A New Standard: Achieving Data Excellence in Economic Development

Executive Summary
A NEW STANDARD:

ACHIEVING DATA EXCELLENCE IN ECONOMIC DEVELOPMENT
International Economic Development Council

The International Economic Development Council (IEDC) is a non-profit, non-partisan membership organization serving economic developers. With more than 4,700 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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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. IEDC would like to thank the Economic Development Research Partners program for providing the impetus and resources for this project.

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Executive Summary
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Introduction

- IEDC’s 2002 Data Standards remain an excellent starting point for data collection needs
- Open, mobile, and big data movements have all increased the availability of information
- Users’ data needs are rapidly changing

Today, economic developers and data consumers, including site selectors, have access to powerful tools that can gather, aggregate, and manipulate data. Data are increasingly digital and new sources of data are now more readily accessible. Governments are opening up their data for public consumption, increasing access to a variety of data from freight loading at ports to neighborhood-level unemployment to business tax receipts. This has allowed the rise of third party services that now aggregate, manipulate, and supplement publicly available datasets.

Yet data from both public and private sources remain mired in problems. Data may be too coarse, out-of-date, or may be incorrect due to various reasons. And because of both the proliferation of data and users’ concomitantly more exacting requirements, economic developers must, more than ever, prioritize their limited resources to collect and manage the most relevant data, using the most effective analysis to address common issues.

Drawing on a survey of economic development organizations (EDOs), a survey of corporate data consumers, a scan of over 100 EDO websites, and numerous interviews with economic developers and site selectors, this report gives economic developers a frame of reference as to how best to provide data in response to the needs of their principal consumers; how to capitalize on the most recent trends in data analysis; and how to overcome common data issues.

Using Data

- There are four major ways in which EDOs use data
- EDOs are becoming significantly more sophisticated in the way they use data for regional analysis, performance evaluation, and marketing

Figure 1. How Often Data Users Seek Information From EDOs

<table>
<thead>
<tr>
<th>Service</th>
<th>Usually seek from EDOs</th>
<th>Sometimes seek from EDOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and sites</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages</td>
<td></td>
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<tr>
<td>Infrastructure</td>
<td></td>
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<tr>
<td>Labor market</td>
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<tr>
<td>Labor regulation</td>
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<tr>
<td>Taxes and incentives</td>
<td></td>
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<tr>
<td>Higher education</td>
<td></td>
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<tr>
<td>Industry employment</td>
<td></td>
<td></td>
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<tr>
<td>Building regulation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demographics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural disaster risk</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

% of data consumers agreeing

- Usually seek from EDOs
- Sometimes seek from EDOs
Data are used in four ways in economic development.

Economic developers use data to assess the state of the local economy, often with the assistance of tools such as location quotients, cluster analysis, and supply chain mapping. To perform accurate regional analyses, economic developers need accurate, granular, and up-to-date quantitative data.

EDOs also use data as metrics of the effectiveness of their economic development efforts. While dashboards of metrics are often, rightly, tilted towards program-specific indicators, it is impossible to measure local economic development efforts without considering data that reflect broad community well-being as an outcome of economic development work.

A third use of data in economic development is in marketing a community as an attractive place to do business or visit. This promotional activity has traditionally been very data-driven, as economic developers present quantitative information such as information about real estate, taxes, and wages, alongside qualitative considerations, to strengthen the narrative of the community as a promising location for business.

Finally, a growing number of EDOs have evolved away from their roles as pure marketers toward becoming credible data providers. Figure 1 shows how often end users seek information from EDOs. To help their transition to becoming credible data providers EDOs can:

- Present data that are as comprehensive as possible;
- Supplement local data with relevant comparisons and benchmarks;
- Maintain data that are up-to-date;
- List sources and methodologies; and
- Highlight their use of objective third-party verification.

Collecting Data

Key Takeaways:

- Despite the growth of paid and proprietary software, most data come from public sources
- A number of new sources of data are available about workforce and labor trends

The first step for any economic developer analyzing and presenting data is collect it. Figure 2 shows the data sources that economic developers report as being critical to this endeavor. Governments at all levels are EDOs’ primary sources of external data, followed by utilities and colleges. Many organizations also use paid software and collect further data in-house. EDOs refer to a variety of other data sources, including school districts, libraries, and even international organizations, on a more limited basis. The full paper’s Appendix contains a thorough list of many public and private data sources that EDOs can use.

Governments, economic developers’ most important source of data, now make vast amounts of both raw data and data analysis digitally accessible. Many government agencies also now release data via application program interface (API), which allow software developers to easily integrate data into smartphone applications and web widgets. Though government data is now much more accessible, it still suffers from issues such as suppressions and time lags.

An ecosystem of paid software providers has arisen to distribute government data and correct for errors, often using supplementary propriety databases. These services can be save time and resources that would otherwise be devoted to a data analyst on staff. However, to make the most use of these services, EDOs must determine which service will meet their specific data needs, as there is considerable variation in cost, capability, and focus of these providers.
Still, a sizable minority of EDOs does not use such tools: 24 percent of EDOs report that they did not use any proprietary databases or paid software tools.

Figure 2. Most Important Sources of Data for EDOs

On the other hand, over 80 percent of EDOs report that they engage in primary data collection--usually through business retention and expansion programs. These can serve as a valuable supplement to information collected from local and federal agencies, and in many cases provide unique data that is not otherwise available.

Consuming Data

*Key Takeaways:*

- **Site selectors are diverse and have different levels of sophistication, sources, and priorities**
- **Beyond site selectors, there are a number of other important audiences for data, each with their own needs**

Data provided by EDOs are consumed by a wide variety of audiences. **Figure 3** shows how economic developers rank various users of data in terms of importance.

Figure 3. EDOs’ Top Users for Data

Those involved in corporate location decisions, whether in-house or consultant site selectors, are the principal audience for economic development data, with a third of respondents listing this as their top audience. Yet, government, nonprofit, and education-sector organizations form nearly as important an audience, with 28 percent of EDOs listing these sectors as the most important audience for data. Entrepreneurs, representatives from incumbent businesses, and realtors are all important audiences for data as well. Economic
developers must know how to tailor data according to the needs, interests, and abilities of their users.

**Meeting Users' Data Needs**

Figure 4. Most Important Factors in Business Location Decisions

- **Available buildings and sites**
- **Infrastructure and utilities**
- **Workforce characteristics**
- **Wages**
- **Labor market**
- **Labor regulations**
- **Taxes and incentives**
- **Demographics**
- **Higher education**
- **Quality of life**

<table>
<thead>
<tr>
<th>% of site selectors agreeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% 25% 50% 75% 100%</td>
</tr>
</tbody>
</table>

- **Critical**
- **Somewhat important**

**Key Takeaways:**

- **Real estate, tax, and workforce data top the list of consumer needs**
- **There is a significant mismatch between what data users are looking for and what EDOs are able to provide**
- **Data consumers often do not ask EDOs for key pieces of information**

Different types of data have very different levels of weight in corporate location decisions. Figure 4 shows that the factors most influential in making location decisions are available sites and buildings; infrastructure and utilities; workforce characteristics; wages; and labor market characteristics. Some types of data, such as demographics, educational institutions, and quality of life, play a much smaller role in location decisions, despite the fact that they are commonly collected and presented by EDOs.

**Presenting Data According to Audience Need**

**Key Takeaways:**

- **Manufacturing is the top target industry for most economic developers**
- **Industries and business functions differ tremendously in terms of their input needs, and as a result, their data needs**
- **Nonetheless, workforce, land, tax, and utility considerations play a role in nearly all decisions**

The data needs of site selectors vary according to the industry and business function of their project. Most economic developers have identified target industries that most closely match community strengths and opportunities.

In order to attract firms in these industries, economic developers must understand the industry's location decisions and the data required to make them. For instance, workforce characteristics, wages, labor market characteristics, and labor regulations, as they apply to skilled technical workers, tend to be particularly important for manufacturing projects. Healthcare projects, data centers, or distribution centers, for instance, have very needs. This report presents the common requirements for the industry sectors and business functions most frequently targeted, based on our survey of economic developers.
Analyzing Data

Key Takeaways:

- Many datasets suffer from a lack of consistency and standardization or are incomplete and out-of-date
- Economic developers can use a variety of tools to overcome these tools, including licensing commercial software

Data are not always standardized or consistent between sources; or may not be comparable across jurisdictions. Data may not be up-to-date, easy to access, comprehensive, or well organized. Widely available datasets often suffer from at least one of several common problems. Figure 6 summarizes economic developers’ most common frustrations with outside data.

The most commonly expressed frustration with external datasets is that they are not standardized across time or geography. For instance, jurisdictional boundaries frequently differ between data providers. Definitions can also vary: Standard Industrial Classification codes, which were used to classify businesses until the late 1990s, do not correspond well with the new system known as North American Industry Classification System (NAICS codes). In turn, industry sectors are not usually easy to map onto occupational codes that commonly report wage and job growth numbers.

In case of divergent or incomplete information, EDOs may need to present ranges of data, cross-reference various datasets, aggregate sources, or interpolate missing data points. Economic developers can become more savvy in the technicalities of data by training staff in up-to-date statistical methodologies, and signing up to receive data releases from major federal and state statistical agencies. In the face of data issues, economic developers can be more transparent by listing their sources and methodologies. And economic developers can ensure that, notwithstanding issues in outside data, that they put their best foot forward by regularly updating data and evaluating data needs, perhaps as part of a larger strategic planning exercise.
Figure 6. Economic Developers' Frustration with Data

In general, data are not:

- Standardized across sources
- Consistent between sources
- Scaled to match local geography
- Up-to-date
- Easy to access
- Detailed enough
- Easy to comprehend
- Comparable with other jurisdictions
- Well organized
- Attractively presented

% of economic developers agreeing

- EDOs with less data capability
- EDOs with greater data capability

Communicating Data

**Key Takeaways:**

- Economic developers view websites and site visits as the most important way of communicating data about their community.
- Data consumers view direct correspondence and formal requests more importantly than economic developers.

Economic development organizations convey data to users in a variety of ways. Our survey considered seven common ways that EDOs communicate data to data consumers, as shown in Figure 7. The most important channels of communication between producers and audiences overall are websites; in-person visits; direct correspondence between EDOs and data consumers; and formal requests for information (RFIs).

![Figure 7. The Importance of Various Media Channels](image)

**Conclusion**

Widely available public data are telling a story about every community. The consequences of this story are enormous—data affect strategy, funding, and business location decisions. But whether that story is complete or incomplete, revealing or obscuring, depends on whether community representatives, such as economic developers, are monitoring and adjusting the narrative.

From our survey of site selectors and corporate location consultants, it is clear that economic developers still play an essential role in providing data, not despite the advent of new technology—but perhaps, because of it. EDOs today must be even more dedicated to providing a deep breadth of knowledge about their community.
community. Data users can find basic information about communities on their own, but it can be the detailed information on the local level—which is only available from sources such as EDOs—that make or break a deal. New tools, from improved government data to other private software packages, have given economic developers the potential for more control over their narrative. Yet economic developers must decide how not only much to invest in staff training, software, and consultants but also where to prioritize their efforts in order to best advance their story with data.

Therefore, EDOs must familiarize themselves with available data sources, develop a strategy for data management, and establish the capacity to analyze data according to users’ actual needs. If there is data that does not tell the whole story about a community, economic developers must take action by delving further into the data. Perhaps data about population or unemployment needs to be cross-referenced with other sources. If the error is in the data set itself, then the economic developer may even have to correct it at the source.

How does an EDO make sure their data is up to this new standard? By constant monitoring, diligent collection, thoughtful analysis and effective packaging.