

Outcome Measurement

The following tables may be helpful as your Progress Monitoring Team begins to discuss program goals and the indicators and measures used to track progress toward achieving those goals. We start with some common definitions and then offer examples of indicators that you might use to measure progress. This information should be used as a first step in identifying what is important to the entrepreneurial development efforts in your community and what type of indicators might be helpful in measuring those outcomes. We also organize these indicators into short-term and long-term so that you can encourage realistic expectations about your program's progress.

Outcome Measurement Tracking Tool—Terms

Criteria *Measures employed to support decision making or selection among various choices.*

Indicators *Measures employed to track performance associated with specific actions or a program of work.*

Reach *Relates to the scale of impact associated with an intervention.*

Impact *Relates to the depth of outcome associated with an intervention.*

Capacity Building *Relates to the ability of an initiative to engage in development activity.*

Outcome Measurement Tracking Tool—Short-Term Outcomes (6 to 12 months)

Criteria	Indicators	Discussion
<p>Enterprise Activity</p>	<ul style="list-style-type: none"> ▪ More Entrepreneurs Assisted ▪ Increased Client Engagement ▪ Increased Deal Flow ▪ Better Deal Flow 	<p>Economic development is a long-term activity. Bottom line outcomes only happen over time. Measuring short-term success is problematic. However, there are short-term indicators that can track progress toward ultimate outcomes. An entrepreneurial focused approach centers on specific entrepreneurs and their ventures. Indicators of enterprise activity such as the number of entrepreneurs being assisted, the level of engagement with the entrepreneur, expanding deal flow (private investment into ventures), and the quality of the deal flow are all sound short-term indicators to track progress.</p>
<p>Capacity Building</p>	<ul style="list-style-type: none"> ▪ Focused & Strategic ▪ Move from Reactive to Proactive ▪ Adequate Capitalization ▪ Community Engagement ▪ Resource Articulation into More Rational Assistance System ▪ Expanded Program Team 	<p>Chances are that any community, area or state seeking to build an entrepreneurial focused development program must start with what they have and evolve the program to greater sophistication, impact and reach—capacity building. We believe indicators within this evolutionary process measure whether the program is focused on entrepreneurs' needs and the strategic targeting of resources to entrepreneurship. Many development programs are reactive (e.g., responding to a new business lead or closing). Another measure of program success is when these programs move from being reactive to being proactive, thereby focusing resources on building a stronger entrepreneurial environment and meeting entrepreneurs' needs. Adequate funding of the program is essential and represents another measure. Expanding community engagement, understanding and, ultimately, support are essential for building a better program over time. One clear step is the articulation of available resources into a more rational, accessible, affordable and real-time assistance system for entrepreneurs. Finally, another measure is the development of a program team that is passionate and effective.</p>

Outcome Measurement Tracking Tool—Medium-Term Outcomes (1 to 3 years)

Criteria	Indicators	Discussion
Enterprise Success	<ul style="list-style-type: none"> ▪ Increased Competitiveness ▪ Increased Profitability ▪ Successful Transfers to New Owners ▪ Higher Survival Rates ▪ Increased Startups ▪ More Breakouts to New Markets and Growth 	<p>A big part of economic development is helping firms become more successful so that job creation, tax base expansion and other outcomes can be realized. In rural areas the keys to success begin with creating more competitive venture models that result in higher profitability, growth and reduced failure rates. Other indicators of enterprise success include higher rates of business transfer as aging owners are seeking exit strategies from their businesses. We also measure success with higher new business start-ups and entrepreneurial breakouts. Breakouts are successful businesses that create a more competitive model, enabling them to reach new markets and sustain growth.</p>
Community Success	<ul style="list-style-type: none"> ▪ Broader Career Options ▪ Expanded Employment ▪ Rise in Living Wage Jobs ▪ Expanded Tax Base ▪ Increased Give-Back to Communities 	<p>Economies exist to serve the needs of people within communities. Community success is a second tier of medium-term outcomes we are seeking. For example we typically are seeking job creation from our economic development efforts. But increasingly we are also seeking jobs with attractive career tracks. Educated and motivated rural youth will leave if good career options are not offered by their rural community. The term "quality jobs" has also emerged as a refined economic development goal. We want more than job numbers. We also want jobs that provide living wage incomes. Two other community outcomes include expanded tax base (thereby increasing the ability of a community to meet public needs) and increased give-back (the giving of time, talent and treasure to charitable causes).</p>
Organizational Success	<ul style="list-style-type: none"> ▪ Stronger Development Organization ▪ More Sophisticated Development Agenda ▪ Increased Volunteer Engagement ▪ Larger Budget ▪ Sharper Strategic Focus 	<p>In years 1 through 3 we are still creating capacity to engage in entrepreneurial focused economic development. A number of mid-term measures of organizational success include building a stronger development organization that can evolve a more sophisticated agenda. Such organizations inherently require more volunteer human talent, larger budgets for staff and programs, and an ever sharper strategic game plan.</p>

Outcome Measurement Tracking Tool—Long-Term Outcomes (3 years or larger)

Criteria	Indicators	Discussion
Creation of Rooted Wealth	<ul style="list-style-type: none"> ▪ Increased Assets Per Household ▪ More Equitable Distribution of Assets ▪ Presence of Community Endowments and Philanthropic Giving 	<p>The long-term outcome of economic development investments should be the creation of rooted wealth. Measuring wealth is challenging, as appropriate and readily available secondary data are scarce. However some information is generally available, including asset property values (often by type such as residential, commercial, etc.) from state property tax databases. Information on assets per household can only be estimated using an indicator such as residential assessed value of property per household, for example. Income is also a limited indicator, as wealth per household is typically higher when higher income levels are sustained over time. Finally, with a little work, <u>community endowments and philanthropic giving can be measured locally.</u></p>
Sustainability	<ul style="list-style-type: none"> ▪ Increased Diversity of Businesses in Economy ▪ Increased Competitiveness of Businesses ▪ Increased Local Ownership 	<p>Sustainability is an ecological concept suggesting environmental systems are robust and stable with a capacity to handle shocks (such as droughts). Sustainability can also be employed with economic and social systems. For example, an area economy with a wide range of business types is generally more sustainable when compared to a single industry town. Other indicators can include the competitiveness of the economy based on industry type and firm competitiveness, as well as the level of local ownership of firms.</p>
Smart Growth	<ul style="list-style-type: none"> ▪ Sustainable Development ▪ Fits Scale of the Community ▪ Minimized Disruptions 	<p>Smart growth suggests a bias. Actually smart growth refers to an emerging development approach that ensures growth is managed, intentional and beneficial to a broad segment of the community. Rapid or unplanned growth can be damaging to the social fabric of communities and fundamental quality of life.</p>
Constituency	<ul style="list-style-type: none"> ▪ Informed of Economic Development Strategies ▪ Engaged in Developing and Implementing Strategies ▪ Supportive with Time and Resources 	<p>Our democratic system, as well as market economic system, is based on an informed, engaged and supportive constituency. Active engagement of the residents of a community in economic development and community affairs is fundamental to the achievement of other long-term outcomes.</p>