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ECONOMY RI

A Research Publication by Fourth Economy Consulting

Economic
DEVELOPMENT
Data Analysis & Assessment

Agenda

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About Fourth Economy

Rich Overmoyer



Stephen McKnight



Jerry Paytas, Ph.D.



Tim Hindes



Pioneers & Collaborators



Chelsea Burket

Pioneers & Collaborators

- Britt Page
- Kevin McAvey

About the Study

Business
Climate Analysis



Financial
Resource Analysis



Targeted
Cluster Analysis



- Provide short-term guidance
- Highlight Considerations



Marketing Analysis



Regulatory
Environment Analysis

Business Climate Analysis



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

Beyond the Ranking

Investment

- + Progress in the tax climate indicator
- + Business leaders interviewed noted the quality of place and other high value resources of the state as a tax-mitigating factor
- + Positive measures for the state: small business ownership rates, average annual pay, sales tax, foreign direct investment & growth in high tech jobs
- RI tax climate is still a challenge
- Personal savings rates in the state are low

Talent

- + RI places third in the migration of US workers metric
- + Ranked above 20 in 2 & 4-year college degrees, workforce education & patents per thousand persons
- Low rankings in high school degree attainment
- Low early childhood education enrollment

Beyond the Ranking

Sustainability

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

Place

- + Housing is more affordable than neighboring states
- + The state is connected to the world with internet speeds that are in the top 6 nationally
- Homeownership rates low
- Highway infrastructure cost effectiveness was ranked 50/50

Diversity

- + RI performs better in areas of business ownership by race & business value by gender, but is still ranked 21/30 respectively
- Receives low scores in unemployment by race, home ownership by race & 4-year degree attainment by race.

Cost of Doing Business

Cost of Doing Business Factor	Rhode Island's Peer Standing	Data Source(s)
Taxes		
Personal Income	Competitive	
Corporate Income	Not Competitive	
Sales Tax	Not Competitive	Tax Foundation & KPMG Report "Location Matters", Tax Foundation's "State Business Tax Climate Index" Annual Report
Property Tax (Tier 1)	Not Competitive	
Unemployment Insurance	Not Competitive	
ETRs: New Mfg. and R&D Firms	Not Competitive	
Tax Expenditures	Competitive	
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	

Financial Resource Assessment

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

When financial resources are taken into consideration as a group of assets available by company stage-funding, RI faces significant gaps in the availability of early, Stage 1 and Stage 2, funding.

Employment & Cluster Analysis



- 22% Education & Health Services
- 16% Trade, Transportation & Utilities
- 13% Government
- 12% Professional & Business Services
- 11% Leisure & Hospitality
- 09% Manufacturing
- 07% Financial Activities
- 05% Other Services
- 03% Construction
- 02% Information
- 00% Natural Resources & Mining

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

Market Opportunity Networks

Market Opportunity:
Culture, Fitness & Recreation



Tourism /
Recreation



Software /
Gaming



Design
(Textiles)



Consumer
Products



Biomedical &
Life Sciences



Marine
Trades



Renewables
& Efficiency



Manufacturing
& Ind. Products



Defense

Market Opportunity:
Biotextiles, Implants & Devices

Market Opportunity:
Advanced Marine Vehicles

State Regulatory Reform

RI continues to make progress in working to enhance its regulatory environment by:

1. Implementation of the 2010 Executive Order
2. Since 2012 – each regulatory agency reviewing 25% of regulations annually
3. Mandating economic impact analysis for future regulations
4. Working to implement e-permitting with Building Inspector and Fire Marshall
5. Enhance online tools with Dept. of Business Regulation's e-licensing

Major sources or types of regulations that impact a business:

- ✓ Building codes
- ✓ Department of Environmental Management
- ✓ Fire Safety Codes
- ✓ Department of Health
- ✓ Department of Labor and Training
- ✓ Division of Taxation
- ✓ Jobs development act, corporate structure requirements, sales & use tax, and more

Initial Guidance

- Create One Voice—Set a Clear Course
- Sustain Dialogue, Link Assets & Partners
- Focus on Grow, Innovate (and Retain)
- Implement a Business Climate Dashboard
- Convene Industry Leaders Around Market Opportunity Networks
- Continue to Advance Regulatory Reform

Considerations for Sustainable Rhode Island

- Focus on Grow Innovate & Retain
- Evaluate Financial Resource Programs
- Define & Validate Market Opportunity Networks
- Continue Regulatory Reform Efforts



Rich Overmoyer, President & CEO
rovermoyer@fourtheconomy.com :: 412.251.1607

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www.fourtheconomy.com