
Regions Charting New Directions: Metropolitan Business Planning

**Milwaukee 7 Regional Economic
Development Collaboration**

June 7, 2012

Robert Weissbourd

Agenda

➤ Drivers of the Next Economy

➤ “Metro-Economics”

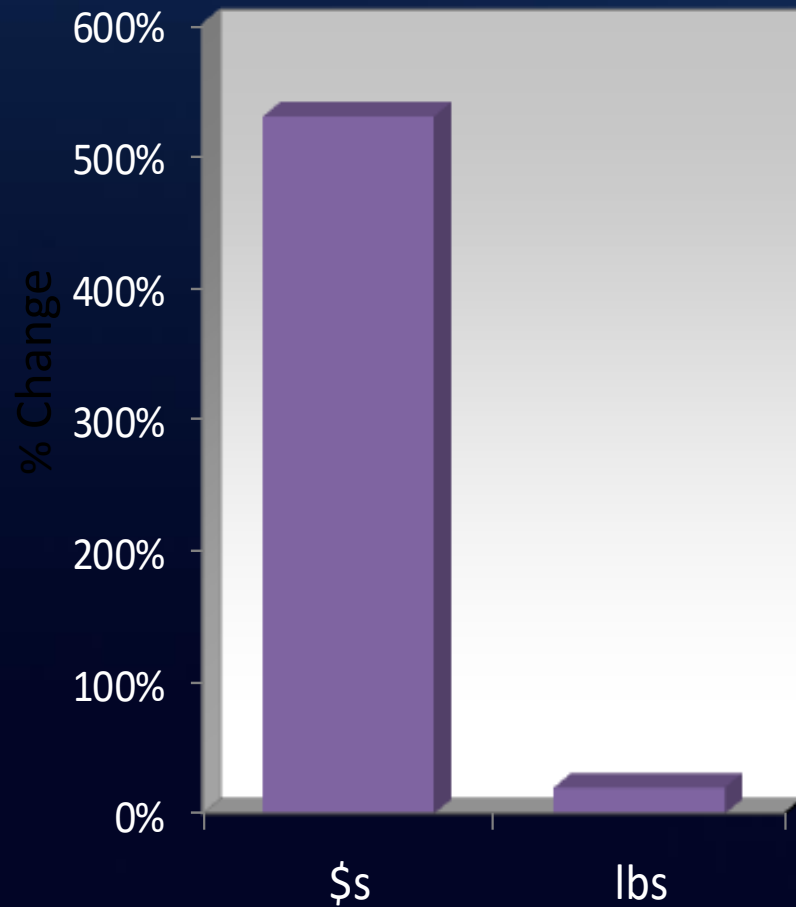
➤ Metropolitan Business Planning (from theory to practice)

➤ Getting to Ground in Milwaukee

➤ Institutional Capacity and Next Steps

The Global Economy is Undergoing a Fundamental Transformation, Driven by Knowledge Assets

GDP Growth, 1950-2000

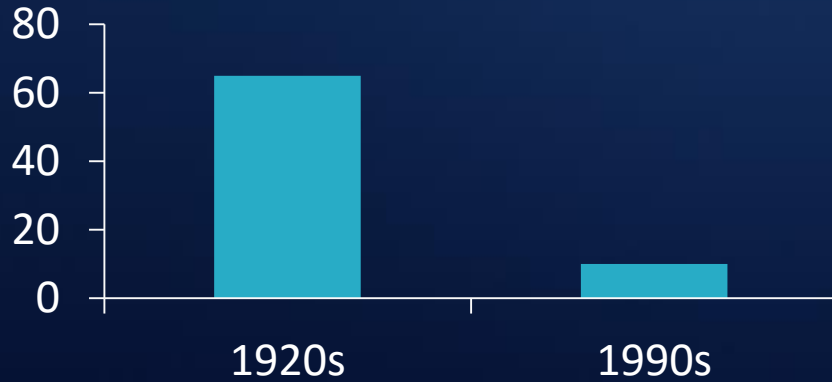


- Human Capital
- Information technologies
- Product innovation; flexible customization
- Firm, consumer and knowledge networks
- Increasing returns; divergence

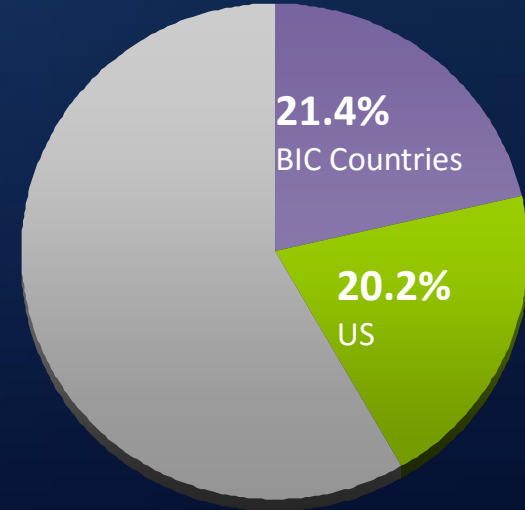


As a Result, the Economy is More Dynamic -- and Global

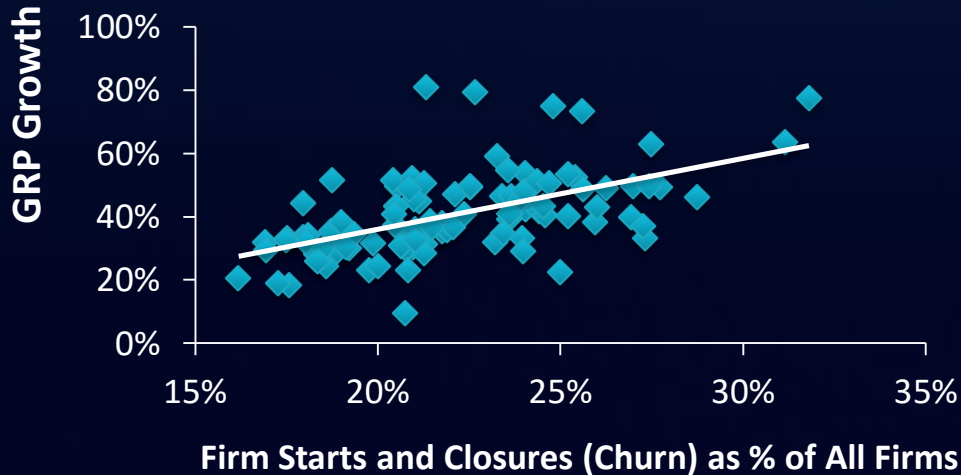
Years Spent on the S&P Index



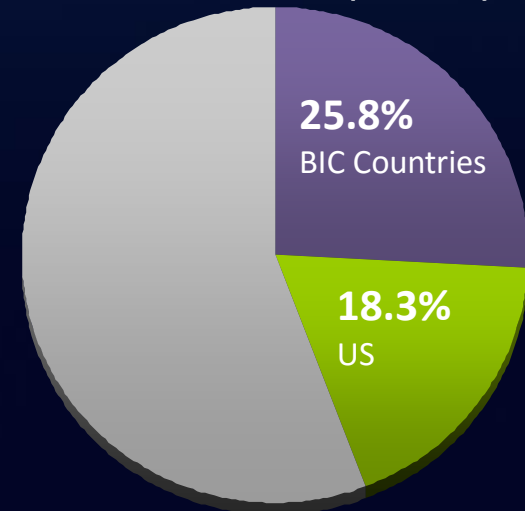
Global GDP (2010)



Churn and GRP Growth by MSA



Global GDP (2015)



...and Centered in Metropolitan Areas



Gross Metropolitan Product, 2005

Top 100 Metros Share of U.S. Total



Sources: Brookings analysis of US Census Bureau, FAA, BLS, NIH, NSF, and BEA data; Brookings, ExportNation, 2010 (2008 data); Forthcoming research from Brookings and Battelle

Agenda

➤ Driver's of the Next Economy

➤ "Metro-Economics"

➤ Metropolitan Business Planning (from theory to practice)

➤ Getting to Ground in Milwaukee

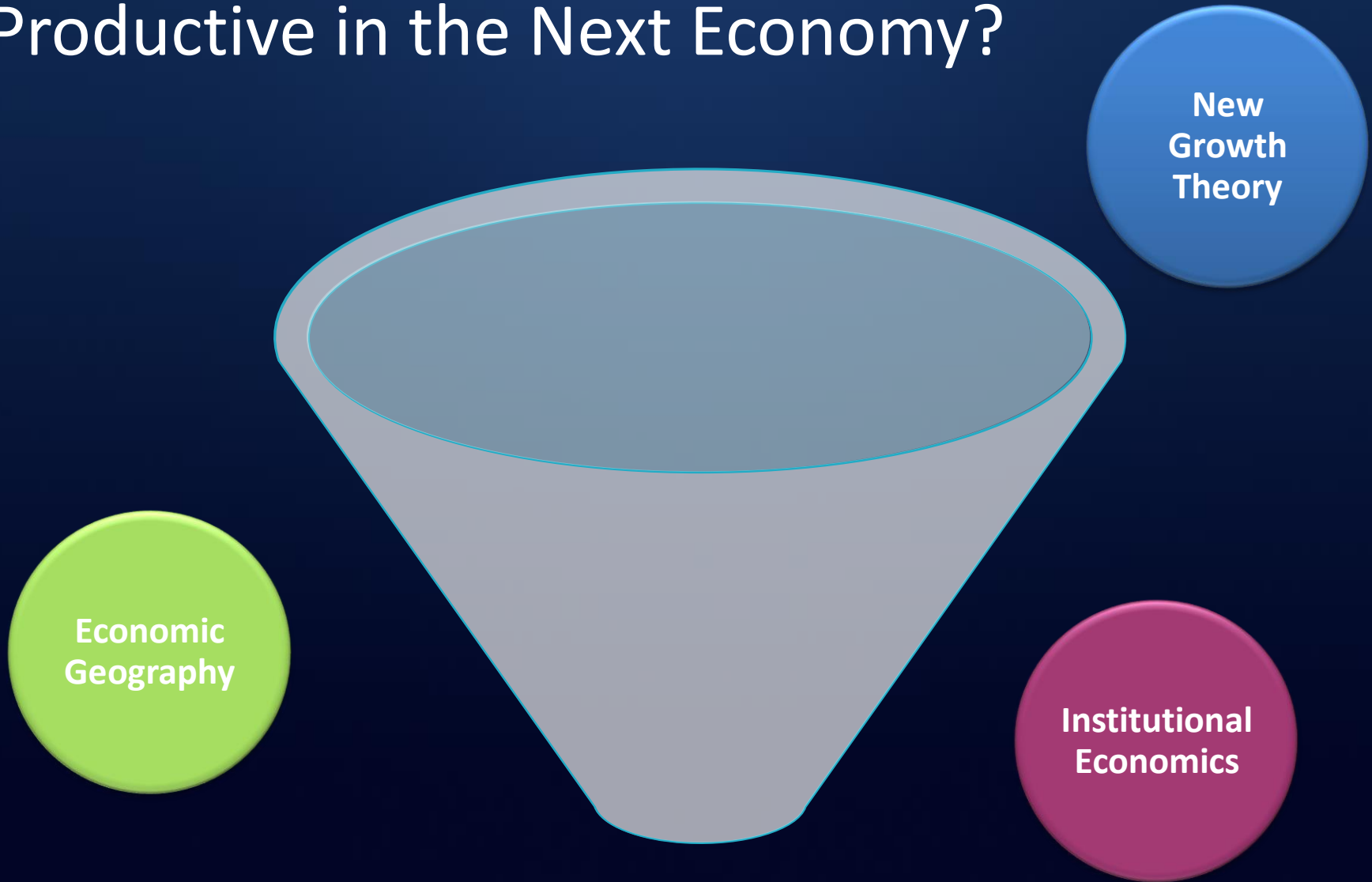
➤ Institutional Capacity and Next Steps

How Metro Economies Grow

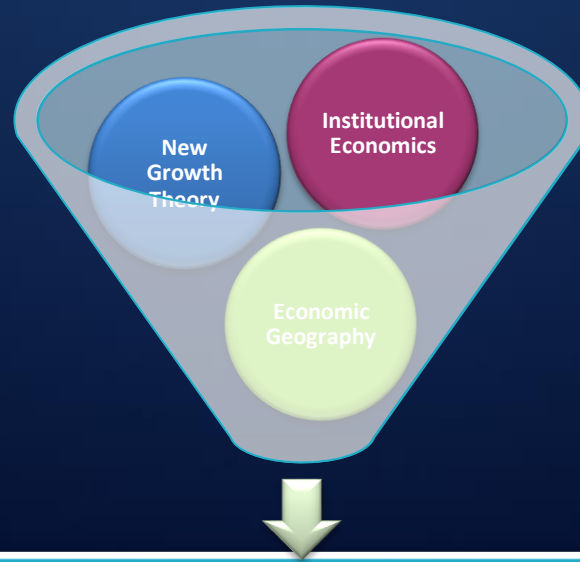
- ❖ Metro economy = total value of goods and services produced in the region
- ❖ Growth is inherently business sector growth (number, size and profitability of firms)
- ❖ Business sector grows through firm creation, growth and location decisions (retention and attraction)
- ❖ Firm creation, growth and location depend upon increases in efficiency and productivity (of firm and system, including product innovation)

Core Question: What attributes of the region increase efficiency and productivity, leading to business sector growth?

What Makes Metropolitan Regions more Productive in the Next Economy?



Metros Can Enable People and Firms to Concentrate and Achieve Efficiencies



Act Comprehensively – The Whole is Greater than the Sum of the Parts.

Customize and Build on Distinctive Assets.

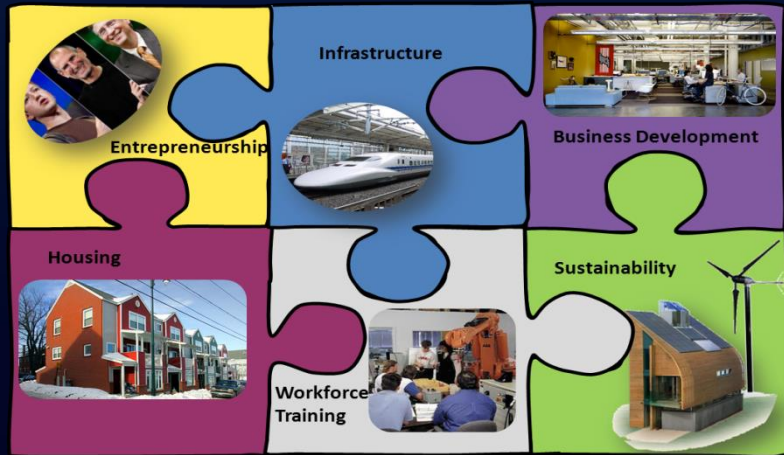
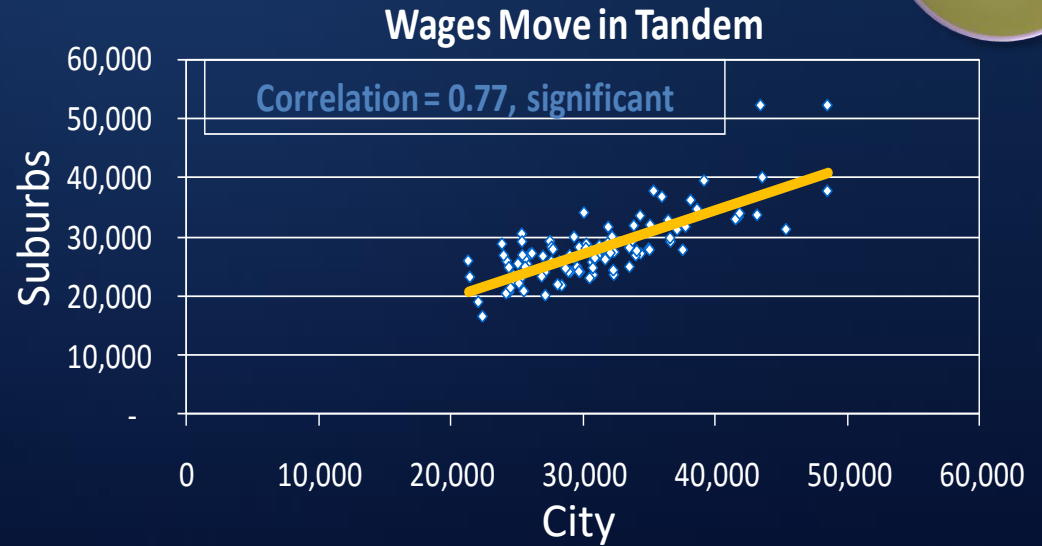
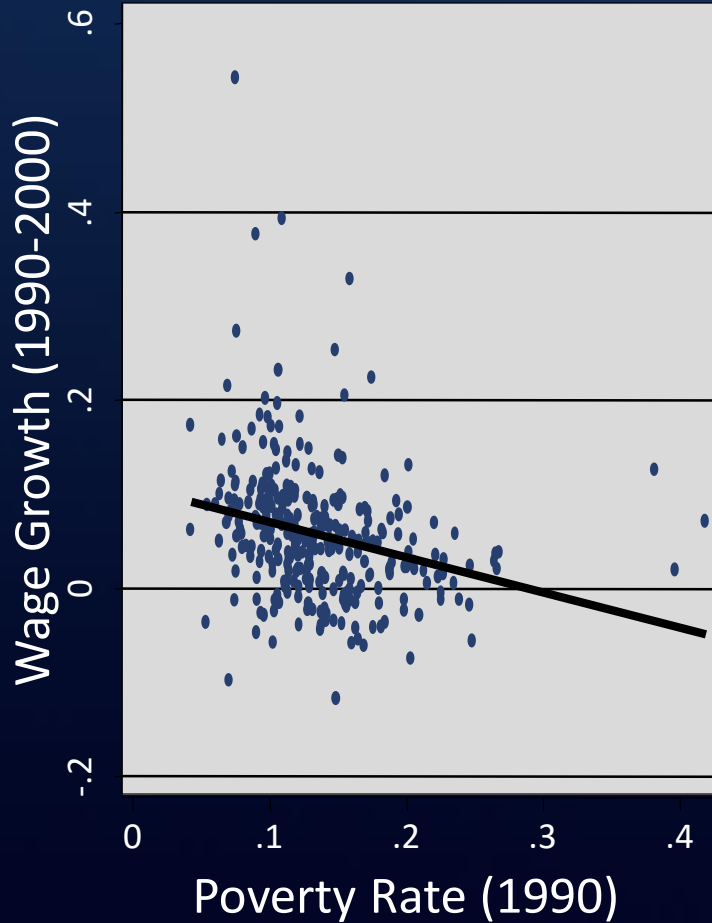
Develop Institutional Capacity and Intentionality.

Five Market Levers Drive Regional Economic Performance



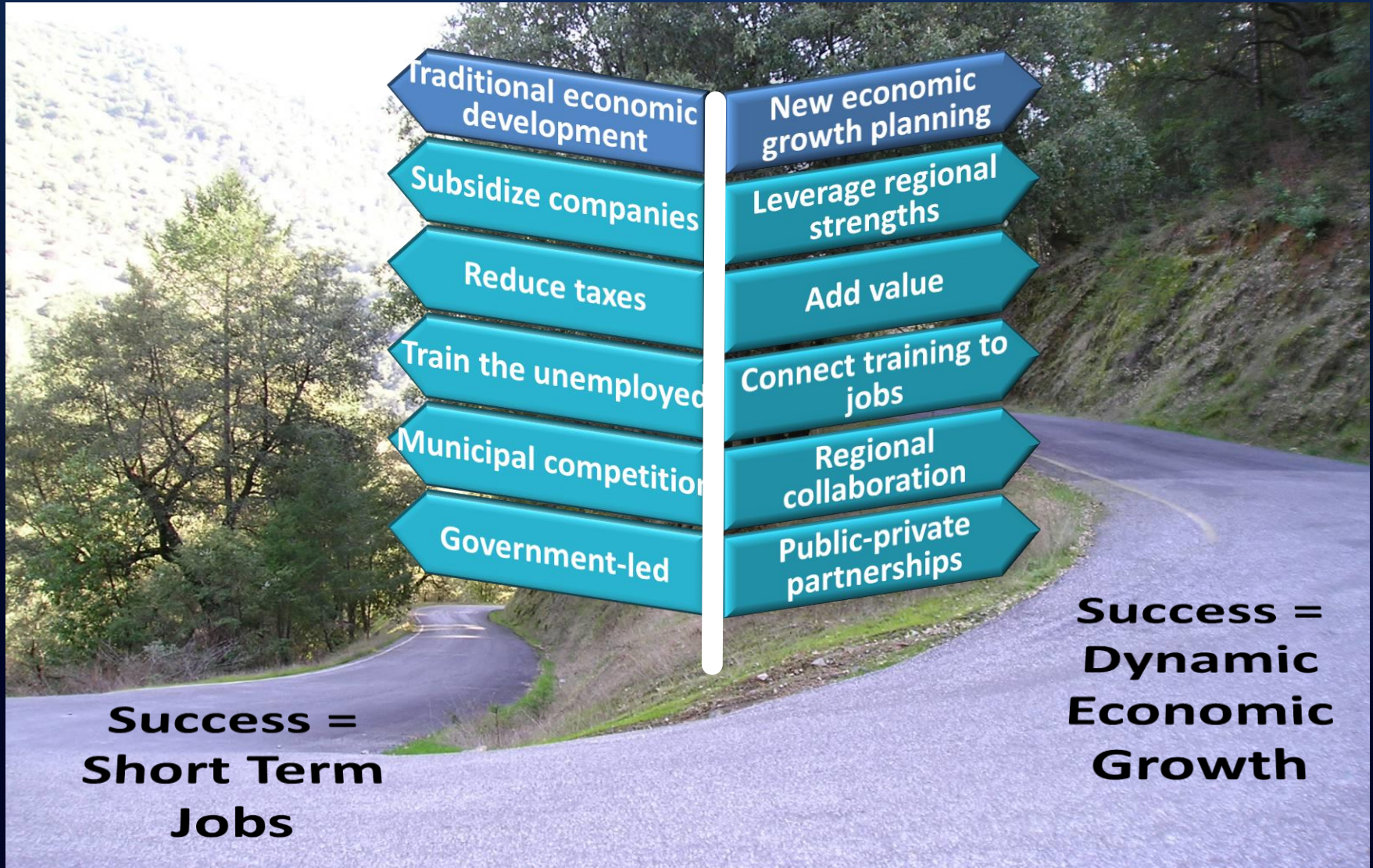
Equity and Growth Go Hand in Hand

Leverage Points for Sustainable and Inclusive Prosperity



The sub-systems and geographies succeed or fail in context.

New Approaches for the Next Economy



Agenda

➤ Driver's of the Next Economy

➤ "Metro-Economics"

➤ **Metropolitan Business Planning (from theory to practice)**

➤ Getting to Ground in Milwaukee

➤ Institutional Capacity and Next Steps

Metropolitan Business Planning: A New Way of Doing Business

◎ **Grounded in Economics and Business**



◎ **Comprehensive, Actionable
Strategies**



◎ **An Ongoing Enterprise**



◎ **Enables “New Federalism”**

Business Planning: A Proven Discipline for Comprehensive, Effective Action

- ❖ **Identify regional assets/opportunities**
- ❖ **Develop customized strategies**
- ❖ **Turn strategies into concrete actions**
- ❖ **Build institutional capacity**
- ❖ **Execute**

Metropolitan Business Planning

Regional Economy Mission and Vision

Market Analysis

Identify Strategies and Goals

Specify Products, Services and Policies

Operational Planning

Financial Planning

Performance Monitoring

Pilot Metro Business Planning Regions



**The Prosperity Partnership
Metropolitan Business Plan**

Puget Sound Regional Council
PSRC

Bluegrass Economic Advancement Movement



**Metropolitan Business Planning
All Teams Meeting
April 12, 2012**

Metropolitan Business Plan for Memphis/Shelby County
A Project of the Brookings Institution Metropolitan Policy Program

Discussion Draft November 2011



**Northeast Ohio's Regional
Business Plan**



GREATER PHOENIX REGION
Metropolitan Business Plan Initiative - All Teams Meeting April 2012



MARICOPA ASSOCIATION OF GOVERNMENTS Greater Phoenix ECONOMIC COUNCIL

**Metropolitan Business
Planning Initiative**
Minneapolis Saint Paul

May 13, 2010

ITASCAproject Urban Land Institute Minnesota Regional Government of Minnesota POSITIVELY Minnesota TARGET

**CenterState Metropolitan
Business Plan** 4.12.12

LEAD INITIATIVES


Driving New Innovations in Data to Decisions



Building a World-Class Innovation Ecosystem



**A Plan for
Economic
Growth
and Jobs**



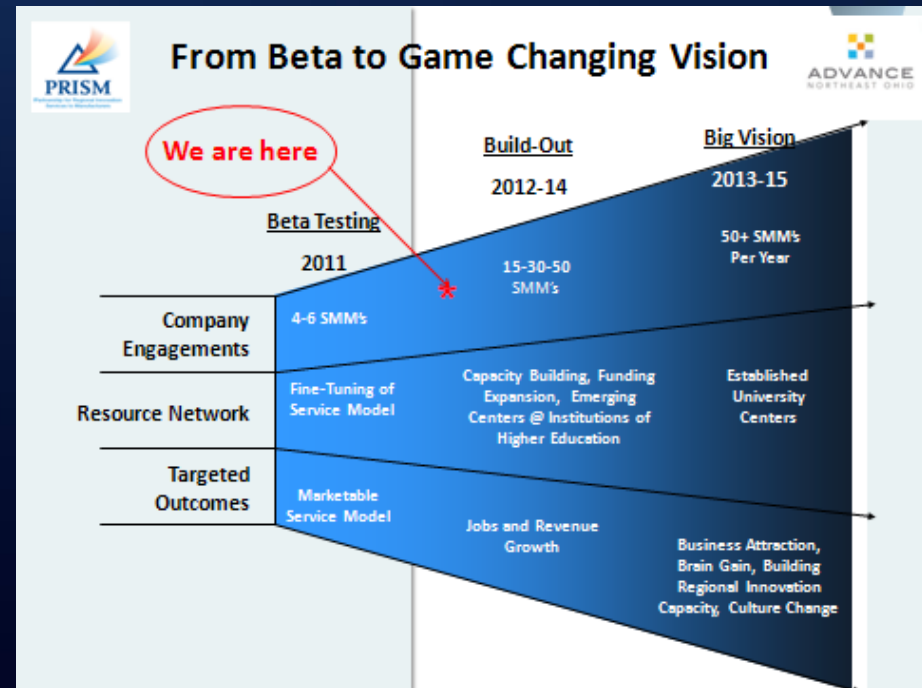
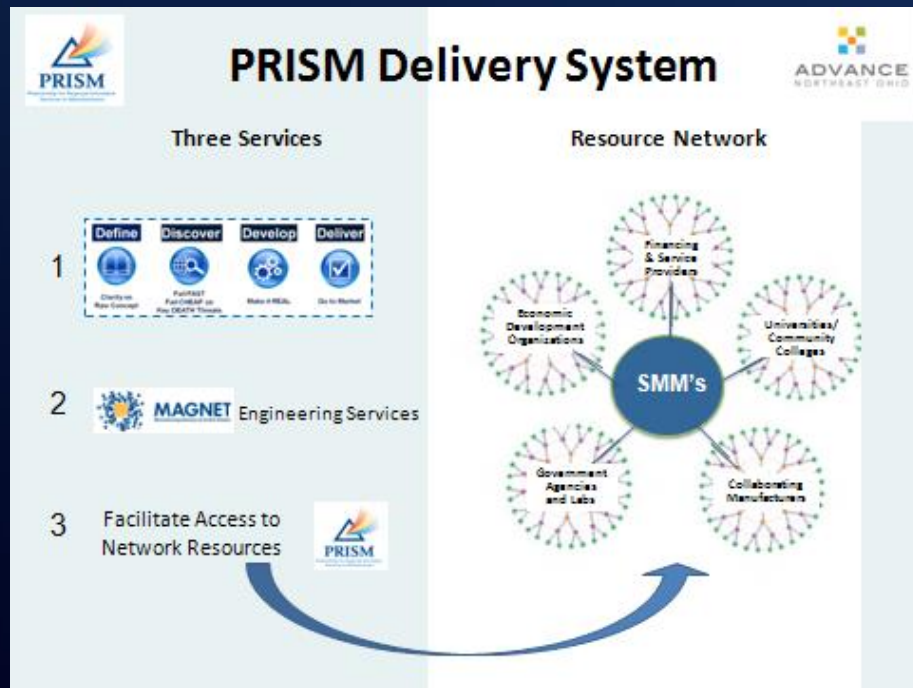
**WORLD
BUSINESS
CHICAGO**

March 2012
Draft Update

Metropolitan Business Plans in Action

Northeast Ohio

Partnership for Regional Innovation Services in Manufacturing (PRISM)



Metropolitan Business Plans in Action

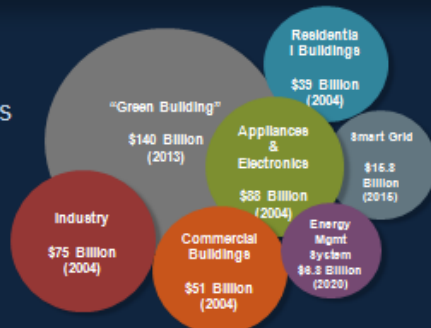
Puget Sound (Seattle)

Building Energy-Efficiency Testing and Integration Center (BETI)

Strategic focus: The huge and growing energy efficiency opportunity

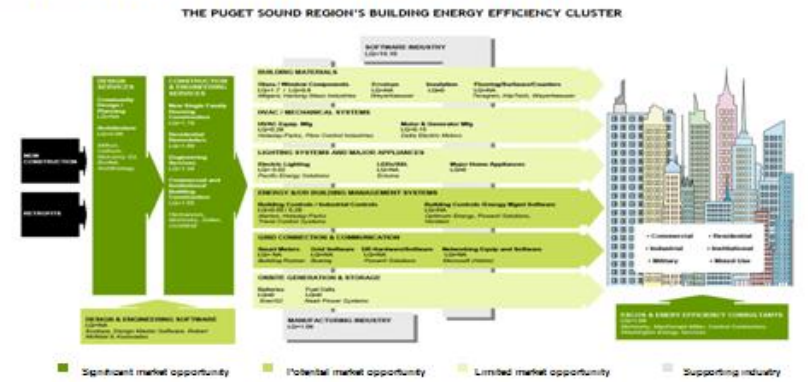


- **\$300 Billion** invested in energy efficiency technologies and infrastructure, U.S. market 2004
- **\$700 Billion** projected U.S. spending in 2030

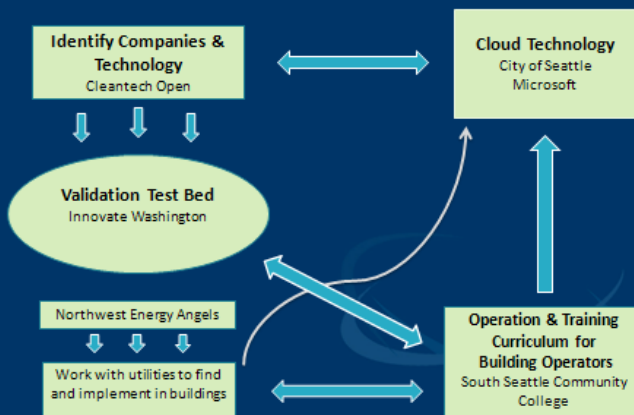


PUGET SOUND INDUSTRY ASSETS

Industry Segments and Strengths



Energy Efficiency Market Ecosystem



What we've done so far:

- | Structure | Testing System: | Innovators & Technology |
|---|--|--|
| <ul style="list-style-type: none"> • Created Innovate Washington Foundation • Cemented partnership • i6 Grant navigation | <ul style="list-style-type: none"> • Microsoft & SCL • Pilot partner profile • Recruiting • Distributive test bed • Adjusting scope | <ul style="list-style-type: none"> • 38 companies & technology Ided • Mentors assigned |

Agenda

➤ Driver's of the Next Economy

➤ "Metro-Economics"

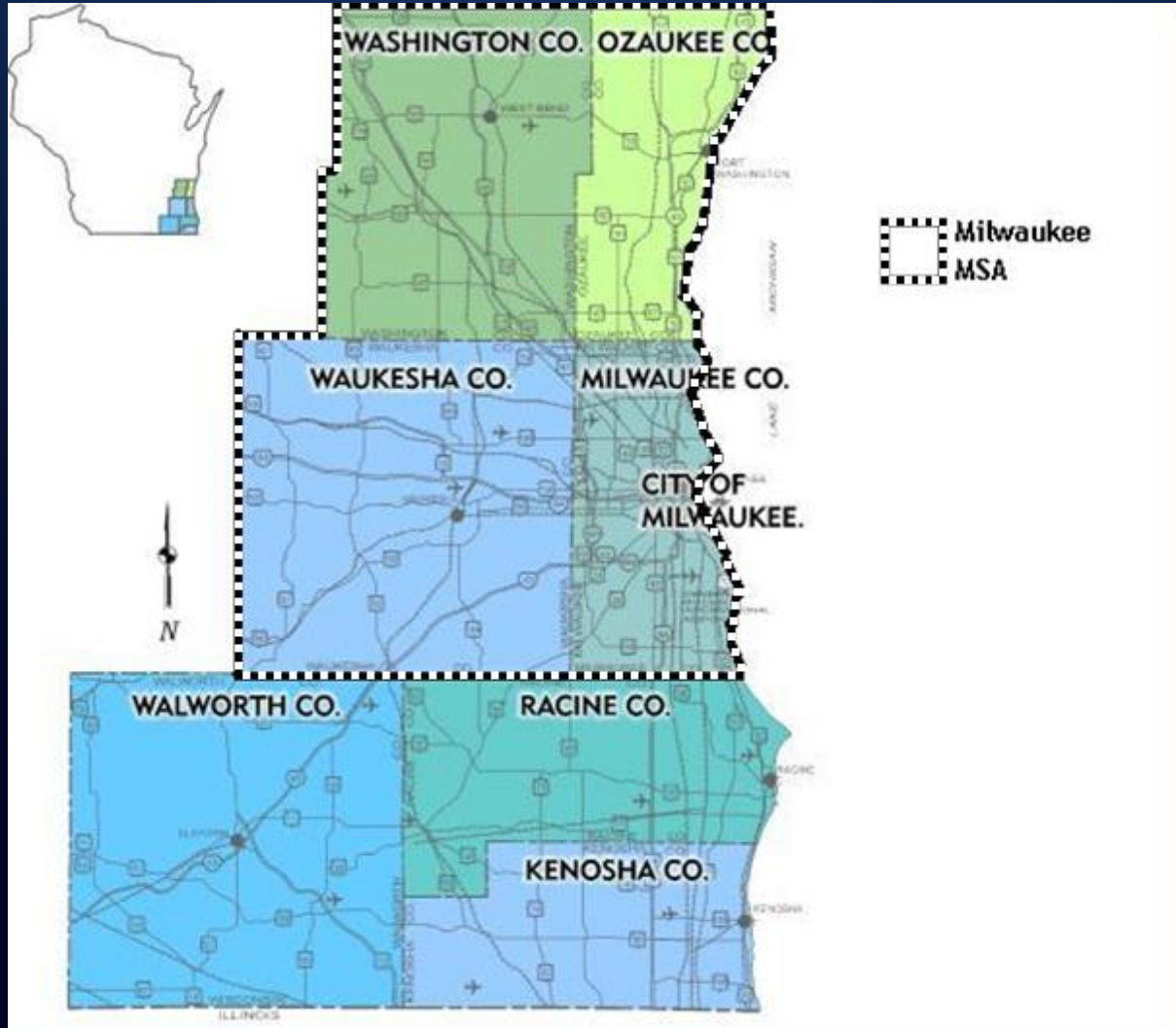
➤ Metropolitan Business Planning (from theory to practice)

➤ Getting to Ground in Milwaukee Region

➤ Institutional Capacity and Next Steps

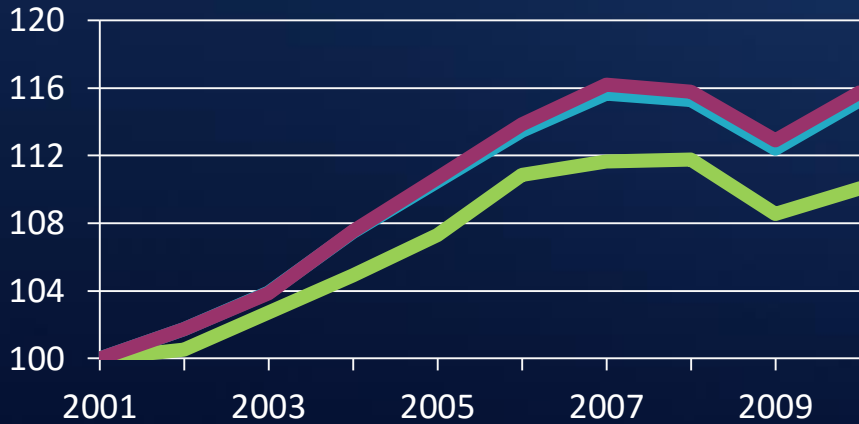
Understanding the Milwaukee Region's Economy

The 7 County Region

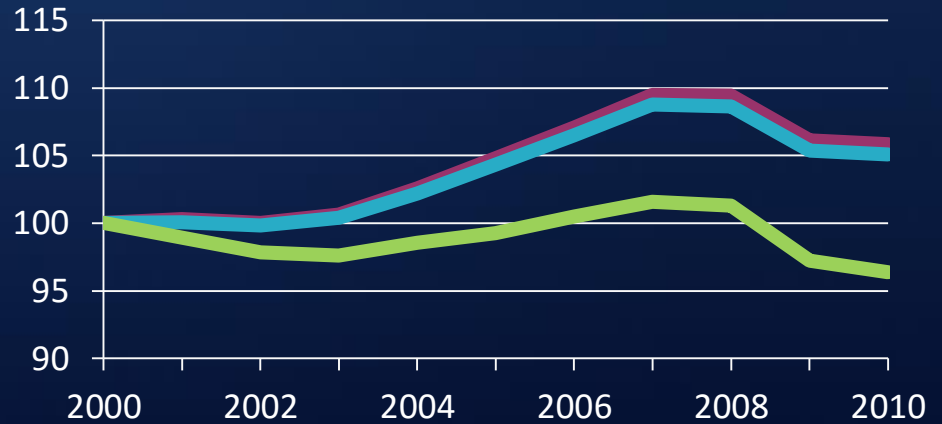


The Big Picture: Shaking Out; Redeploying?

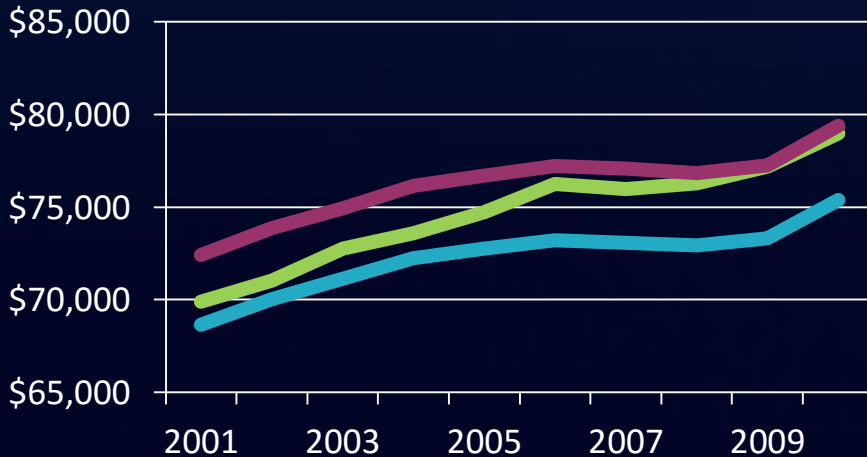
Real GRP/GDP
(Indexed to 2001)



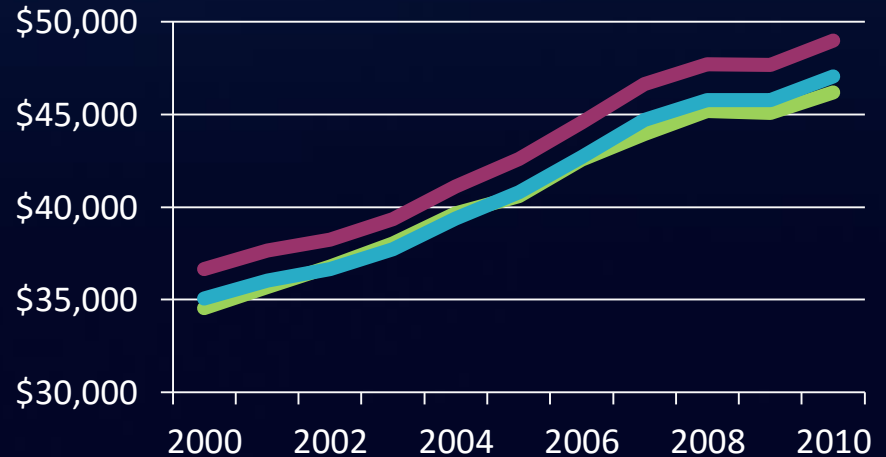
Employment
(Indexed to 2000)



Productivity (Output per Worker)

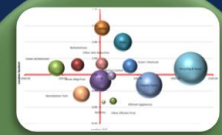


Average Wage

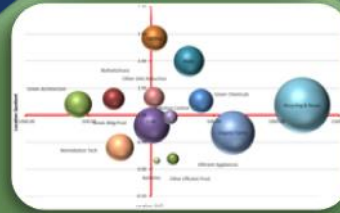


■ Milwaukee MSA
 ■ USA
 ■ All Metros

Source: Bureau of Economic Analysis; Bureau of Labor Statistics



Enhance
Regional
Concentrations/
Clusters



Enhance
Regional
Concentrations/
Clusters

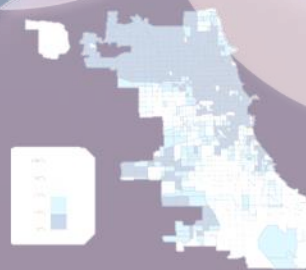
Create Effective
Public & Civic
Culture &
Institutions



Deploy
Human Capital
Aligned with
Job Pools



Leverage
Points
for Sustainable
and Inclusive
Prosperity



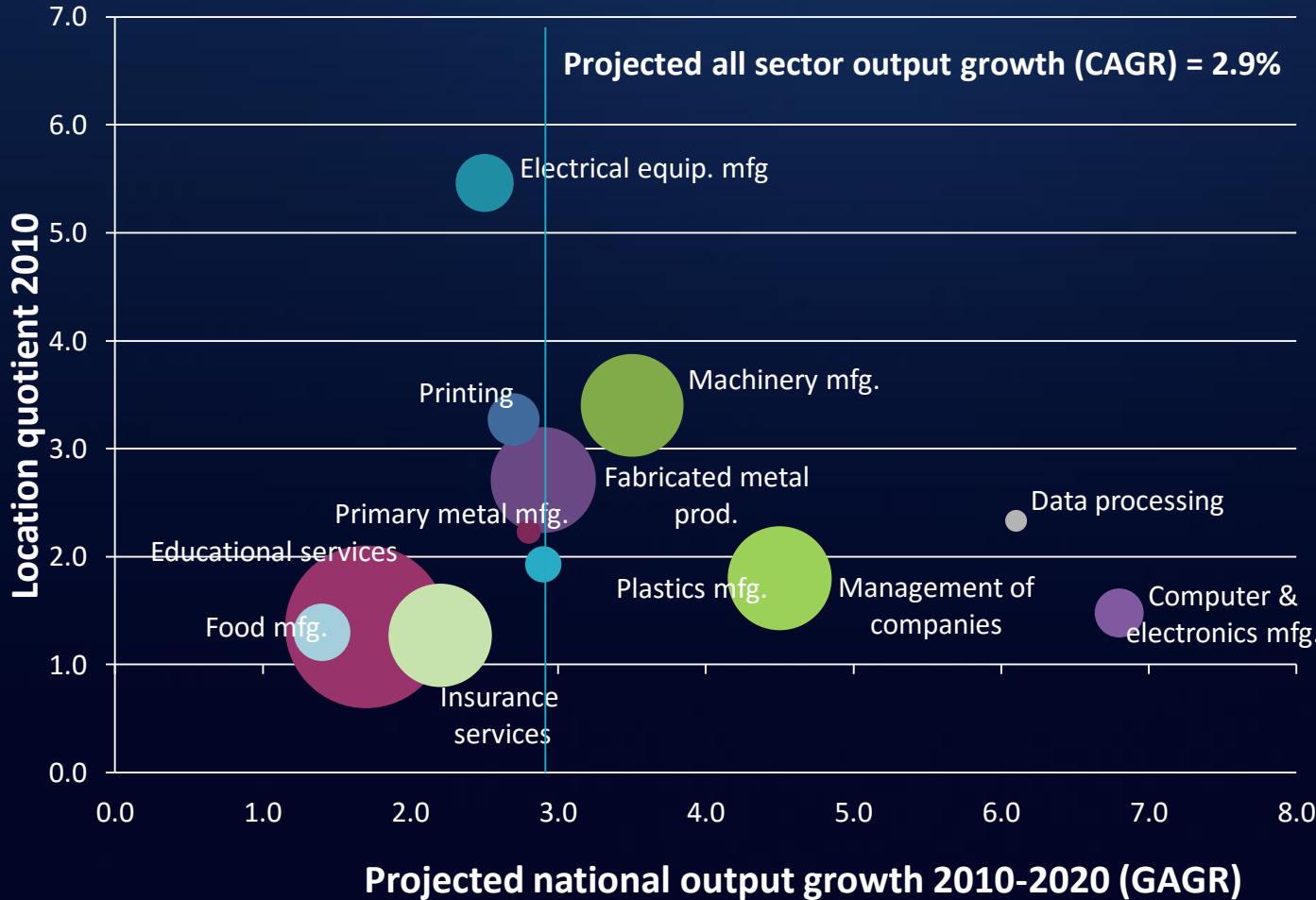
Increase
Spatial
Efficiency



Develop
Innovation-
Enabling
Infrastructure

Current Concentrations

Regional Status: Already Building on Strong Clusters



❖ Diverse economy, undergoing restructuring

❖ Active in water; food and beverage; power, automation, controls and energy; design and technology

❖ What are Milwaukee region's "legacy" and "bet" clusters?

Cluster Dynamics and Drivers

Regional Status: Still Much to Learn About Dynamics/Drivers & Emerging Opportunities

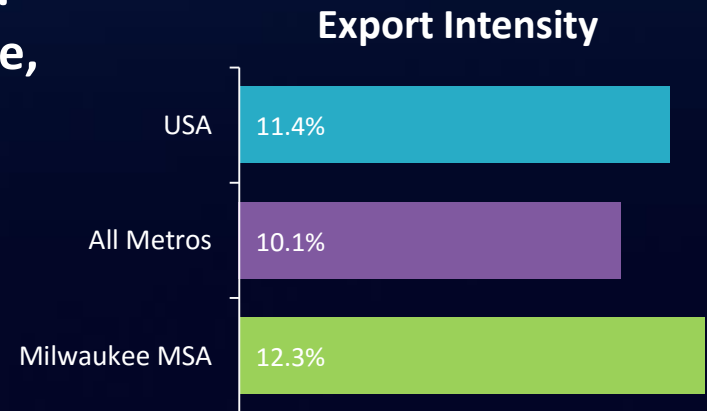


❖ Further defining clusters

- ❖ What industries and occupations make up the clusters?
- ❖ What parts of the clusters do you have (e.g., headquarters, final assembly, component manufacturing, R&D, etc.)?
- ❖ What shared inputs, activities, infrastructure and other factors contribute to efficiency/productivity of each cluster?

❖ Understanding cluster dynamics/drivers: human capital, technology, infrastructure, etc.

- ❖ Getting beyond the data: what are challenges, opportunities and trends in specific clusters? Export opportunities?
- ❖ What do specific clusters need in order to increase productivity and grow jobs and firms?





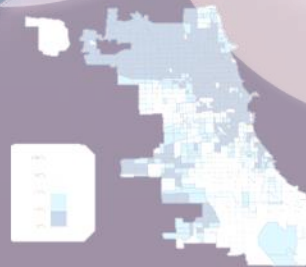
Enhance
Regional
Concentrations

Create Effective
Public & Civic
Culture &
Institutions



Leverage
Points
for Sustainable
and Inclusive
Prosperity

Deploy
Human Capital
Aligned with
Job Pools



Increase
Spatial
Efficiency



Develop
Innovation-
Enabling
Infrastructure

Deploy
Human Capital
Aligned with
Job Pools

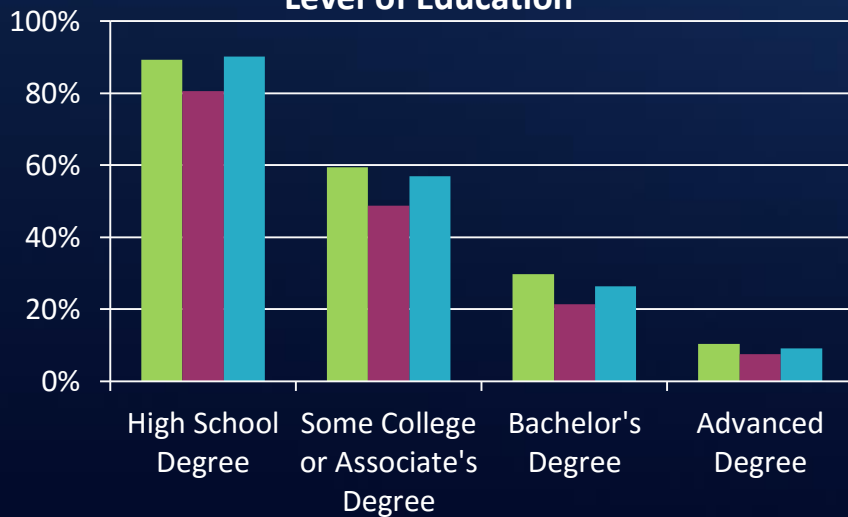


Status, Attraction and Retention

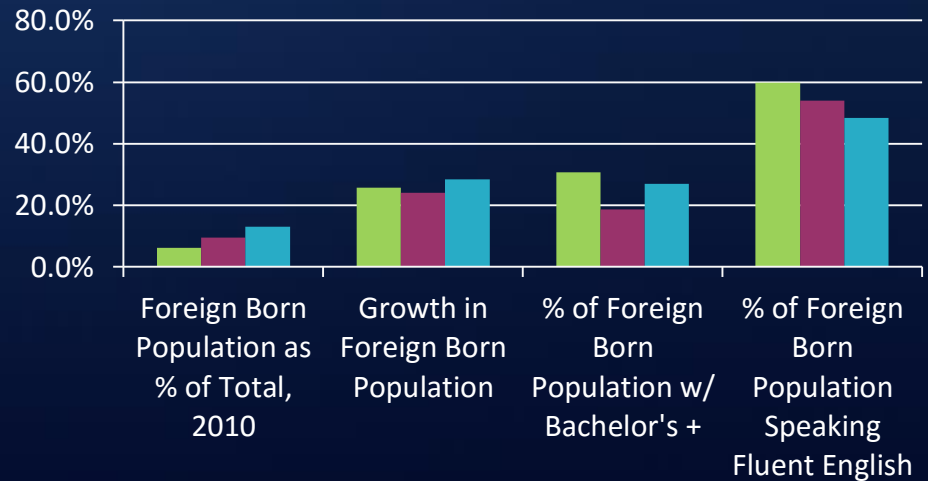
Regional Status: Average Human Capital Levels; Lagging Growth in Key Demographics



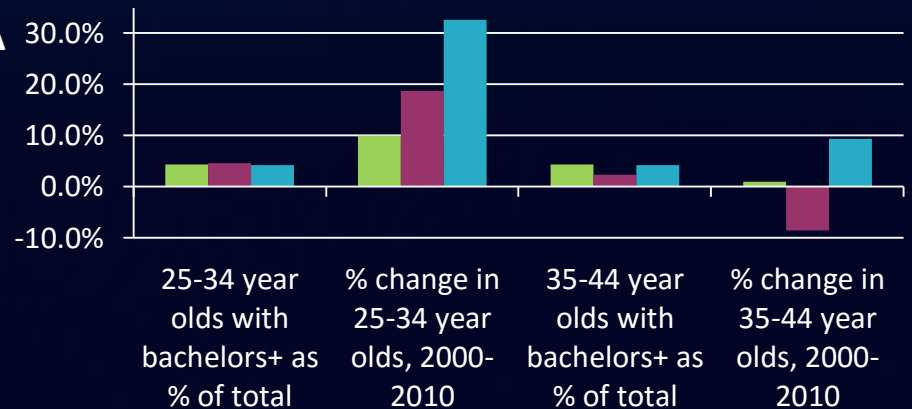
Percent of Population with at Least Each Level of Education



Immigrant Attraction



Highly Educated and Mobile



■ Milwaukee 7
 ■ City of Milwaukee
 ■ USA

❖ Slow growth in young/educated: Brain drain? Declining production? Some of both?

❖ 35-44yo moving to non-MSA counties?

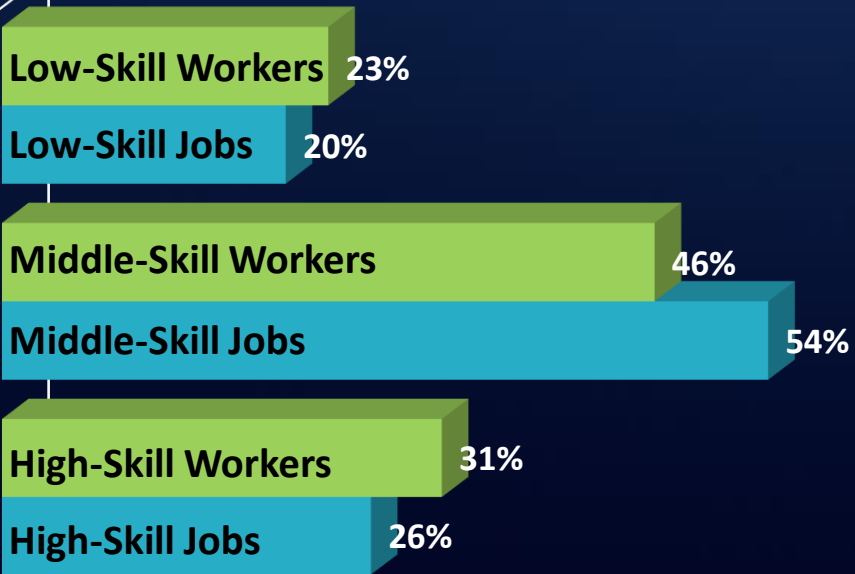
Skills Match and Labor Market Efficiency

Deploy
Human Capital
Aligned with
Job Pools



Regional Status: Large Middle-Skill Job Pool Promising; Potential Skills Mismatches?

Wisconsin's Skills Match: Jobs and Workers



❖ What dynamics might explain potential high-level mismatch?

❖ Projected job growth/loss, retirements by occupation and industry?

❖ Match of existing & projected labor force skills (detailed segmentation)?

❖ Finding, measurement challenges?

❖ Opportunities for targeted retraining, credentialing?



Opportunity and Mobility

Regional Status: TBD

Deploy
Human Capital
Aligned with
Job Pools



- ❖ Identification of entry-level and middle-skill occupations, career ladders/pathways
- ❖ Presence & success of targeted, employer-driven training opportunities; retraining for displaced workers; staged and “stacked” credentials?
- ❖ Preconditions: K-12 public education system;...



Enhance
Regional
Concentrations

Create Effective
Public & Civic
Culture &
Institutions



Leverage
Points
for Sustainable
and Inclusive
Prosperity

Deploy
Human Capital
Aligned with
Job Pools



Increase
Spatial
Efficiency



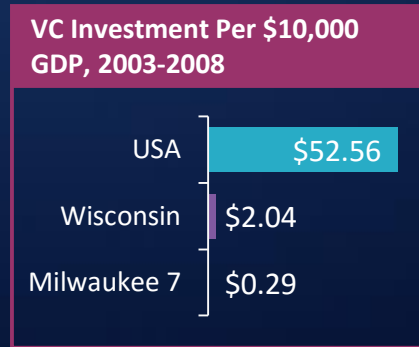
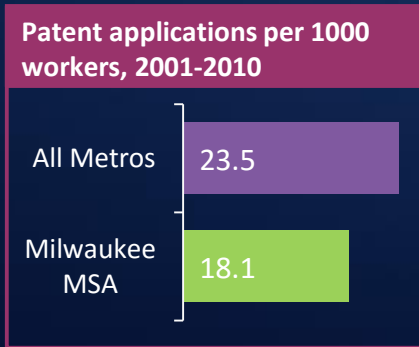
Develop
Innovation-
Enabling
Infrastructure



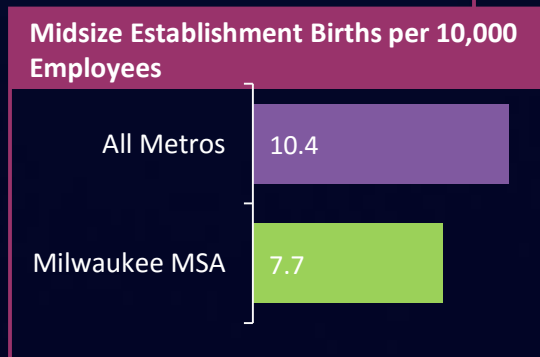
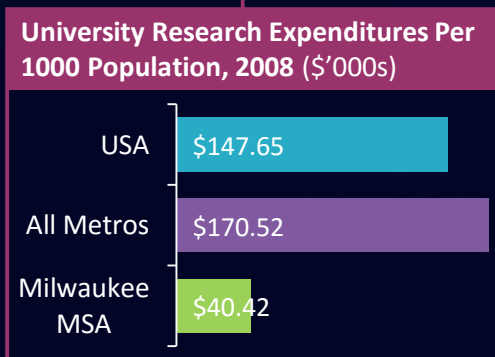
Develop
Innovation-
Enabling
Infrastructure

Innovation Pipeline

Regional Status: Some R&D and HC Strengths; Limited Commercialization, New Business Growth



University/
Industry
driven
innovation



- ❖ University research specializations?
- ❖ Dynamics of firms' investment in R&D?
- ❖ University "push" vs. industry "pull" model?
- ❖ Role of capital? Systemic barriers to business start-up (regulatory, cultural, capital, etc.)?
- ❖ Origin of start-ups (e.g., spin-offs from existing firm, university start-up, etc.)?
- ❖ Trends and high-impact opportunities by types of new businesses?
- ❖ Characteristics of VCs that invest in Milwaukee? Availability of earlier-stage funding?

Cluster-Based Innovation

Regional Status: TBD



- ❖ Well-organized clusters (e.g., water, food and beverage, WERC)



- ❖ Leveraging design and technology (functional) cluster (e.g. MiKE)?



- ❖ Legacy industries lagging in productivity that need to redeploy assets and innovate? What are new opportunities, and what's needed to capture them?
- ❖ Emerging industries with high potential? What's needed to support emergence/growth?

Innovation Ecosystem



Develop
Innovation-
Enabling
Infrastructure

Regional Status: Many Pieces but Lacking Integration; Climate?

- ❖ Extent & nature of university-industry connections?
- ❖ Presence of specialized finance?
- ❖ Networks for cross-sector and inter-disciplinary connections?





Enhance
Regional
Concentrations

Create Effective
Public & Civic
Culture &
Institutions



Leverage
Points
for Sustainable
and Inclusive
Prosperity

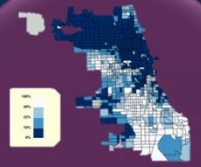
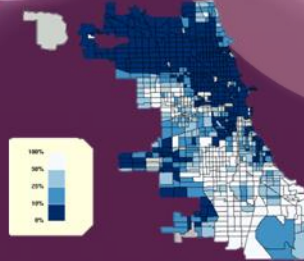
Deploy
Human Capital
Aligned with
Job Pools



Develop
Innovation-
Enabling
Infrastructure



Increase
Spatial
Efficiency



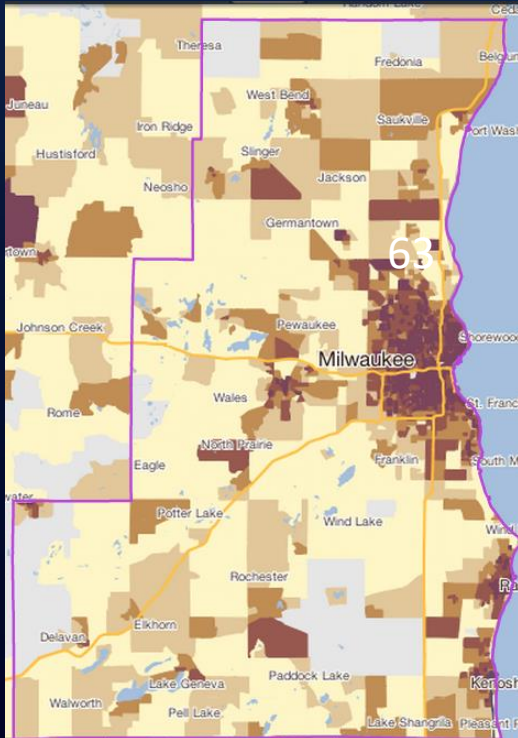
Increase
Spatial
Efficiency

Urban Growth Form: Density & Mixed Use

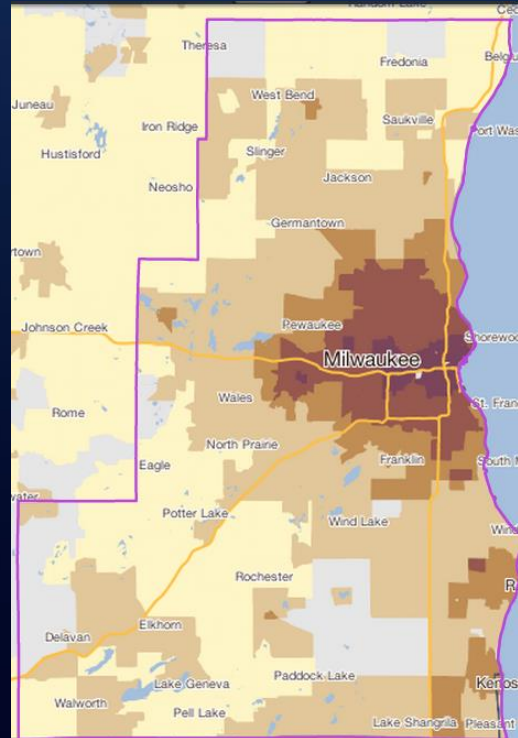
Regional Status: Concentrated Population – and Poverty; Decentralized Jobs



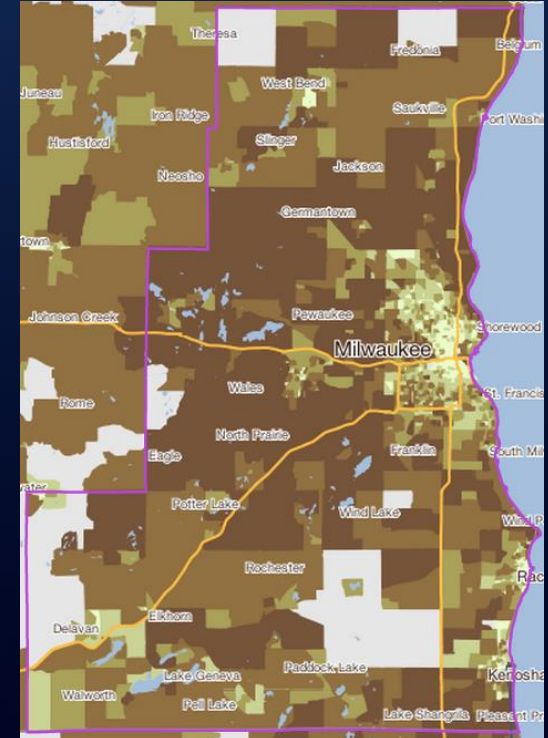
Residential Density



Employment Density



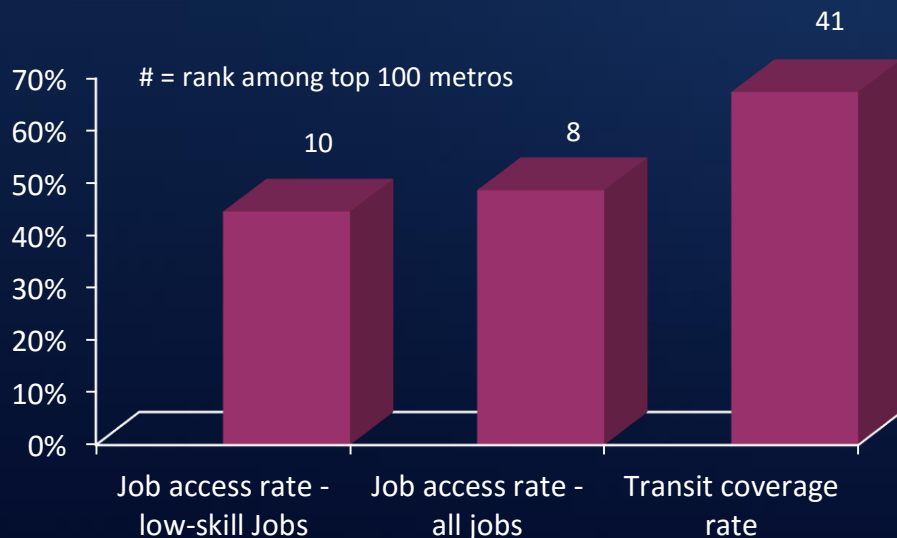
Median Household Income



- ❖ Relative locations of job and residential centers by cluster, occupation, skill level, wage level?
- ❖ Rate of change in residential density & job dispersion? Specific fast-growing areas/nodes?
- ❖ Opportunities for in-fill development?

Connectedness and Mobility

Regional Status: Globally Connected; Transit Coverage Uneven; Relatively Good Access to Jobs (MSA only)

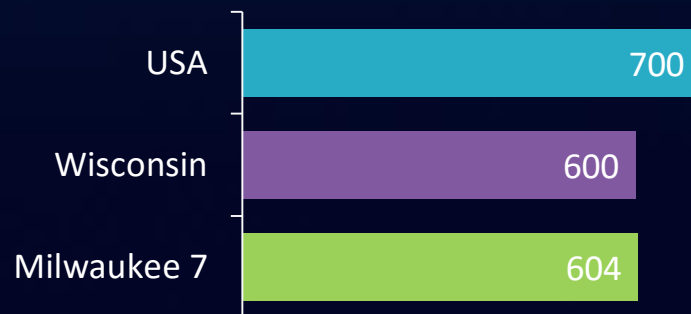


- ❖ Enhance connections beyond MSA?
- ❖ Address targeted jobs-housing mismatch?
- ❖ Opportunities for transformative infrastructure (next gen. energy, IT, public transit, PUDs)?
- ❖ Level of coordination across jurisdictions?

❖ National and Global Connections

- ❖ Port of Milwaukee
- ❖ General Mitchell International Airport
- ❖ Union Pacific, Canadian Pacific, Canadian National and Wisconsin & Southern Railroads
- ❖ Interstates 94 and 43

Broadband Density, 2009



Average travel time to work = 22.3 minutes (US = 25.3)

2010 Congestion Rank = 33rd

Create Effective
Public & Civic
Culture &
Institutions



Enhance
Regional
Concentrations

Deploy
Human Capital
Aligned with
Job Pools



Create Effective
Public & Civic
Culture &
Institutions



Leverage
Points
for Sustainable
and Inclusive
Prosperity



Increase
Spatial
Efficiency



Develop
Innovation-
Enabling
Infrastructure

Government Fragmentation and Coordination

Create Effective
Public & Civic
Culture &
Institutions



Regional Status: Fragmented

- ❖ 147 municipalities
- ❖ 93 school districts
- ❖ More local governments per capita than 2/3rds of major metros; more special-district governments than 1/3
- ❖ Some service sharing; history of failed cooperation on transit and other infrastructure



- ❖ What services/initiatives might be efficiently coordinated, streamlined?

Tax & Regulation/Value Proposition

Create Effective
Public & Civic
Culture &
Institutions



Regional Status: TBD

- ❖ Heavy reliance on property tax (base & rate vary widely across region); highly dependent on State for revenue (unable to levy significant local sales tax)
- ❖ What is the total tax burden in the region and how does it compare to competing metros?
- ❖ What public goods and services are most important to regional businesses, residents? What's their quality?
- ❖ How onerous are regulatory processes (permitting, licensing, inspections, etc.) for businesses?

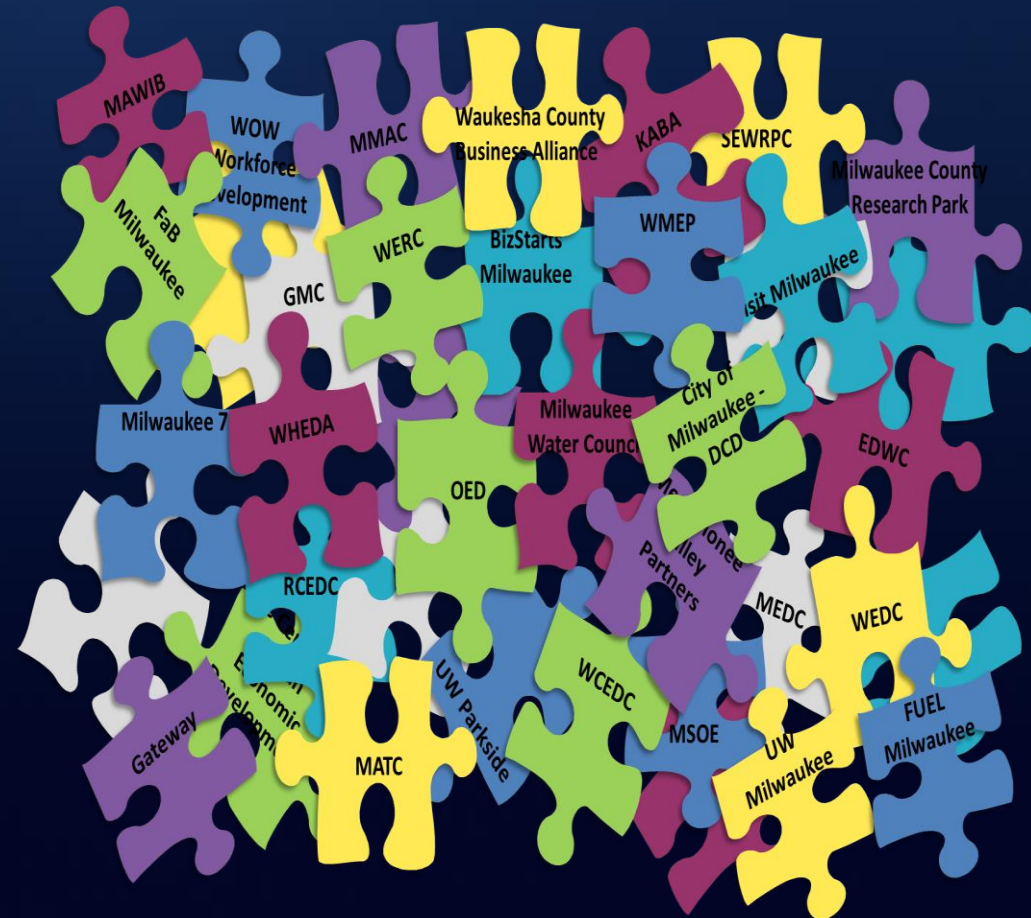
Governance

Create Effective
Public & Civic
Culture &
Institutions



Regional Status: TBD

- ❖ Milwaukee 7, MMAC, GMC, cluster and other organizations reflect positive trends
- ❖ Degree of alignment of ED programs, organizations?
- ❖ Govt 2.0: engaging firms and citizens, transparency, flexibility, use of public data for economic growth, ...?



Illustrative Strategy Development: Cluster-Based



Potential Strategy



Illustrative Strategy Development: Innovation



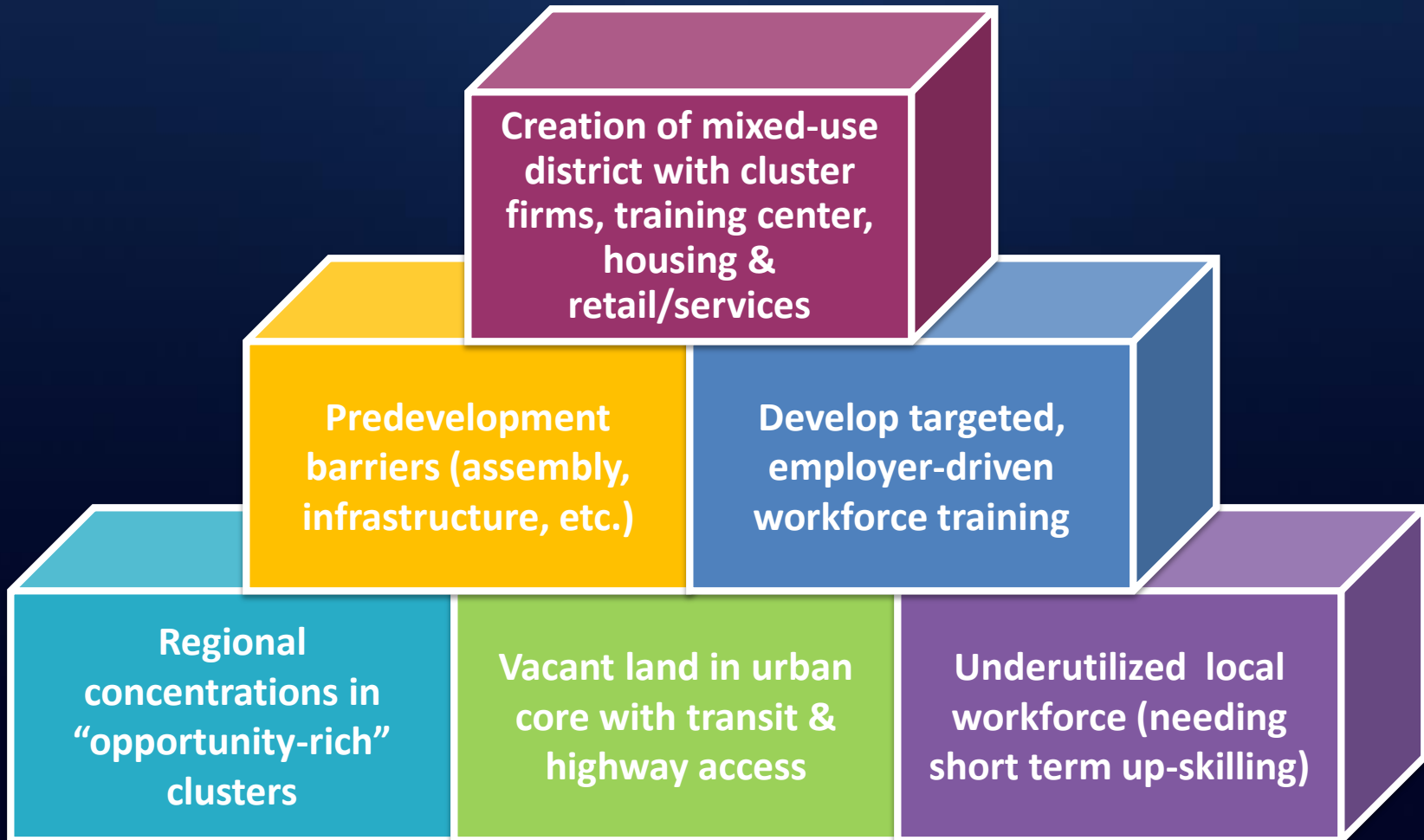
Potential Strategy



Illustrative Strategy Development: Place-based



Potential Strategy



Agenda

➤ **Driver's of the Next Economy**

➤ **"Metro-Economics"**

➤ **Metropolitan Business Planning (from theory to practice)**

➤ **Getting to Ground in Milwaukee**

➤ **Key Lessons, Institutional Capacity and Next Steps**

Economic Development in the Next Economy



Developing Institutional Capacity

- ❖ Engage stakeholders across public, private and civic sectors
- ❖ Iterate analysis/strategy and institutional development
 - ❖ High-level (e.g., C-suite) leadership group/steering committee
 - ❖ Day-to-day (staff-level) working teams
 - ❖ Expert/business/practitioner teams for specific strategies and initiative development
 - ❖ Strategy is coordinated; Implementation is distributed



Next Steps

- ❖ Continue deepening fact-gathering and market analysis
 - ❖ Begin answering open questions
 - ❖ Engage partner organizations in market-level working groups
- ❖ Identify high-priority strategies
- ❖ Begin surfacing potential cross-lever initiatives
- ❖ Focused further market analysis, product and services specification, etc. to create initiative business plans
- ❖ Organize, capitalize, launch, implement!
- ❖ Monitor performance and periodically update analysis and strategies

DISCUSSION

Regions Charting New Directions: Metropolitan Business Planning

**Milwaukee 7 Regional Economic
Development Collaboration**

June 7, 2012

Robert Weissbourd