensure effective monitoring and evaluation of the plan, the government appointed an independent five-member audit committee. This case study illustrates a best practice of not only monitoring measures but also verifying the relevance of metrics to associated goals.

The audit committee meets quarterly to review performance targets and creates semiannual progress reports. Each progress report is divided into two main parts: a report card and section with commentary and recommendations. Each progress report uses a two-part rating system (adopted in 2008) to provide a snapshot of performance. The rating system indicates the progress observed to date and achievability. The table below shows how the progress and achievability rating system is applied to targets.

<table>
<thead>
<tr>
<th>Target</th>
<th>Progress Rating</th>
<th>Achievability Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>94. Venture Capital</td>
<td>0 Modified target—baseline established</td>
<td>0 Modified target</td>
</tr>
<tr>
<td>95. Industry collaboration, research and development commercialisation</td>
<td>0 Modified target—baseline established</td>
<td>0 Modified target</td>
</tr>
<tr>
<td>96. Public research expenditure</td>
<td>0 Modified target—baseline established</td>
<td>0 Modified target</td>
</tr>
<tr>
<td>97. University research income</td>
<td>1 Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td>98. Business research expenditure</td>
<td>1 Positive movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td>99. Cultural engagement— institutions</td>
<td>3 Negative movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td>100. Screen industry</td>
<td>1 Positive movement</td>
<td>3 Within reach</td>
</tr>
</tbody>
</table>

8 http://saplan.org.au/media/BAhbBIsHOgZmSSlgleMjAxMi8wOS8yNi8wMV80OV8yNV8yN19maWxlBjoGRVQ/01_49_25_27_file
In the commentary and recommendation section, the audit committee addresses the quality of the plan’s targets. The audit committee’s recommendations are solely based on optimizing the accuracy and reliability of performance measurement. Based on previous progress reports, this could include:

- Adjusting the description of a target to make it more specific (in terms of improvement, timeframe, etc.).
- Assigning more reliable or consistent data sources for tracking performance.
- Broadening the scope of a measure.

Sometimes the committee’s recommendations only warrant minor adjustments. At other times, more substantive changes—such as the removal of a target—are deemed necessary. For example, from 2007 to 2011, nine targets were removed from the strategic plan. One of these targets—relating to industrial relations—had to be removed due to the suppression of data based on confidentiality concerns. Nonetheless, the committee reports that most data measurement requirements have been resolved, and more focus can be placed on strategy-related recommendations. See the table below for how the committee’s recommendations relate to targets and measures.

Table 1: Examples of Audit Committee Recommendations

<table>
<thead>
<tr>
<th>Target</th>
<th>Key Measure</th>
<th>Audit Committee’s Recommended Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Disadvantage</td>
<td>Increase the share of total household income earned by low-income South Australians by two percent by 2020</td>
<td>Modify target to focus on reducing income gap. Income share was shown to be more indicative of economic inequality than the percentage of citizens that receive benefits as</td>
</tr>
</tbody>
</table>
Southwest Michigan First

Southwest Michigan First is a Kalamazoo-based regional economic development organization driven by the core belief that “the greatest force for change is a job.”\(^{10}\) Since its inception, the organization has been committed to accelerating business growth in the Southwest Michigan region through the expansion, attraction, and creation of primary employers. As such, the organization relies on outcome-based performance metrics to guide its efforts. This case study exemplifies a practical yet creative and engaging approach to EDO performance measurement.

Southwest Michigan First identifies goals on an annual basis and then establishes a set of outcome-driven performance indicators. The organization’s annual goals and performance

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\(^{10}\) [http://www.southwestmichiganfirst.com/about_us/about_us.cfm](http://www.southwestmichiganfirst.com/about_us/about_us.cfm)
indicators are also tied to regional economic goals and indicators. In 2013, Southwest Michigan First established the following measures.\(^\text{11}\)

- **Consultations with Existing Industry** — Number of face-to-face meetings with existing businesses that are primary employers. Primary employers sell more than half of their products or services outside of the Southwest Michigan region.
- **Site Decision Influencer Impacts** — Number of one-on-one meetings with individuals who work with potential companies looking to relocate or expand in the region.
- **Number Suspects and Prospects** — A suspect is a company or consultant that requests initial information from the organization. A prospect is a company or consultant that visits the region after reviewing the initial information provided.
- **Announcements and New Jobs** — An announcement is a notification of job creation. New Jobs tracks the total number of direct and indirect jobs associated with those announcements.
- **Innovation Suspects** — Number of start-up companies or entrepreneurs that approach Southwest Michigan First for acceleration through funding, company formation, or network building.
- **Chamber Consultations** — Number of face-to-face meetings with existing businesses that support the Southwest Michigan First Chamber Division, which is focused on small- to-medium-sized business growth.
- **Chamber Members** — Number of members that support and partake in the education, networking and advocacy opportunities of the Southwest Michigan First Chamber Division.
- **Leaders Impacted** — Number of community and business leaders impacted by either attending a leadership or educational event led or sponsored by Southwest Michigan First.
- **Social Media Followers** — Cumulative number of followers of the organization’s social media accounts and followers of team members whose social media presence reflects the organization’s “face.”
- **New “Council of 100” Members** — Number of new members of the Council of 100, a group that supports the organization’s mission of job creation.
- **Engagement** — Cultural assessment index administered by HUMANeX Ventures.
  - **Team Engagement** — Measures the engagement of current employees on engagement and relationships within the organization.
  - **Board Engagement** — Measures the engagement of board members with the organization’s mission, organization and team.
  - **Partner Engagement** — Measures the engagement of the organization’s regional partners with the region’s collaborative mission, organization, and team.

Once the results are checked for accuracy and consistency, performance levels are then reviewed by the entire team and the Board of Directors every two weeks. To make performance outcomes more tangible, the organization uses a wall scoreboard (think Wrigley Field) to illustrate each performance goal and current performance levels.

\(^{11}\) Descriptions of measurement as stated in Southwest Michigan First’s Internal Annual Goals document.
The performance-based focus of Southwest Michigan First has led to success both internally and externally. For example, the organization set an annual goal to favorably influence site selector decisions on at least 160 occasions and reached 101 halfway through the year. The organization’s reputation for producing data-proven results has also led to increasing interest from companies both within and outside of their region, and international recognition as a catalyst for economic growth.

Women’s Initiative

Women’s Initiative for Self-Employment is a 25-year old nonprofit that provides training, funding, and ongoing support to help high-potential, low-income women start their own businesses. Based in the San Francisco Bay Area, Women’s Initiative serves clients in San Francisco, Oakland, as well as in New York City. The organization targets traditionally underserved groups. The majority of its clients are low or extremely-low income, and most are minorities. Women’s Initiative works to increase its clients’ income and assets and to support the local economy by helping clients launch businesses and create jobs.

To track success in reaching these goals, Women’s Initiative has developed a comprehensive set of metrics. It has surveyed clients over the past five years, resulting in a combined total of 753 clients surveyed. Women’s Initiative calculates its impact by measuring key statistics before a client receives training and 18 months after training. These economic statistics include the following.

<table>
<thead>
<tr>
<th>Economic Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales: Clients’ average gross annual revenue increased from $6,235 to $82,057.</td>
</tr>
<tr>
<td>Income: On average, clients double their income from $12,938 to $25,839.</td>
</tr>
<tr>
<td>Wages paid: Clients created and retained 2,313 local jobs for others in 2012.</td>
</tr>
<tr>
<td>Sales tax paid: About 70% of tax revenues in California are spent on local public services (Women’s Initiative). The average tax revenue spent locally per Women’s Initiative client increased from $366 before training to $4,811.</td>
</tr>
</tbody>
</table>

Women’s Initiative combines these local impacts to calculate its overall return on investment. ROI is calculated as total local impacts divided by program costs, which include workshops, courses, financial services, and overhead. Referencing results 18 months after training, Women’s Initiative estimates that clients return $30 in local economic impact for every $1 invested in the program. Five years after training, ROI is even higher, as every $1 invested in the program produces $108 in local economic return. This is an average cumulative impact of $531,811 per client on the local economy. Women’s Initiative clients have had a combined $1.4 billion impact on the local economy.

http://www.mlive.com/business/west-michigan/index.ssf/2013/06/southwest_michigan_first_is_cr.html
Women’s Initiative also measures its clients’ social contributions to the community:

<table>
<thead>
<tr>
<th>Social Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volunteerism: 54% of clients volunteer on a regularly basis.</td>
</tr>
<tr>
<td>Charitable donations: 65% of graduates made donations to charitable organizations, averaging $1,345 annually in cash and in-kind donations.</td>
</tr>
<tr>
<td>Buying locally: 82% of clients buy locally, including 39% who do so daily or more than once per week.</td>
</tr>
<tr>
<td>Green practices: Over 50% of clients use environmentally friendly packaging materials, and a significant number of clients incorporate green practices in their waste and energy management and purchasing policies.</td>
</tr>
<tr>
<td>Community engagement: 81% of clients report that they are considered a role model in their community. A third of clients even mentor other entrepreneurs.</td>
</tr>
</tbody>
</table>

**City of Fort Collins, Colorado**

The City of Fort Collins’ innovative work in performance measurement has been recognized by the International City/County Management Association (ICMA) with a Certificate of Excellence from the ICMA Center for Performance Measurement (CPM). The city government’s metrics are closely tied to its budgeting process, since the metrics tracked are specific to the projects that are funded. The city uses the “Budgeting for Outcomes” process, which prioritizes the city’s budget toward services that citizens deem most valuable. Under this process, each city department prepares a proposal for its activities, a budget, and relevant metrics for the upcoming year. The proposals are reviewed by purchasing groups, made up of city council staff and local citizens. There are seven purchasing groups, with each focusing on one of the particular community outcomes below.

1. Community and Neighborhood Livability
2. Economic Health
3. Environmental Health
4. High Performing Government
5. Safe Community
6. Transportation
7. Culture and Recreation

The purchasing groups make recommendations to the city council on which proposals to fund based on community priorities for that year. For example, an upcoming community priority is local food production. Proposals that include this priority will have a higher
chance of being funded. Proposals are usually fully funded, though in some cases they are partially funded or may even receive additional funding beyond the levels requested.

Based on recommendations from the purchasing groups, city leadership develops purchasing plans and solicits service providers to make offers. Purchasing plans are filled until City budget for the year is spent. Thus, the Budgeting for Outcomes process ensures that citizens’ most important priorities for community development are carried out while accounting for the realities of finite city budgets.

The metrics that each city department tracks depend on which projects are funded. Through the Budgeting for Outcomes process, metrics can be added at any step (e.g., by purchasing groups) and then brought back to city departments for tracking. Other metrics may be eliminated if projects are not funded. Below is a sample of projects and metrics the City’s Economic Health Office tracks.

<table>
<thead>
<tr>
<th>Project</th>
<th>Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storefront Improvement Program</td>
<td>The leverage ratio of tax increment financing (TIF) funding to private investment per project, with the target being $1:$1</td>
</tr>
<tr>
<td></td>
<td>The number of grants awarded per year, with a target of at least 5 per year for 2013 and 2014</td>
</tr>
<tr>
<td>Support of Targeted Industry Clusters/Cluster Development</td>
<td>Track jobs in the 5 industry clusters</td>
</tr>
<tr>
<td></td>
<td>Leverage city assistance into private investment</td>
</tr>
<tr>
<td>Support the Rocky Mountain Innosphere (a regional technology incubator)</td>
<td>Track # of companies to reach an the first round of capital</td>
</tr>
<tr>
<td></td>
<td>Track the number and $ value of capital investments in RMI client companies</td>
</tr>
<tr>
<td></td>
<td>Leverage city support of RMI through fundraising</td>
</tr>
<tr>
<td>Business Retention and Expansion</td>
<td>Target 8 companies annually recognized by Colorado Companies to Watch program</td>
</tr>
<tr>
<td></td>
<td>Track leads and successes generated by Northern Colorado Economic Development Corporation</td>
</tr>
<tr>
<td>Urban Renewal Authority Operations</td>
<td>Track total private investment in URA area; Leverage city assistance into private investment</td>
</tr>
</tbody>
</table>

In addition to project-specific metrics, the City of Fort Collins publishes a quarterly community performance measurement dashboard that covers each of the seven community outcome categories mentioned previously. The data for the dashboard comes from the International City/County Management Association (ICMA) Center for Performance Measurement, and operational data comes from city departments.
The city undertakes several initiatives to ensure transparency in local governance. For instance, in 2013 the city distributed surveys to 1,800 residents soliciting feedback on city services. This process is repeated every two years. The city also publishes a monthly City Manager’s Report, manages an online tool that tracks local government spending (Open Book), and publishes detailed financial reports from the city’s finance department. The city is currently working to develop a centralized database supported by its budget and IT departments.

**New York City Economic Development Corporation (NYCEDC)**

With New York City undergoing perpetual urban consolidation and growth, effective management of its expansion is necessary to catalyze economic development. Formed in 2012 through a merger of the New York City Economic Development Corporation and the New York City Economic Growth Corporation, the NYCEDC is responsible for this task. The corporation seeks to bolster economic growth in the five boroughs of New York City by facilitating business investments, competitive business environments, and generation of prosperity. The NYCEDC tracks and reviews the progress of economic development activities through a multi-faceted system of metrics. Its approach is particularly unique, because it uses a wide range of data sources—both public and private—from across multiple economic development areas.

Integral to the NYCEDC’s metric assessment is its Internal Economic Research and Analysis Group (IERAG), which compiles data from a variety of independent and public sources to outline the well-being of New York City’s populace and operating businesses. Particularly unique tools are NYCEDC’s Innovation Index and Stats Bee. The Innovation Index is designed to track New York City’s transformation into a hi-tech hub of innovation and the impact of innovation on its economy. The index is constructed from the average of data clusters from six dimensions of economic development.

**Inputs**
1. R&D
2. Finance
3. Human Capital

**Outputs**
4. Intellectual Property
5. GCP (Gross City Product)
6. Entrepreneurship

To construct this index, IERAG utilizes data from Moody’s Analytics, a private firm that provides economic and financial data, along with research and analysis, on both macro and microeconomic scales. IERAG tracks this index over time to examine trends in innovation.
Using preliminary data, the index can also predict future performance on innovation. This is an ideal example of how NYCEDC adopts a dual metric system, in which the social component is represented by features such as Human Capital and the numerical data is represented in the Finance or GCP data sets. Such an index reveals an understanding that the analysis of economic development depends on both the dynamics of social changes and resulting financial outcomes.

The Stats Bee is a blog where IERAG outlines data released by private firms—such as PricewaterhouseCoopers (PWC) and Thomson Reuters—and public bodies like the National Venture Association (NVCA). A prime example is the analysis of venture capital results where PWC and NVCA’s *Money Tree Report* was used to assess whether the NYCEDC’s attempt to boost startups and subsequently stimulate employment creation was a success. Independent data sources like these enable the NYCEDC to objectively and quantitatively observe the effectiveness of their economic development activities.

IERAG also publishes Monthly Economic Snapshots and Statistical Insight reports containing graphs and summaries for regular performance overview. These reports use public data sources from the U.S. Census Bureau, New York State Department of Labor, New York City Department of Health and Mental Hygiene, New York City Department of Transportation, and the Metropolitan Transportation Authority. IERAG also combines data from private consulting firms, like PKF Consulting, and real estate companies, like Cushman and Wakefield, for areas involving construction and building development or hotel occupancy. Specific reports are also prepared for the individual boroughs of New York City, and the same metrics are employed as those in general New York City data snapshots.

**Yates County, New York**

Yates County is a small county in central New York with a population of approximately 25,000. The sole economic development agency for the county is the Finger Lakes Economic Development Center (FLEDC). FLEDC also serves as the county’s industrial development agency, and as such oversees community development, waterfront development, and downtown development in the county. FLEDC operates with three full-time employees who manage the county’s business financing and incentives programs. FLEDC began systematically tracking metrics six years ago when new CEO Steve Griffin was hired. Griffin used his prior economic development experience and extensive sales background to build a new set of metrics that can be tracked using only internal data. FLEDC’s perspective as a smaller EDO offers some unique lessons for how an EDO with fewer resources can begin tracking metrics.

**KEEP THINGS SIMPLE**

Griffin advocates using the “SMART” criteria for selecting metrics: Specific, Measurable, Attainable, Relevant, and Time-bound. Thus, FLEDC only tracks metrics that are directly tied to program goals. FLEDC tracks economic outcomes like jobs created and retained, capital investment, number of startup companies directly assisted, business attraction by
industry, impact of loan funds, and more. FLEDC also keeps detailed records of loans given through the county’s revolving loan fund, which it manages. FLEDC is primarily funded through its ownership of a multi-tenant facility, which it leases out. FLEDC tracks vacancies at this facility as well as vacancies and makeup of businesses at the Main Street shopping district. Griffin holds the philosophy that “activity breeds activity,” which ultimately means that economic development outcomes reflect economic development efforts. Thus, FLEDC also tracks staff activities such as number of projects, meetings held with businesses, partnerships with local and regional agencies, and external presentations. One challenge FLEDC faces is finding a systematic way of tracking the number of inquiries received from businesses each year. While it receives calls constantly, not all calls are logged into a database as they come.

**USE FREE DATA AND RESOURCES**

FLEDC does not dedicate a specific budget to the process of tracking metrics. In fact, it only uses internally-collected data and free public data. Most of the metrics are gathered via internal data. Griffin says, “If it is a priority, we find time to do it.” For example, FLEDC staff visits the county’s downtown area to manually count the number of vacancies. Other data can be collected using free public resources. Griffin uses Google Earth to measure sizes of properties and a customer relationship management tool called Zoho (www.zoho.com) that is free for organizations smaller than three employees. These are only a few of the many free resources that are available for tracking metrics.

There are some metrics that are not directly under the purview of FLEDC’s work but are also of interest. For example, the county tracks sales tax from new projects. FLEDC closely monitors the county’s metrics to supplement its own data.

**SET REALISTIC BENCHMARKS**

FLEDC uses metrics for marketing purposes as well as for benchmarking the county’s performance. FLEDC reports to the general public on the county’s performance and monthly to the FLEDC board of directors. For benchmarking, FLEDC primarily compares its performance against neighboring counties and distant counties of similar size. It compares overall performance (such as unemployment rate) as well as performance within industries (such as growth in businesses in manufacturing, education, government, and hospitality). Griffin emphasizes the importance of setting realistic benchmarks; small EDOs must compare performance against similarly-sized EDOs.

Although performance measurement can seem daunting for smaller EDOs, FLEDC shows it is feasible. By using free programs, prioritizing important metrics, and tapping into the community’s resources, an EDO can gather fairly detailed metrics and gain a better understanding of its performance.