

E > P^P

Growing the Economy Faster than the Population

E is greater than P over time when the GDP per capita is increasing. This is achieved when the combined production of goods, services, and taxable assets is greater in proportion to population year over year.

The exponent "P" is to serve as reminder that an economy can grow faster than the population with only a few in top income brackets benefiting while those in middle and lower income brackets suffer. E>P is unsustainable over time if the bottom third of the population is not participating in the growth.

The power of clarity and consensus

At the heart of this process is a counter-intuitive, but scientifically validated approach described in the book "The Wisdom of Crowds." The book's authors make a compelling case that a large, diverse group of community stakeholders who are asked to guess at and reach consensus on a specific data point will come up with a more accurate assessment, and in a shorter time, than a team of highly paid outside experts will.

The process requires that the stakeholder participants reach unanimous consensus on each assumption, estimate or calculation during assessment process. These decisions are open for review and revision by the group at any time.

In addition, the group's work is submitted anonymously to professional regional economic and workforce analysts for review after each work session to be reviewed critically and returned to the group to inform future deliberations.

Shark Tank Questions

1. How do you define Economic Development?
2. How many economic base jobs do you need?
3. Where do you expect the new jobs to come from?
4. Is the potential enough to cover need?
5. Which factor of production gaps must be cured for them to materialize?
6. What explicit programs, projects, and policy changes will be needed to cure the FOP gaps?
7. How do you propose to underwrite, manage and account for critical program elements?

Program Theaters

- Employer
- Federal Government
- Extractives & Energy
- Solowork
- Retirement
- Visitor/Tourism
- Startup
- Agriculture
- Film/Digital Media

Glossary

Economic Base: Goods and services paid for by funds outside of the defined region or community.

Service Sector: Goods and services paid for by local funds that are passed between existing members of the defined region or community.

Economic Base Job: Jobs where wages are derived from a funding source outside of the defined region or community.

Prescriptive Plan: A plan that is explicit about what must be done, how it will be underwritten, who is directly responsible for managing execution and how results will be measured and accounted for.

Program Theater: A categorization of job creation programs that share a common definition for economic base job, transaction, set of players, and factors of production.

Job Creation Event (JCE): An event that results in one or more persons being hired or becoming full-time self-employed at a livable wage.

Factor of Production Gap (FOP Gap): Obstacles to the sustained creation of economic base jobs specific to each program theater in the areas of Marketing/Sales, Hard Assets, Finance, Workforce, and Leadership/Business Climate.

Stages of the E>P Process

Think

Purpose: To create a team that understands the challenges facing the economy in question and is aligned in this new approach to growing the economy.

Deliverables: At the end of the Thinking segment, there should be a roster of committed stakeholders that understand their own motivations, have identified the primary forces at work in the economy and have agreed on the goals and scope of the process they are undertaking.

Assess

Purpose: To agree upon data inputs required for assessing how many e-base jobs are needed, where they will come from, what factor of production gaps will prevent their creation, and what solutions are implied.

Deliverables: Data sheets for economic predicament, job creation estimates by program theater as depicted in the Jobs Dashboard. List of factors of production gaps for each theater, how each will impact job creation, and solutions outlined for implied programs, policies, and projects as outlined in the factor of production gap matrix, job creation capacity assessment.

Plan

Purpose: To develop a prescriptive planning document based on the assessment for scaling job creation activity to the needed level.

Deliverables: Narrative that describes the program of work derived directly from the assessment that answers the shark tank questions.

Plan contains 5 reports:

1. Needs assessment summary
2. Job creation ambition narrative for each theater
3. Factor of production gap cure narrative
4. Map of EcD apparatus required to execute the plan
5. Metric for units of progress, personnel and investment over time

Underwrite

Purpose: Assign responsibility, raise money and provide quality assurance and accounting

Deliverables: Contract level descriptions of discrete program efforts, projects, policy changes, etc. essential to meeting community job creation goals. Includes roles and responsibilities for governance, sources and uses of funds, operational and performance reporting/ accounting protocols for each program theater and FOP gap.

Manage

Purpose: Assure execution and reporting of all plans for each function as described by underwriting

Deliverables: Periodic reports from each relevant parts of the apparatus on activity.

Account

Purpose: Validate return on investment rationale for the community's job creation efforts.

Deliverables: Periodic public and private reports on accounting of key metrics outlined in underwriting. Evaluation of results against the plan.

ASSESSMENT STEPS

1. Coherence

Identity, purpose and motivation

1. Who is we?
2. What is our level of program ambition?
3. What is the formal inquiry question?
4. Why are we doing this?

Definitions and Parameters

1. Are we to be comprehensive or selective?
2. Do we measure jobs or money?
3. Do we focus on all jobs, economic base jobs or service sector?
4. Do we focus on economic base to the county or state?

Framework and Process

1. What process do we use?
2. What is our planning horizon?
3. Who needs to be at the table?
4. What is our criteria for priority?

2. Needs Assessment

Goals

1. Total Jobs needed?
2. Total economic base jobs needed?
3. Economic base jobs needed per year?

How many jobs are needed?

1. To offset attrition?
2. To fill any unemployment gap?
3. To support any new population growth?

Determinants

1. Population change
2. Workforce/Dependent ratios
3. E-base ratio
4. Attrition rate

3. Job Creation Potential

Employer

Recruiting, BR&E and Conversions
Exported services, manufacturing, logistics warehouse distribution
Healthcare, Higher Education

Government

Recruiting, BR&E
BRAC, transfer payment share:
Healthcare, forest restoration

Start up

Tech transfer: enterprises, productivity, Incubators, accelerators, maker spaces, SBDCs, angel programs

Solowork

Employer - W2, 1099s
Solopreneurs - gig economy workers
Entry level
Surrogate platforms
Recruiting

Visitor

Leisure short term - cultural, historical art, entertainment, destination attractions
Leisure long term – snow birds, training camps
Business short term – tradeshow, conventions, medical
Business long term - guest workers
In transit visitors – fuel, food and lodging
Destination retail – regional trade center where people travel to shop in the community

Retirement

Recruit, Retain e-base retirees

Film & Digital Media

Feature films, TV productions, Post production, Gaming, Virtual Reality, Augmented reality

Extractives & Energy (export)

Mining, Oil and Gas, Wind, Solar, Biomass

Agriculture

Field Crops, Greenhouse, vertical production, Ranch

4. Factors of Production

Procurement apparatus

Research
Marketing- targeting to branding to lead generation
Sales: qualifying, case work, completion- fulfillment

Physical Inventory

Real Estate: Land and Building, property management
Utility infrastructure water/waste, power, natural gas, telecom,
Transportation: roads, rail, air, water, equipment

Project Finance

Equity sources - public and private
Debt sources - public & private
Other assets

Workforce

Workforce development
Grow your own: K-12, training, higher education
Attraction: recruiting, relocation
Workforce housing
Amenities needed for attraction and retention

Business climate

Tax and regulatory environment
Supplier base
Leadership

5. Actions

Prescriptive narratives:

Gap or problem to be solved

Detailed description of the solution

Consequences: Jobs lost to the plan vs jobs gained

Type of action:

- Program - Requires ongoing organization and funding
(*Cognoscenti Planning process, Any new or existing program theater operation, Community college workforce training program, Opportunity zone, Economic development equity fund*)
- Project - One-time effort with a single, tangible outcome
(*Target industry research - Cluster study, New brand, New industrial park, Spec building, Broadband upgrade, Sewage treatment system, Solar PV farm, Fund raising campaign*)
- Policy - Federal, state and local legislation, policy, administrative rules, appropriations
(*Expand eligibility for an economic development incentive, Increase state appropriation for training program, Authorize an expedited building approval process*)

Implementation map: Gantt chart of critical milestones over time

Organization and underwriting options: management and funding options

Coherence
Needs
Potential
FOP Gaps
Actions

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