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ECONOMY RI

A Research Publication by Fourth Economy Consulting

Economic
DEVELOPMENT
Data Analysis & Assessment

EXECUTIVE
SUMMARY



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“Despite being in the highly dense northeast corridor, our workforce has relatively short and easy commutes.”



02 Background

This Economic Development Analysis and Assessment builds off of the work of many previous economic development studies and initiatives by stakeholders. While taking past efforts into account, this Assessment also lays the groundwork for future economic development planning.



03 Business Climate Findings

A key task within the business climate analysis was an examination into how Rhode Island has performed in national business climate rankings, both overall and in comparison to its neighboring and/or peer states. The FEC team pursued a deeper analysis than what has been documented previously.



11 Guidance & Considerations

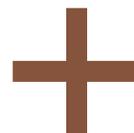
The final section summarizes the initial guidance for the Rhode Island community and considerations for the Sustainable Rhode Island campaign.

Rhode Island ranks third in the U.S. in knowledge worker migration.

#3



Executive Summary



Background

The Partnership for Sustainable Communities, a coalition between the U.S. Department of Housing and Urban Development (HUD), U.S. Department of Transportation (DOT), and the U.S. Environmental Protection Agency (EPA), began in 2009 as a federal initiative to improve the social and economic status of communities nationwide. To achieve its aims, the partnership focuses on the coordination of community-wide investments in housing, transportation, water and other infrastructure, supporting six defined livability principles:

- Improvement of transportation choices
- Promotion of equitable and affordable housing
- Enhancement of economic competitiveness
- Support of existing communities
- Coordination and leverage of federal policies and investment
- Investment in healthy, safe, and walkable neighborhoods

After receiving a \$1.9 million HUD Sustainable Communities Regional Planning Grant (SCRPG), the State of Rhode Island began development of a Regional Plan for Sustainable Development (RPSD) in early 2012, a collaborative effort to expand the regional development plans in place since 2006. Led by a strong vision for success and a consortium of state agencies, municipalities and nonprofit organizations, this project seeks to define a path for Rhode Island's improvement, protecting the distinctive traditions, history and quality of place of the area while bolstering the economy and reviving the vibrancy of the state.

Fourth Economy Consulting (FEC) was hired to conduct an independent Economic Data Analysis and Assessment and provide suggestions for short-term guidance to the Rhode Island community and considerations for the Sustainable Rhode Island campaign.

This Economic Data Analysis and Assessment focused on five areas:

Business Climate Analysis

Analyzed existing reports and compared Rhode Island's rankings regionally. Dissected the indicators used in selected rankings to get a better understanding of what these indicators actually mean for the state.

Financial Resource Assessment

Produced an inventory and evaluated existing capital programs from state and municipal sources. Identified gaps in financing.

Targeted Cluster Analysis and Validation

Identified existing recognized industry clusters, performed original data research and provided insight into emerging opportunities for growth in the coming years.

State Regulatory Environment

Performed a macro level assessment of the state's regulatory environment and analyzed company experiences by conducting a scenario exercise. Conducted a national scan of best practices in regulatory reform.

Marketing Analysis

Identified and assessed existing state, regional, and municipal business marketing efforts. The analysis considered the various entities responsible for marketing, the messages conveyed and the target audiences.

This Economic Development Analysis and Assessment builds off of the work of many previous economic development studies and initiatives by stakeholders such as the Rhode Island Public Expenditures Council, the Rhode Island Foundation, and the Science and Technology Advisory Council, among others. While taking past efforts into account, this Assessment also lays the groundwork for future economic development planning. This Analysis and Assessment will help inform the development of the State's new Economic Development Plan, which will be a component of the overall Regional Plan for Sustainable Development.

This Executive Summary highlights the findings, guidance and considerations resulting from FEC analysis.

Findings

Business Climate Analysis

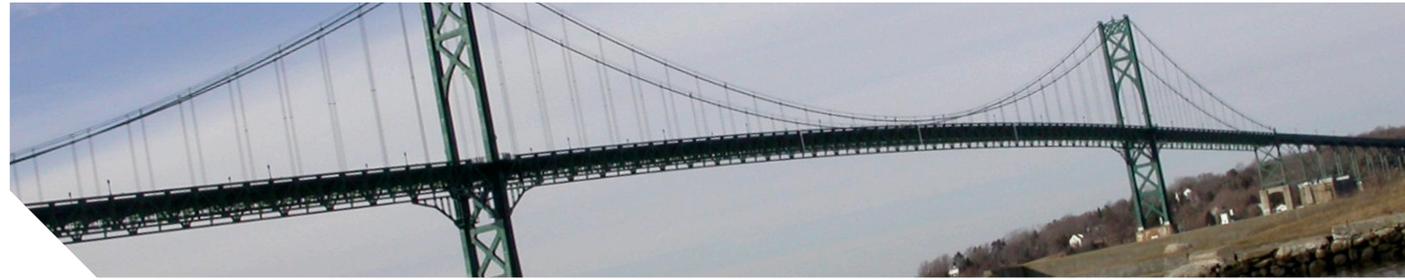
The term business climate refers to the ways in which a community or state and their related community assets support business development. A key task within the business climate analysis was an examination into how Rhode Island has performed in national business climate rankings, both overall and in comparison to its neighboring and/or peer states. The state's performance, positioned near the bottom of several rankings, has been much publicized. The FEC team pursued a deeper analysis than what has been documented previously.

Business Climate Rankings

While it is very important to take a critical look at state rankings, it is also important to keep in mind that Rhode Island is not Texas, and Texas is not North Dakota. The idea of rankings presents a linear type of thinking that does not necessarily reflect the conditions, assets and opportunities that lie within each unique location. *While the overall ranking performance is important, it is also important to move beyond the overall rankings mind-set and drill deeper into specific measures that make up those rankings.* Rhode Island should further consider the context of the rankings and choose to monitor the most credible and relevant measures contained therein.

FEC conducted research into Rhode Island's position on a variety of business climate rankings. A set of rankings was chosen based on their thoroughness or approach and included:

- State New Economy Index – Information Technology and Innovation Foundation
- Beacon Hill Institute Competiveness Index – The Beacon Hill Institute
- Assets and Opportunity Scorecard – The Corporation for Enterprise Development
- Small Business Survival Index – The Small Business Entrepreneurship Council
- State Business Tax Climate Index – The Tax Foundation
- The State Entrepreneurship Index – The University of Nebraska



Each of these reports published an overall position score for each state. Our approach focused not just on that score, but also on the underlying measures that drove the development of the composite score. In order to understand the relationship between these measures, FEC utilized the categories developed for the Fourth Economy Community Index, which are: Investment, Talent, Sustainability, Place, and Diversity. FEC identified areas where Rhode Island is doing well (+) and challenges for the state (-) in each category.

Additional definitions of each of these categories and the measures associated with each can be found in the full report.

Investment considers measures that relate to or impact the amount of wealth generated or available in a defined economy. FEC found...

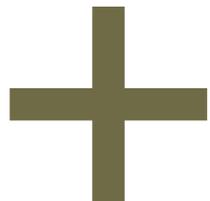
- + Rhode Island has made recent progress in the tax climate indicator by lowering the Personal Income Tax rate
- + Business leaders interviewed noted the quality of place and other high value resources of the state as a tax-mitigating factor
- + Small business ownership rates, average annual pay, sales tax, foreign direct investment and growth in high-tech jobs are all positive measures for the state
- The Rhode Island tax climate is still a challenge for the state with property tax, corporate tax, gas tax, utility and unemployment insurance rates all in the bottom quintiles compared nationally
- Personal saving rates in the state are low, which results in an inability to invest in education and other longer-term investments

Talent considers measures that relate to the quality and availability of a high valued workforce, education, and resources to support innovation. FEC found...

- + Rhode Island places third in the migration of US knowledge workers metric, an asset upon which to build
- + Rhode Island ranked above 20 in two and four-year college degrees, workforce education and patents per thousand persons
- Low rankings in high school degree attainment
- Early childhood education enrollment

Sustainability includes measures of a community's ability to conserve environmental, social, and economic resources for the next generation. Given the nature of the rankings analyzed, the majority of the metrics in this category reference economic sustainability. FEC found...

- + Broad health care coverage provided for children and adults
- + New businesses formed
- Per capita government debt
- Reliance on federal funding
- Entrepreneurship and business incubation rates





Place includes measures that relate to the quality of a resident's (or business's) life. FEC found...

- + Rhode Island housing is more affordable than neighboring states
- + The state is connected to the world with internet speeds that are in the top 6 nationally
- Home ownership rates are low and, despite being affordable compared to neighboring states, housing affordability is low when compared nationally
- Highway infrastructure cost effectiveness was ranked 50

Diversity includes measures that relate to the overall economic, social and cultural diversity of a location. FEC found...

- + The state performs better in the areas of business ownership by race and business value by gender but is still ranked at 21 and 30 respectively
- Rhode Island receives low scores in unemployment by race
- Homeownership by race
- Four-year degree attainment by race

These key metrics illustrate how a single score can be a misleading way of looking at a state's performance. The full report provides a detailed review of all of the measures analyzed and should inspire a conversation that moves beyond the headlines and looks at the underlying metrics and their positive or negative impacts on the business climate in the state.

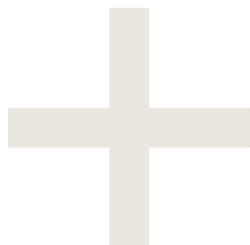


FIGURE A:
Factors Impacting the Cost of Doing Business

Cost of Doing Business Factor	Rhode Island's Peer Standing	Data Source(s)
Taxes		
Personal Income	Competitive	Tax Foundation & KPMG Report "Location Matters", Tax Foundation's "State Business Tax Climate Index" Annual Report
Corporate Income	Not Competitive	
Sales Tax	Not Competitive	
Property Tax (Tier 1)	Not Competitive	
Unemployment Insurance	Not Competitive	
ETRs: New Mfg. and R&D Firms	Not Competitive	
Tax Expenditures	Competitive	Economic Partner's Expenditure Database; RI's "Tax Expenditure Report"
Housing	Competitive	American Community Survey
Energy	Competitive	Energy Information Administration
Labor	Competitive	Bureau of Labor Statistics
Transportation		
Air Travel	Even	US Department of Commerce
Motor Fuel	Even	
Commute Time	Competitive	

Cost of Doing Business

A company's cost of operations in a specific location is dictated by a variety of factors, including taxes, tax expenditures, housing, energy, labor and transportation. These costs can support a company's growth or location decision-making, and they are often cited as the most important indicators of a state or community's competitiveness.

FEC analysis identified these cost factors and Rhode Island's position compared to a peer group which includes neighboring states: Massachusetts, Connecticut, New Hampshire and includes Delaware due to similar state characteristics.

FIGURE B:
Tax Comparison of Benchmark States

Benchmark States	Personal Income	Corporate Income		Sales & Property		Unemployment Insurance		Effective Tax Rates for Newly Established Operations		
	Single Filer, \$110,000*	Main	Mfg. & Svc. Apportion.	Main Sales**	Property - Buildings	Rate	Max. Pay	Capital Intensive Mfg.	Labor Intensive Rate	R&D Facilities
Connecticut	6.00%	8.250%	100%	6.00%	1.708%	3.700%	\$15,000	9.6%	10.3%	18.3%
Delaware	6.75%	8.700%	33.3%***	-	3.964%	3.100	\$10,500	4.4%	7.4%	19.5%
Massachusetts	5.30%	8.250%	100%	6.25%	2.842%	3.250%	\$14,000	7.9%	13.1%	21.2%
New Hampshire	5.00%	8.500%	50%***	-	2.125%	3.700%	\$12,000	7.7%	12.8%	14.2%
Rhode Island	4.75%	9.000	50%	7.00%	3.370%	2.970%	\$19,000	6.6%	13.2%	23.9%

* 2012 data; \$110,000 chosen for clarity (vs. \$100k cut off)

** "Sales & Property," the following "Tier 1" cities were used, respectively: Hartford, Wilmington, Boston, Manchester, & Providence

*** "Standard factors: Sales" apportionment used

Note: Not all taxes are included; this is intended to serve as an overview of a selection of significant taxes

Source: KPMG & Tax Foundation's "Location Matters"; Economic Partners' Tax Expenditure Database (where *)

According to data pulled from KPMG and the Tax Foundation's seminal "Location Matters" report, Rhode Island's tax structure does not compare favorably either nationally or regionally. In nearly all categories (highlighted comparisons shown in Figure B above), Rhode Island has a higher tax rate than most of its peer states.

It fares particularly poorly with its Corporate Income Tax Rate (at 9%, at least 0.3% higher than the next lowest), published Sales Tax Rate (7%), and its expected effective tax rates for newly established labor-intensive manufacturing and R&D facilities (13.2% and 23.9%, respectively).¹ However, because this data does not consider the sales tax base in its comparison, while the Tax Foundation index does, Rhode Island does in fact fare better in terms of sales tax in the business climate rankings analysis.

Tax expenditures on economic development are a way for a state to lower the cost of doing business, and Rhode Island is investing at a level on par with the peer states, though there is no way currently to quantify the impacts and efficacy of these investments. Tax expenditures amount to money removed from revenue streams before those streams "pour" into a budgetary pool, from which,

then, governmental departments, programs, and initiatives are funded. In the latest year wherein tax expenditure data is available, Rhode Island offered 57 tax expenditures supporting economic development outcomes.

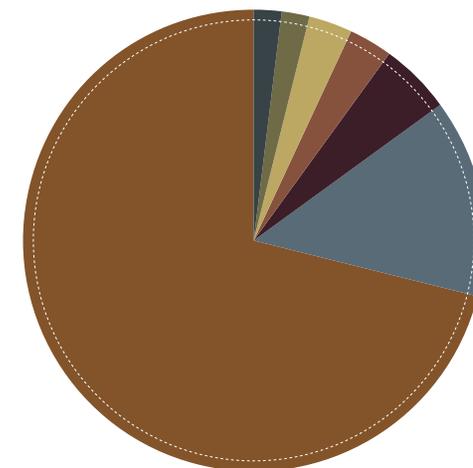
For all those expenditures reporting cost estimates, the State of Rhode Island spent at least \$461.23 million on economic development tax expenditures in 2009.² These costs are expected to increase to \$497.2 million by 2013.

In addition to the economic development expenditures described above, Rhode Island does have cost advantages, as compared to its peer states. From housing to energy to high-skilled labor, businesses can access all at – relatively – bargain rates, in comparison to Massachusetts and Connecticut. Further, with either an hour's drive or an hour and ten minute MBTA Commuter Rail Train ride from Providence, Rhode Island workers and residents have easy access to the Boston market, while enjoying low-cost, fast, local travel alternatives and commutes.

¹ For Providence, and related "Tier 1" cities as selected by KPMG and the Tax Foundation; sales tax data exclude exemptions for manufacturing.

² This compares to a *New York Times* estimate of \$356 million

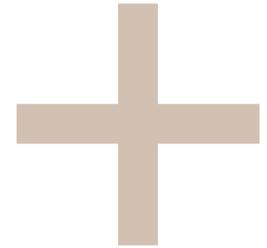
FIGURE C:
State Economic Development Expenditures
[destination in millions, 2009]



- \$390 Industry-Specific
- \$78 Business Climate
- \$30 Workforce
- \$17 Investment
- \$14 Jobs
- \$12 Geographic
- \$9 R&D

FIGURE D:
Rhode Island Financial Support Strength [by company stage, preliminary review]

STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5	
Seed stage; initial capitalization	Start-up financing (Series A round of investment); first revenue, no profit	Second stage financing (Series B round of investment); viable business	Working capital; lines of credit with commercial bank	Scaling (Series C round of investment); ramping up operations; mature	Financing Description
Angel Networks	Venture Capital; Micro loans	Venture Capital; Commercial; SBA loans	Venture Capital; Commercial; SBA loans; RI Small Biz Loan Fund	Commercial; RIEDC / RIIFC / IRBA loans; Tax Incentives	Primary Financial Provider(s) / Programs
LOW	LOW - MEDIUM	MEDIUM	MEDIUM	MEDIUM - HIGH	Financial Resource Capacity in Rhode Island



Financial Resource Assessment

The availability of a range of financial resources for business expansions is critical for communities and states looking to grow jobs. At the state-level, the most prominent source for economic development funding is the Rhode Island Economic Development Corporation (RIEDC), the state’s quasi-public economic development organization. However, the Rhode Island Industrial Facilities Corporation, the Rhode Island Industrial-Recreational Building Authority, Capital Center Commission, the Quonset Development Corporation (now a subsidiary of RIEDC), and the Department of Labor and Training’s Workforce Development Services Program, also support critical economic development financial resources. These resources range from revolving loan funds to workforce development assistance grants.

Localities and local development companies also play a key role in meeting local firms’ financial needs across Rhode Island, sometimes doing so in creative ways that can be reflected upon at the state level to great benefit.

In 2012, Rhode Island based companies secured nearly \$72 million in venture capital funding from 11 recorded investments, the highest level of venture capital investments since 2005. Rhode Island’s venture capital totals, however, pale in comparison to those received by neighboring states, with Massachusetts-based companies, for instance, receiving nearly \$57.2 billion in financing between 1995 and 2012, while Rhode Island-based firms received less than \$1 billion. Per capita analysis is not useful when comparing venture investments as scale is more related to resulting job creation and economic impact.

When Rhode Island’s public and private financial resources are considered as a whole, Rhode Island faces significant gaps in the availability of funding for early-stage companies. Its programs do, however, provide more competitive funding packages to more mature firms within the state and/or looking to locate in the state.

Targeted Cluster Analysis and Validation

Industry clusters are an economic development concept that was introduced in the 1990's by Harvard researcher, Michael Porter. In their basic form clusters are groups of related industries operating in a defined location. The concept of a 'targeted' cluster is an economic development concept that emphasizes that certain actions can be undertaken by government, non-profits or even the cluster itself that will benefit many companies within the cluster. Analysis of industry clusters and their strengths, weaknesses, opportunities and threats (SWOT) is a critical first step in a cluster development strategy.

Based on the most current data from Rhode Island Department of Labor and Training, the Rhode Island economy contains roughly 458,000 nonfarm employees. Employment in the State has decreased over the past 10 years, with the total number of jobs decreasing by 4.5 percent between 2002 and 2012. The manufacturing sector took the biggest hit from both an absolute and a relative standpoint, losing 21,317 jobs (34.2 percent of sector employment). Over that same period, the education and health services sector made the greatest gains, with employment increasing by 14,883 jobs (16.9 percent).

The FEC team reviewed the existing industry cluster definitions (see Figure F) used by RIEDC and the STAC. Where clusters had not been defined, we assessed the overall cluster makeup and used the corresponding NAICS codes.

"I've seen a need for better micro loan programs (under \$250,000) targeting existing businesses. As banks become more risk adverse and regulated, the state could play a role here."

FIGURE E:
Rhode Island's Nonfarm Employment [2012]

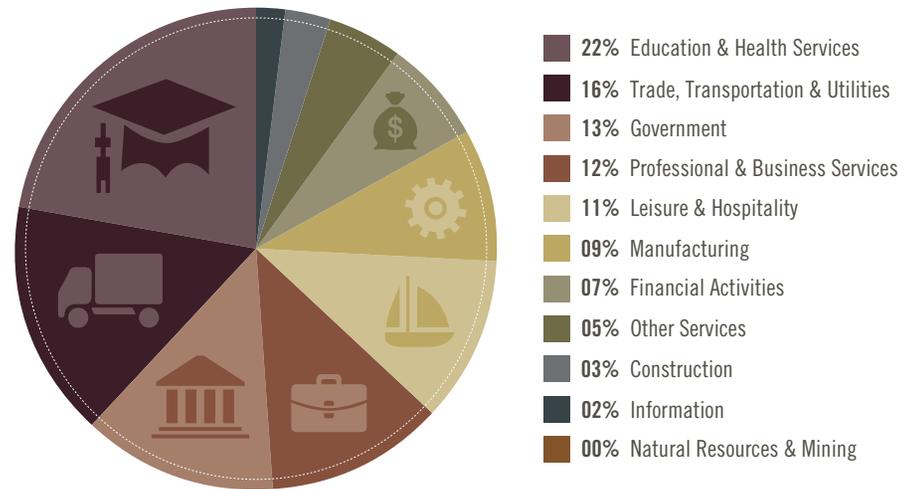


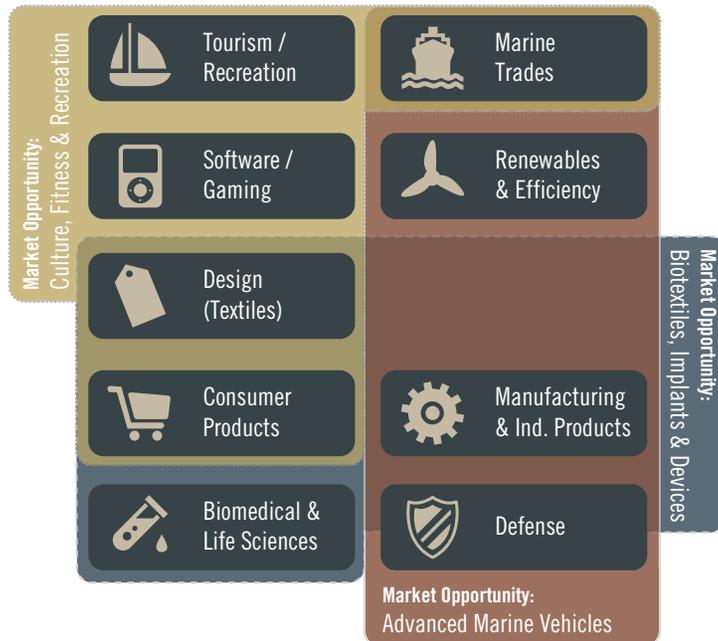
FIGURE F:
Cluster Definitions

RIEDC Clusters	STAC Cluster Definition
Manufacturing and Industrial Products	Advanced Manufacturing
Consumer Products and Design	Design
Health and Life Sciences	Health Care & Life Science
IT & Digital Media	IT & Digital Media
Defense and Homeland Security	Marine Trades & Defense
Green Economy (Renewable Energy & Energy Efficiency)	STAC Wind Turbine Components; BLS green definition and state survey
Marine Trades	Marine Trades & Defense
RIEDC Clusters	NAICS Definition
Financial Services	Financial Services: 5211 - 5259
Tourism and Hospitality	Arts & Rec: 7111 - 7139; Accommodation & Food: 7211 - 7225



A SWOT analysis was conducted for each cluster. The analysis demonstrated that due to the limited size of most clusters and limited focus, Rhode Island should not focus on any specific cluster. Rather, FEC is recommending that Rhode Island focus on specific market opportunities presented by the alignment of key industries and assets. The graphic below illustrates three possible Market Opportunity Networks, and their complementary alignment, though further analysis will likely yield additional opportunities.

FIGURE G:
Linking Clusters to Market Opportunities



Advanced Marine Vehicle Market Opportunity Network

The Advanced Marine Vehicles Market Opportunity Network would include firms engaged in producing advanced boats and ships that are more energy efficient than current vehicles and energy independent or innovative in other aspects. It would include producers of components, parts and equipment for the bodies and engines of subs, ships and boats. This sector can leverage the presence of NUWC Newport and the state's defense contractors as well as commercial marine vehicles and shipping trades.

Biotextiles, Implants and Devices Market Opportunity Network

The Biotextiles, Implants & Devices represents a possible Market Opportunity Network that would leverage the assets and resources of Rhode Island in biosciences research and commercialization. Biotextiles include implantable devices such as surgical sutures, hernia repair fabrics, vascular and endovascular prostheses, artificial skin, anterior cruciate ligament (ACL) prostheses and parts of artificial hearts.

This network can incorporate the Design & Consumer Products industries for design and product expertise to produce new biomaterials, surgical threads, medical supplies and implantable materials, parts and devices. In addition, this network can leverage manufacturers that produce components, parts, equipment or finished products. These may include medical devices for in vitro or in vivo uses as well as artificial prosthetics or other biomedical/biomechanical parts.

Culture, Fitness & Recreation Market Opportunity Network

The Culture, Fitness & Recreation Market Opportunity Network would reach a broad range of industries and sectors. It would connect the state's strengths in marine trades with outdoor recreation and tourism. Emphasizing the access to the ocean, marine sports and other outdoor, sports or fitness activities can also use advanced textiles with (nautical or otherwise) sportswear, toys, games, fitness equipment and more. Tourists attracted to the beaches and oceans would also find that Rhode Island makes a variety of products that support their favorite activities and hobbies. The software and computer design component may also be involved through game development, sports or fitness applications, and design tools.

State Regulatory Environment Analysis

Rhode Island's regulatory system is not unlike its peers around the country. Over the years, regulations have been passed at the national, state and local level in an effort to protect public health, welfare and safety. The impact of these regulations, as well as their unintended consequences, is a subject of much discussion in Rhode Island and in other states. Many regulations have grown organically over time creating a maze of paperwork and compliance requirements that in many cases impedes or even prevents business from efficiently starting or growing operations. According to the Rhode Island Secretary of State's website, Rhode Island has over 1,600 regulations in place. While it is difficult to draw comparisons across states based on total number of regulations, Rhode Island has undertaken regulatory reform efforts that are comparatively in sync or slightly ahead of benchmark states.

Rhode Island continues to make progress in working to enhance its regulatory environment. This is being done in five ways identified during this study process:

1. The Office of Regulatory Reform continues to implement Governor Chafee's 2010 Executive Order to create a clear, predictable and reliable regulatory system. Additionally, on demand technical assistance to navigate the state and local regulatory system is provided to the small business community through the Small Business Ombudsman.
2. Rhode Island 2012 Public Law 445 requires each regulatory agency to review 25 percent of its regulations each year for four years until all existing regulations have been evaluated for any adverse impacts on small businesses. Governor Chafee accelerated this initiative by requiring the review to take place within a year and a half.

3. Regulatory agencies must provide an economic impact analysis for any proposed regulations that affect small businesses and cannot promulgate any new regulations during the review process unless they comply with the review mandate.
4. The Office of Regulatory Reform is also working with the State Building Inspector and the State Fire Marshal to create an electronic permitting system to improve customer service.
5. Department of Business Regulation continues to enhance its online tools such as its e-licensing system.

These efforts will make it easier for businesses looking to locate or grow in Rhode Island, who currently need to comply with dozens, potentially hundreds, of codes, regulations and operating standards.

The major sources or types of regulations that impact a business include:

- Building Codes
:: Including plumbing, mechanical, electrical, property maintenance, energy conservation and more.
- Department of Environmental Management
:: Including waste reduction and recycling, stormwater management, pollutions discharge and more.
- Fire Safety Codes
- Department of Health
- Department of Labor and Training
:: Including Occupational Codes, Family Medical Leave, Disability and more.
- Division of Taxation
- Jobs development act, corporate structure requirements, sales and use tax, and more.

Marketing Analysis

Marketing municipalities, industry sectors and the state of Rhode Island is vital for the economic growth of the state. As a result, FEC has conducted a review of online resources provided by the state to analyze the effectiveness of existing resources and provide suggestions for improvements as they relate to economic development best practices and in conjunction with other analysis provided throughout this report.

Online media were analyzed on a graduated scale throughout the process. State media were reviewed on usability, technical and analytical factors; industry sector media were reviewed on usability and technical factors; and local media were reviewed on usability factors.

The results of this analysis demonstrates the following:

- Content organization across state, cluster, and regional platforms lacks an asset-focused, business-friendly approach.
- The technical structures of many online resources are not optimized for maximum search capability.
- Social interaction, online conversations, and community generation across online media does not occur with regularity or with intent to foster an innovative network.

Please note that since the compilation of this data, both the RIEDC and Visit Rhode Island websites have undergone upgrades, which address some of the guidance provided by FEC in this report.



Rhode Island's Scientific Research
& Development Services sector has
seen a 21% growth since 2002.

21%

“Rhode Island's size
and scale provide
some unique market
advantages such as easy
access to political and
business leaders, sense
of community, one media
market and blend of rural
and urban settings.”



Guidance and Considerations for Rhode Island



Initial Guidance

The following section summarizes the initial guidance for the Rhode Island community and considerations for the Sustainable Rhode Island campaign.

1 Create One Voice – Set a Clear Course

- Empower a point person to lead and oversee the economic development planning efforts and serve as point for the plan and program strategies once established.
- More coordination, shared ownership of the state's economic development plan.
- Structure Communication and Transparency of the state's economic development plan and the state's economic development website should be retooled to serve this purpose.

2 Sustain Dialogue, Link Assets and Partners

- Establish Specialized Asset or Knowledge Teams to engage in the planning process and share their expertise to build consensus recommendations. Teams could include Financial, Tax Policy, Innovation and Incubation, Research and Higher Education, Tourism and Community Engagement.

3 Focus on Grow, Innovate (and Retain)

- Coordinate Existing Study Findings and Recommendations a great deal of analysis has been and continues to be performed. The gap seems to be in the implementation of recommendations.
- Further Promote, Expand and Market Existing Micro Loans and Grants to support more companies based in the state.

4 Implement a Business Climate Dashboard

- A business climate dashboard of individual metrics will allow the state to track progress towards its goals and to readily communicate its actions and results. In addition to the metrics outlined in the STAC "Benchmarking the Knowledge Economy" report, Rhode Island should track other business climate metrics around the areas of Investment, Talent, Sustainability, Place, and Diversity.

5 Convene Industry Leaders Around Market Opportunity Networks

- Convene and/or support a partnership of industry leaders and other stakeholders around the specific opportunities. These groups could be involved in the Sustainable Rhode Island campaign in the short-term. Ultimately, such a group would:
 - :: Promote research and commercialization
 - :: Support the alignment of incubator and accelerator programs
 - :: Host business networking events to match needs and assets and promote business development
 - :: Create a mentoring program that can provide industry expertise to new and expanding firms

6 Continue to Advance Regulatory Reform

- Continue the current surveying and analysis of regulations that affect businesses in the state. If possible add additional resources to expedite the process and to develop recommendations for the current legislative cycle.
 - :: Increase the resources available to the Office of Regulatory Reform to provide additional hiring capacity (state or contracted employees). This investment would allow for an expedited review and analysis process and demonstrate to the business community and economic development community a commitment to regulatory improvements.
- When regulatory analysis is complete review the impacts against the industry cluster recommendations contained in this report.
- Continue to communicate to the stakeholder and business community regarding the efforts and progress of the Office of Regulatory Reform. Continue to publish annual reports that allow the business community to gauge the process and results.
- Perform similar scenario exercises with all agency and municipal regulators participating so that all can see the overlap of regulations, difficulty to comply and economic impact that a company will face.

Considerations for Sustainable Rhode Island Campaign

1 Focus on Grow, Innovate (and Retain)

- Create a statewide incubator network and seek to expand existing incubators and Innovation Resources to support regional and national trends around small business creation and entrepreneurship.
- Invest in entrepreneurship...once partners in place. Rhode Island, first and foremost, needs to develop statewide and community-level, partnerships to implement its economic development priorities. Once those partnerships are established, particularly with colleges and universities, the State should consider match-investing in incubators and co-working spaces, entrepreneurial programming, and other financing mechanisms needed for the businesses of entrepreneurs to grow and prosper.

2 Evaluate financial resource programs

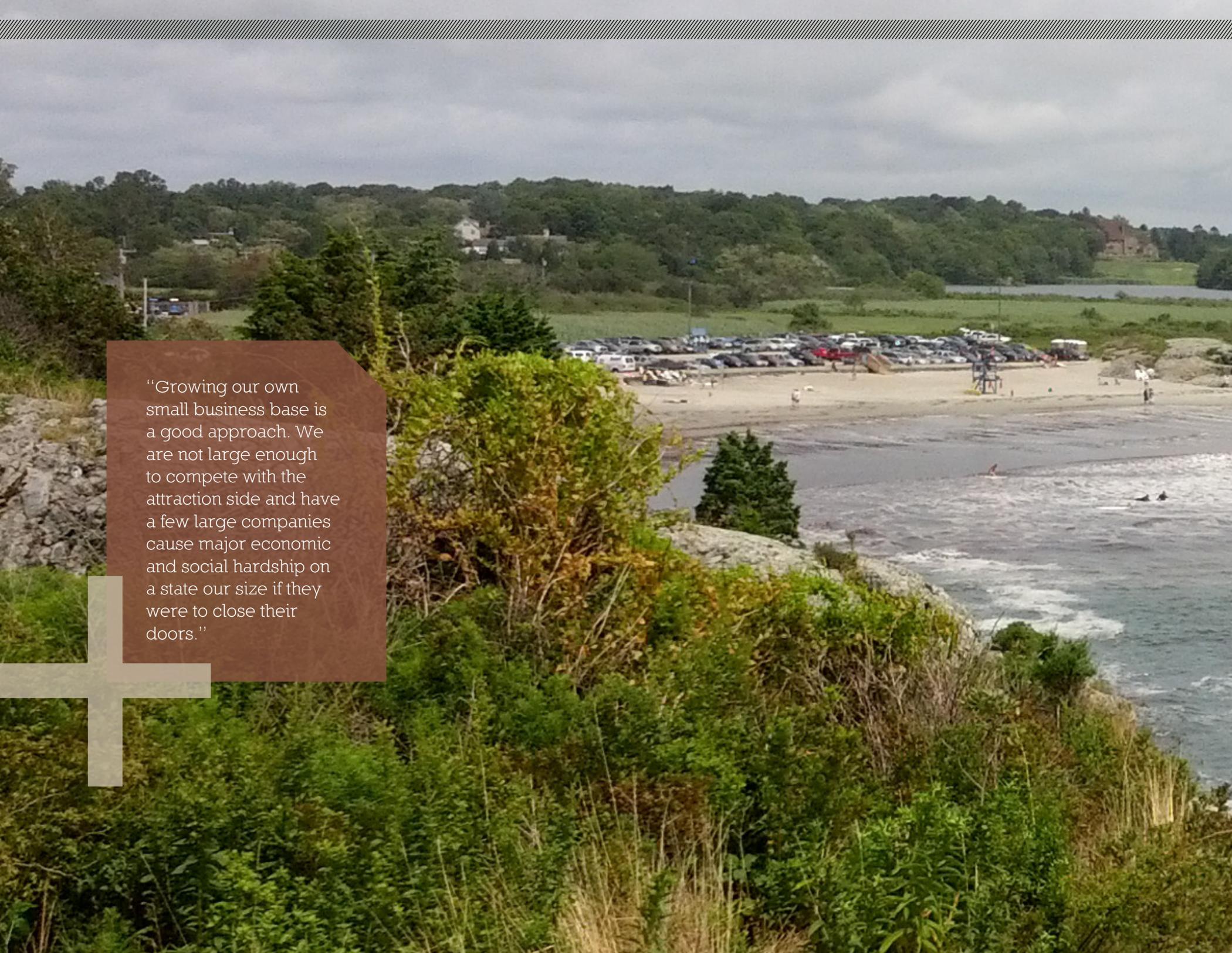
- Create and implement a financial resource program evaluation protocol to create more transparency and improve understanding of economic development investment outcomes.

3 Define and validate Market Opportunity Networks

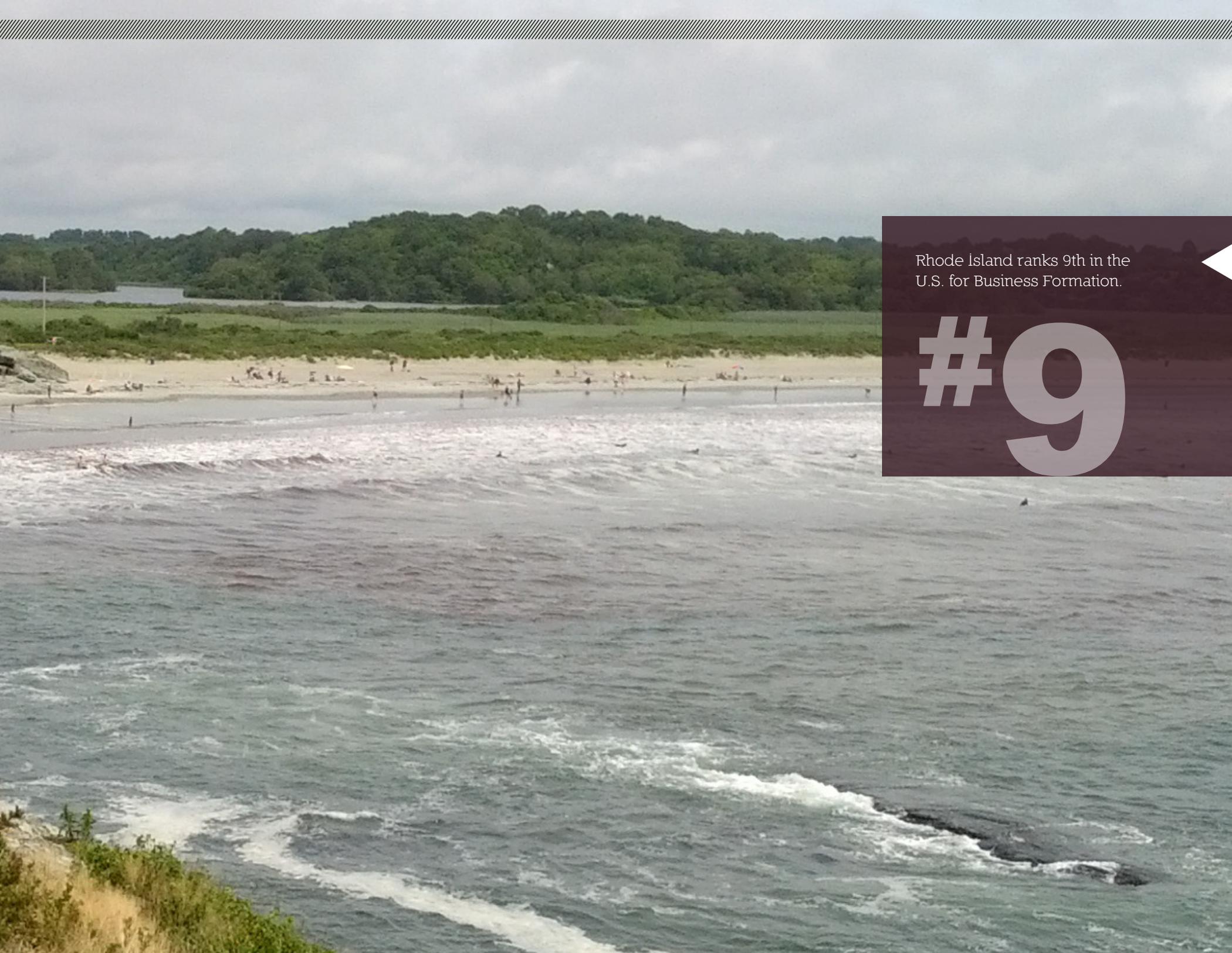
- Define and validate specific cross-cluster market opportunities.
- Identify critical gaps in the redefined Market Opportunity Networks.

4 Continue regulatory reform efforts

- Identify regulations that can be eliminated or consolidated.

A scenic view of a coastal area. In the foreground, there is a rocky cliffside covered in lush green vegetation. In the middle ground, a large parking lot filled with cars is situated on a sandy beach. Beyond the parking lot, there is a body of water with waves breaking. In the background, there are rolling green hills and a few buildings. The sky is overcast.

“Growing our own small business base is a good approach. We are not large enough to compete with the attraction side and have a few large companies cause major economic and social hardship on a state our size if they were to close their doors.”



Rhode Island ranks 9th in the
U.S. for Business Formation.

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