



MYRANDA



A Proposal:

for a

Cluster Development Study

Prepared for:

City of Providence, Rhode Island

Growth.
Sustainability.
Prosperity.





December 1, 2014

Board of Contract and Supply
Department of the City Clerk
Room 311, City Hall
Providence, RI 02903

To City of Providence,

I am pleased to submit the attached proposal on behalf of Fourth Economy Consulting and our partner MYRANDA Group. We are particularly interested in the project outlined in the RFP, as we enjoy the opportunity to work with clients who share a desire to focus on opportunities for economic growth through actionable planning.

The team we have assembled includes seasoned experts in the fields of economic development, cluster and market analysis, and business location and retention. In our approach and our execution, you will hopefully find a team that is responsive, creative, and passionate about the work we do. We view opportunities like this as partnerships rather than a traditional client-consultant relationship.

Our partner MYRANDA Group is based in Providence and will utilize their understanding of the community and business ecosystem to support the analysis and strategy development on this project. In addition, the Fourth Economy team has come to know the community well through our work with the Rhode Island Commerce Corporation and the Rhode Island Foundation. Our work with these clients has included engagement with over two hundred regional business leaders, policymakers and institutional leaders that provides us with a strong base of information to build on through the tasks described in our proposal.

Our proposed scope of work contemplates your requested services and deliverables, and we believe it is responsive to those needs. We would appreciate the opportunity to discuss our approach with you and look forward to hearing from you soon.

Thank you for your time and consideration.

Sincerely,

Rich Overmoyer
CEO



Overview

Situational Summary

The Providence City Council took a proactive step in May 2013 in creating the Task Force on Economic Development. When presented with a hard truth about their economic situation, many communities would turn their heads because they don't know what to do, or they don't want to do what they know they have to. Instead, Providence established the Task Force to undertake a rigorous analysis of the problem at hand and make concrete recommendations for how to address it.

The creation of a cluster analysis was a key recommendation. While a full-scale economic development plan was also recommended, the Task Force recognized that a cluster analysis would be a first step to better understanding the City's opportunities for employment growth. Furthermore, a cluster analysis can support some more immediate actions by informing the City's industry programs and partnerships.

The Fourth Economy Consulting team understands that the City is looking to understand both existing industries to retain and grow, and attraction targets that would complement and bolster existing industries. Furthermore, the City recognizes the importance of understanding Providence's opportunities within a regional context; the make-up of regional industry clusters can either support or detract from Providence's efforts. Finally, and most importantly, the RFP articulates several of Providence's key assets. While other assets will be explored as part of this study, the recognition of these assets as they pertain to a targeted industry strategy is a vital component.

The engagement of an Advisory Team, comprised of those who would be responsible for implementation, is another important piece of the approach outlined in the RFP. At Fourth Economy, we don't like to make plans that will sit on the shelf. We do our best to ensure that recommendations are informed by reality and provide the level of detail necessary for implementation. However, the client is ultimately responsible for implementation. The creation of the Advisory Team represents that Providence is serious about ensuring that this is not a plan that sits on a shelf.

The following scope is offered by Fourth Economy Consulting, a national economic development firm in partnership with MYRANDA, a Providence based consultancy. Through our previous collaborations we have demonstrated a strong team that can serve the City of Providence well.

Technical Proposal

1.0 Economic Analysis

Every community has a story to tell. Often that narrative is not reflected in the statistics alone. Fourth Economy Consulting (Fourth Economy) approaches Economic Analysis as a process where the team, in partnership with project managers and stakeholders, seeks to understand the various issues, trends, advantages and challenges impacting a community and the market context that influences which industries it decides to target.

Unlike traditional Economic Analysis, Fourth Economy places a greater emphasis on the qualitative factors. These often include (but are not exclusive to) civic leadership and capacity, place-based assets, collaborating partner structures, economic and community development programs and incentives, recent business expansions and contractions, and innovation assets. Our role is not just to provide you with a report and recommendations, but to help the advisory team and a core group of stakeholders develop a comfort level and ownership of the recommendations so the City of Providence can implement the designed strategy.

1.1 Initial Coordination Meeting and Site Visit

Building on our site selection experience, an initial coordination meeting and site visit will take place at the start of the project. Fourth Economy will prepare an initial conditions and economic assessment similar to what any potential investor would do prior to looking closer at a community. The initial coordination meeting is most often limited to key project management team members and members of the Advisory Team. This is an opportunity to review the project approach and key tasks required. The consulting team and client project managers can discuss and share previous reports, maps or other documentation that can help to inform the study process. This is also an opportunity to identify early “go” or “no-go” points or issues that can impact the study and its findings. We would also identify additional stakeholders that should be engaged throughout various points in the study.

Following the initial coordination meeting, Fourth Economy will provide an updated overall project schedule reflecting the changes discussed in the meeting. This schedule will be updated monthly to ensure client comfort in the progress.

Ideally the initial coordination meeting and site tour will occur on the same day. The site tour is designed to provide insights into the place-based economic development assets, including potential sites, the Central Business District, housing and community amenities. We would expect that project stakeholders would accompany the Fourth Economy team on this site tour. We ask that you prepare for the tour as if you were hosting a potential business investor or relocation prospect.

The site visit begins to position early observations and conditions within a framework designed to reveal the advantages and disadvantages for your community and the degree to which “gaps” may exist between their respective industry targets and the programs, resources and asset base available to help attract, retain, or expand those industries. Actions then can be strategically targeted toward closing gaps, strengthening successful programs or if needed, altering the goals and objectives.

1.2 Target Industry Programs and Partnerships Review

As a key outcome of this project is to amend the City’s target industry programs, partnerships, and policies, our team will conduct a thorough review of what currently exists. Though this review will focus on the City, we will also review those of the state and local industry organizations so that we can understand the full range of programs that exist and how those offered by other organizations complement or duplicate those offered by the City. This review will begin with a web search, as that is often a starting point for businesses looking to move or grow in a particular area. Follow-on interviews will be conducted to add perspective during the process. The Advisory Team will be consulted to ensure that we have reviewed all relevant programs, partnerships, etc.

Each program will then be categorized along the business development continuum to clearly illustrate where each fits within that spectrum, from pre-development through to expansion/growth and growth management. We will review the capacity (staffing levels and financial resources) that is available to carry out these programmatic efforts as well. They will also be categorized based on the targeted industry. The results of this analysis will inform the Marketing Strategy recommendations included in the final plan.

1.3 Economic Structure Analysis

Understanding community economic structure is a foundational activity, outlining the current conditions and trends impacting the city of Providence and the region. Previous studies as well as current economic data, land use patterns, wages, sites and building information, housing data, workforce and demographic statistical data form a baseline understanding of the economic and social structure.

While the collection of data itself is not unique, recognizing the relevance and potential application of that information is. Fourth Economy combines real-time information and analysis of projected market trends to provide a more robust economic picture. We delve into a variety of data sources and information in order to analyze the economic structure and develop a keen understanding of a community’s economic anatomy and how it links to the broader economy at both a regional and national level. This information combined with the other Economic Analysis findings will begin to define Providence’s market region.

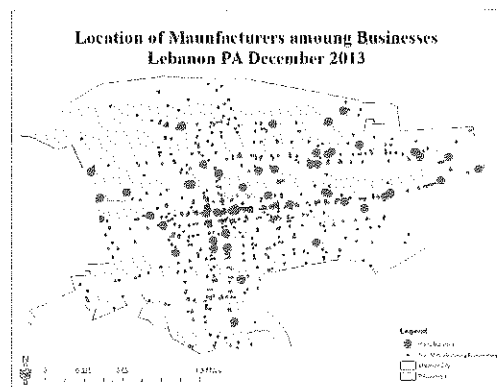
Fourth Economy has a wealth of information from our work on the state’s economic development plan that can allow us to lessen the data learning curve and proceed to the more critical analysis of what market dynamics are occurring and may occur in the future.

While some aspects of the Economic Structure Analysis will have been initiated as part of the facilitated site tour, the data collection and analysis will include the following steps and elements. The team will assess the overall economic and demographic trends influencing the City’s economy. While a final set of characteristics will be decided on by the Advisory Team we expect they will include:

Global and National Economic Trends: Identify and assess big picture/over-arching national and global trends that may positively or negatively influence local industry opportunities. For instance, one global/national trend that we have already seen begin to impact the Providence region is the re-shoring of manufacturing. Changes in the Eds and Meds sector will also drive economic transformation and our previous work indicates that Providence cannot expect the same level of growth from these sectors in the future.

Regional Opportunity Assessment: Analyze trends by sector through utilization of traditional location quotient analysis and enhancing the approach by bringing in market projection data to identify potential growth sectors, as well as vulnerabilities. Frame the City's economic position by first outlining trends for the region. We will analyze sector growth in the New England region and identify opportunities where the City and region have a competitive advantage.

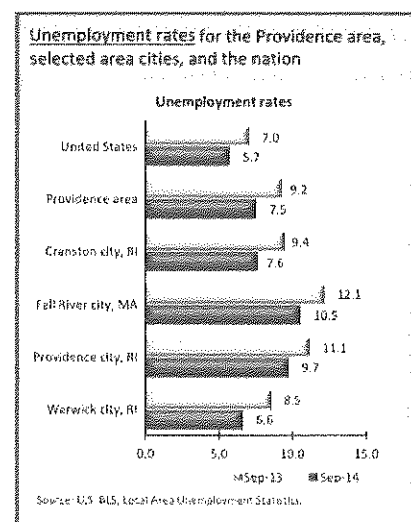
Existing Business Profile: Identify the businesses and industries that are driving growth, positively or negatively. This analysis will explore both dominant employment sectors as well as future economic opportunities that are emerging. Identify and describe any emerging economic clusters. This will include a map of existing firms by location and type for Providence. The map below is an example of what will be provided to help the consulting team and advisory board understand the geography of the firms.



Workforce Structure & Availability: Understand the skills of the workforce because short-term target industry opportunities are related to the people you have now. Because Providence has had prolonged levels of high unemployment and the state as a whole is above the national average, attention will be paid to the characteristics of the employed and unemployed. We are currently completing research that identifies the Providence region as having over 100,000 people that are working as 1099 workers and sole proprietors. These individuals are creating a significant economic impact and little is known about the specific types of work in which they are engaged.

Environment and Land Use: Fourth Economy will seek to align development goals with environmental and land use priorities to ensure a sustainable balance. In particular, the redevelopment of the I-95 site will be considered as it relates to industry target opportunities. What are other real estate opportunities that align with possible industry expansion and recruitment.

In-Depth Analysis of Several Key Opportunity Sectors: Based on the other data analyzed as part of this process, Fourth Economy will choose up to 10 initial industry sectors that are already well positioned, emerging, or potential based on Providence's economy and assets. Because we recognize that economic opportunities do not always follow the traditional NAICS code definitions, we will consider both traditional (e.g. medical services) and non-traditional (e.g. outdoor recreation) opportunities. Our team will provide additional analysis on these opportunities in order to inform the Market Opportunity Identification and Prioritization.

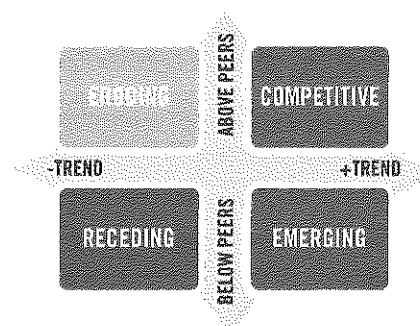


1.5 Competitive Location Assessment

A plan for a competitive assessment is somewhat straightforward. The difference in the Fourth Economy approach occurs when the data is collected and the metrics are evaluated. Beyond presenting the data, Fourth Economy organizes the data to permit analysis.

Fourth Economy will compare Providence's industries and growth to that of the region. Fourth Economy's assessment reveals the advantages and disadvantages for a community and the degree to which "gaps" may exist between their respective economic development goals/objectives and the programs, resources and asset base available to help achieve those goals.

Recommendations then can be strategically targeted toward closing gaps, strengthening successful programs or if needed, altering the goals and objectives. The findings are presented in a "traffic light" model indicating what community factors are either an advantage (Green), a disadvantage (Red) or neither a strength nor weakness (Yellow), for the community relative to their overall development goals and objectives.



Deliverable: Local Economic Analysis Report

The findings of the site visit, environmental scan, economic structure analysis, and competitive assessment will be combined into a Local Economic Analysis Report. The Report will detail economic trends; the relationship between the local and regional economy; existing, emerging, and potential industries; and comparative advantages and disadvantages.

2.0 Target Industry / Market Opportunity Identification and Prioritization

What direction should we go?

The data gathered in the first step is critical to ensuring that the plan is based in a realistic assessment of economic conditions, trends, assets, and capabilities. This step is designed to help the City and its stakeholders create a framework to assist them in moving from analysis to action.

About Market Opportunities

One of the most influential and widely pursued theories in economic development has been the use of industry clusters, or simply clusters, to focus services in a regional economy. This approach allows communities to consider the needs of interconnected firms and define a focus. What it fails to do though is to contemplate potential impacts on these clusters, both positive and negative, by market dynamics. Our approach, which we call Market Opportunity Networks retains the advantages of clusters and reduces the disadvantages. Since 2006 members of the Fourth Economy team have been developing this methodology and demonstrated success with a number of clients including use of this approach in the State of Rhode Island's economic development plan.

Cluster theory made places important again because proximity and reinforcing ties between firms and people were essential for innovation and competitiveness. However, proximity is not always enough to foster stronger ties. Distance matters, but some places and some industries are better able to overcome distance. It is usually assumed that if cluster industries are present together in a region, then they also have some relationships with each other – an assumption that is often not warranted. In our work with regions, Fourth Economy has often found that a business may be completely unaware of local suppliers and partners, and instead works with other firms outside the region either as a result of some legacy relationship or a chance meeting at a convention. Successful regions, regardless of density, are better at forming reinforcing business and personal connections or because the transportation systems, or some other infrastructures, overcome the distance.

Another significant challenge with clusters is that industry classification codes are often used to group firms, which is a very imprecise way of characterizing firms. A big part of the problem is that much of this discussion is focused on the analysis of industries in the cluster and trying to decide whether there really is a gap in the regional cluster or if an industry really belongs to another cluster that is not present in the region. Exploration of what drives both the national and regional structure is essential. Why is the regional mix of industries different? Are the exceptions important? Do they reflect a missing industry or other gap in the value chain, or do they reflect a competitive positioning that is unique and valuable to the region?

Rather than talking about clusters and whether a company or industry is or is not included in the "cluster definition," we focus on Market Opportunity Networks that allow firms to select their participation based on their level of interest as well as their capability to fill a need in a defined market. Market Opportunity Networks also help to prioritize which gaps to fill and build links between groups of firms that can increase the speed to market and attack it at the right scale. Defining Market Opportunities can vary from the business opportunities resulting from a negative market driver such as climate change or from a positive driver such as new consumer demands for products.

A Market Opportunity strategy has to go beyond merely identifying and documenting the firms, jobs and metrics common to cluster studies. To be effective, the strategy must be a network BUILDING strategy. Market Opportunities are the most effective ways to convene, align and unify firms and industries into an active network that is focused and competitive. Convening industry leaders to identify and define potential market opportunities provides a path to quickly get to scale and to provide a unifying focus for a network strategy that is grounded in market opportunities.

2.1 Stakeholder Roundtables

Fourth Economy has extensive experience facilitating stakeholder engagement. Of primary relevance is our work on the Economic Intersections of Rhode Island (also known as Make It Happen 2.0), which engaged more than 200 business leaders and representatives of industry organizations over a series of roundtables to identify potential areas for economic growth. Not only did this experience hone our facilitation skills, it also provided us valuable insight into existing conditions, partnerships, and opportunities. Though that work was statewide in nature, we would bring a lot of existing knowledge to bear and be able to begin discussions with stakeholders at a much deeper and more detailed level.

Stakeholder Roundtables will include Cluster Representatives and others to be selected in consultation with the Advisory Team, but generally include large and small business owners, college and university representatives, public infrastructure (e.g. utilities, transportation) representatives, and public officials. The discussions are intended to serve three purposes:

- Identify major challenges and constraints to business retention and growth
- Identify potential changes to existing programs or partnerships to better support target industries
- Identify market opportunities

We plan for 3 to 4 roundtable discussions. Each roundtable should include representatives from all clusters so that we can identify challenges, potential changes, and opportunities unique to one cluster and common across multiple clusters. The market opportunities roundtable in particular would engage representatives from different clusters in discussions about how they could collaborate.

The format and content for these sessions is customized based on the number of stakeholders and the interests they represent. Generally these meetings are structured yet informal, lasting approximately two (2) hours. We work closely with project managers to determine the best format to inspire conversation and openness from participants.

Market Opportunity Identification

Based on the Economic Analysis and Stakeholder Roundtable findings, Fourth Economy will be in a position to begin to target Market Opportunities. For instance, regional assets, resources and trends will be identified, which may not be readily apparent through statistical data alone, such as, the decision for a manufacturer to locate in the region. This may create a unique opportunity to consider the supply chain that will be required as the manufacturing facility advances to full production. Therefore, during this step, we combine real-time information such as pending expansions or contractions with the quantitative analysis to provide a more robust economic picture and the impacts that may result. Fourth Economy inventories the current state of the industry for a community with the goal of identifying major opportunities and challenges that face various sectors and/or impact their future growth potential.

The Market Opportunity identification will rely on the data gathered in previous steps to determine what may enhance or impede the development goals of the city. This enables project managers to evaluate both goals and strategies. For example, if a goal is to attract or grow industry sector A, yet we find workforce constraints that may impede that goal, the target sector could be changed or strategies implemented to address the workforce issues. While traditional cluster development goals require regional collaboration, other market opportunities may exist that are unique to your city. These types of market opportunities are often more defined in nature and require cross-sector collaboration. Our findings will highlight both types of opportunities. Furthermore, data will be compiled to allow for a closer examination key cluster and market opportunities within the full strategic plan.

2.1 Guiding Principles Development

Though not explicitly asked for in the RFP, our team recognized several important questions inherent in the RFP that could be addressed through the development of guiding principles. For instance, how should Providence balance its resources between creating, attracting, and retaining businesses? Furthermore, what should be the balance of focus between high-growth/high-skill industries and slower-growth/lower-skill industries? The answers to these questions will of course be answered in part by the data, but they will also be answered based on other social, political, or economic priorities. Therefore, Fourth Economy will use the results of the Stakeholder Roundtables, as well as its own understanding gathered through the Economic Analysis, to draft an initial set of guiding principles to which the Advisory Team can react. The Guiding Principles will ultimately help inform which industries are a “best fit” for Providence.

Deliverable: Strategy and Action Plan Framework Report

A Strategy and Action Plan Framework Report will detail the results of the Economic Analysis, Stakeholder Roundtables (including findings associated with major challenges and constraints to business retention and growth), the Guiding Principles development, and the identification of Target Industries / Market Opportunities.

3.0 Specific Strategies – A Strategic Plan

How do we get there?

Fourth Economy will work with project managers and the Advisory Team to integrate all of the data, information, and ideas generated during the first two steps into an actionable strategic plan that outlines detailed actions, partners, marketing strategies, resources needed, and policy implications for each strategy. Whereas most of this information needed to inform the strategies and actions will have been gathered during the first two steps, this step will require additional analysis around the policy landscape and marketing strategies.

3.1 Landscape Review

Fourth Economy will develop a comparative policy analysis for Providence that will also include recommendations to better align policymaking and strategy toward target industries / market opportunities. The Policy Landscape Review will be a key element in determining where Providence's current strengths lie. Fourth Economy envisions a process that will encompass the following toward selecting and prioritizing successful strategies:

Potential for Change

Fourth Economy will determine linkages that currently exist as well as those that could be made to benefit key industry sectors. Programs and partnership opportunities will be identified. These recommendations will be based upon the level of in-state road blocks that exist combined with an analysis on the comparative advantage of key industry sectors. It is not useful to make recommendations that are untenable and have little chance of success.

Alignment with Regional and National Priorities

As we identify recommendations, Fourth Economy will identify where Providence's key assets and priorities link with regional federal funding and policy priorities. With a more aggressive agenda emerging from various federal agencies and commissions, this approach will be key to understanding possible opportunities for alignment.

Competitive Advantage

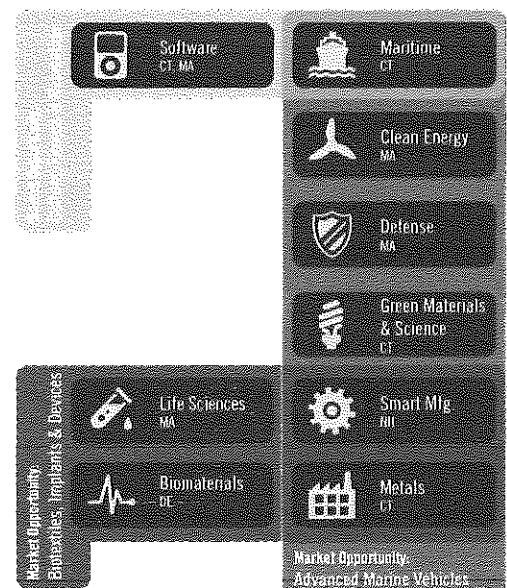
While Fourth Economy will examine key industry sectors, it is likely that not all of these categories will be equally advantageous for Providence to address from a policy, program or funding perspective. Fourth Economy will highlight how the identified sectors stack up against other states in terms of current output and potential output. It will be especially important to play close attention to regional competitors as well as opportunities in the international market. The competitive advantage analysis will feed into the recommendations on a policy, regulatory and financial basis.

3.2 Market Strategy

Fourth Economy is an "end-user" of state and local economic development delivery systems and marketing strategies. We see first hand what works and what falls short. As a result, Fourth Economy experts have a deep comparative understanding of the marketing tools and tactics being deployed across the country. In all our work, we ask our clients, "Competition for new investment is fierce – What sets your location apart from all others?"

The comparative analysis, asset assessment and targeted industry identification will inform the Market Strategy recommendations. As part of this study, we will critique existing websites, social media and print collateral. Fourth Economy will walk through an investment decision process with key economic development staff as identified by Providence officials. This can be accomplished either individually with key economic development officials or as a group. Topics to be examined will include marketing budget allocations, tools, tactics, target customers and programs. Each will be addressed as part of the Market Strategy recommendations.

Linking Market Opportunities to Peer States



3.3 Target Industry Strategy and Action Plan Development

The RFP indicates that the resulting strategies should provide guidance to the City on targeted their programs and partnership, as well as provide a foundation for a full-scale economic development plan. Recommendations will be development within this context, in addition to the input provided during the Guiding Principle development. Even still, there are nearly an infinite variety of target industry strategies. There is no single best strategy that applies to all cities, but for a specific city there are distinct differences in the economic benefits yielded by different strategies. Fourth Economy will determine, in consultation with the Advisory Team, what combination of strategies makes sense for Providence. We will accomplish this by providing key information for the Advisory Team to consider and deliberate on as a group. We find that this process allows stakeholders to engage in problem solving as barriers to supporting these sectors are identified.

Strategy recommendations will be provided in both narrative and chart form. The format will illustrate the level of emphasis and resource allocation that may be required for each recommendation.

Deliverable: Target Industry Strategic Plan

Fourth Economy will produce a complete a first draft of the Target Industry Strategy by June 1, 2015. Fourth Economy will work with the project mangers and Advisory Team to facilitate public review and comments through public meetings or other appropriate forums. With guidance from project managers and the Advisory Team, Fourth Economy will incorporate public comments into the final draft.

Based on the activities above, the final product will document the process, suggesting definitions for your market region, identifying your key regional assets, market opportunities and gaps to be addressed. A critical part of the strategy would be the identification and prioritization of best fit industry clusters/ market opportunities. Each identified industry cluster will include initial recommendations, resources required to support industry growth, tactics for implementation, and the timeline and expected performance/ impact measures.

The final report will be supported with a power point presentation and delivered in person no later than July 31, 2015.

Management Proposal

Identifying Information

1. Fourth Economy Consulting, LLC
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2. Richard Overmoyer, CEO
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412-926-8576

3. Fourth Economy is a for-profit LLC, established in 2010.

4. Federal employer ID number: 27-3315671

5. Project manager: Richard Overmoyer

6. Neither the bidder nor any party named in A.1, A.2, or A.6 (above) is, or was, an employee of the City in the past 24 months.

7. The bidder does not employ or have on their governing board, City of Providence employees or former City employees.