

Recommendations for Economic Development Action through Delaware's Division of Small Business

April 2018

Prepared by

Troy Mix, Christopher Kelly,
Sean O'Neill, and William McGowan

Institute for Public Administration

School of Public Policy & Administration
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In coordination with

Division of Small Business
Department of State
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Preface

As the director of the University of Delaware's Institute for Public Administration (IPA), I am pleased to present *Recommendations for Economic Development Action through Delaware's Division of Small Business*. Funded by the Division of Small Business within Delaware's Department of State, this report provides recommendations to assist the Division in carrying out their business and economic development support mission. These recommendations were developed through extensive research and community outreach, and they reflect a widespread desire for the Division to focus on developing a transparent, equitable, and vibrant economic development ecosystem through collaborative action.

IPA is committed to supporting business and economic development efforts across Delaware. It is my sincere hope that this report provides the Division of Small Business with a roadmap for identifying and carrying out strategies that enhance the capacity of Delaware's businesses, entrepreneurs, and communities to foster long-term economic growth and development.

Jerome R. Lewis, Ph.D.

Director, Institute for Public Administration

Acknowledgements

The authors of this report would like to thank the Division of Small Business for supporting this work. This report could not have been completed without Division leaders commissioning this research and the entire Division taking a sincere interest in charting a path forward for the Division of Small Business amidst a shifting State approach to economic development in Delaware.

Many thanks are also due to the stakeholders and business owners who engaged with the project team throughout this process. Their keen insights on the state of small business development and support services in Delaware provided valuable data for this research and planning effort.

Additionally, the authors are very thankful for the research assistance provided by IPA Undergraduate Public Administration Fellows Hannah Barr, Nicholas Konzelman, and Gerard Weir and Graduate Public Administration Fellows Lauren Barkachy, Chris Czepiel, Starmanda Duker, Anna Keleher, Rachael LaBattaglia, Jeff Martindale, Betsey Suchanic, and Eli Turkel. Research contributions by Ellen Harpel, Ph.D., of Business Development Advisors, were also integral to the development of this report. Finally, we greatly appreciate the editing and report design assistance provided by IPA staff members Lisa Moreland and Sarah Pragg.

In short, this project depended upon the dedicated efforts of numerous contributors committed to enhancing Delaware's business and economic development ecosystem. We are thankful for the opportunity to work on a project so crucial to the future of Delaware's businesses and communities, and we hope this report provides a valuable public service in focusing future business and economic development efforts.

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Charting a Course for Delaware's Division of Small Business

Background

Governor Carney called for a rethinking of Delaware's approach to economic development with the signing of Executive Order #1 on January 18, 2017. Pursuant to this order, Delaware's Economic Development Working Group recommended creating a public-private partnership to enhance the state's ability to attract, grow, and retain companies; build a stronger ecosystem for entrepreneurship and innovation; and support employer efforts to identify, recruit, and develop talent. The June 30, 2017 signing of House Bill 226 resulted in the creation of the Delaware Prosperity Partnership and the transformation of the Delaware Economic Development Office (DEDO) into the Division of Small Business.

Situated within Delaware's Department of State, the Division of Small Business (Division) began a two-part organizational planning process in summer 2017—1) policy research to understand the landscape of small business trends, conditions, and support services in Delaware, and 2) public engagement to solicit feedback from small business and economic development stakeholders, public and nonprofit sector representatives, and Delaware residents and business owners on current and potential business and economic development activities in Delaware.

Working in partnership with the University of Delaware's Institute for Public Administration (IPA), the Division gathered and analyzed research on small business and economic development conditions in Delaware and surrounding states; inventoried the organizations and programs serving business development needs in Delaware; and heard from business owners, state and local government officials, and business support organizations about how the State can best lead and support economic development efforts across Delaware.

This report offers a summary of IPA's recommendations for the Division's path forward. The remainder of this section includes a proposed mission statement, a recommended set of guiding principles for the Division's business and economic development activities, and a series of recommended goals to structure the Division's organizational design and short- and long-term plans for action. Subsequent sections provide details on these goals, with proposed strategies, actions, and general timelines outlined for each.

Collectively, these sections outline a flexible framework for organizing and implementing business and economic development activities through the Division of Small Business. The exact suite of action items pursued should be responsive to the natural trial-and-error learning

experience of implementation. However, the action items pursued should reflect the mission and guiding principles ultimately adopted by the Division.

Key Findings from Research and Engagement

The proposed mission, guiding principles, and goals for the Division of Small Business respond to the challenges and opportunities reflected in the following key findings from policy research and public engagement efforts:

- **Partners in place, but better coordination needed** – An inventory of business support services identified 73 service providers offering approximately 275 programs to Delaware-based businesses. Stakeholders identified the creation of an authoritative and well-designed point of entry to business support services as critical for minimizing duplication of effort and business frustration.
- **Smaller staff heightens need for a coordinated approach to economic development** – The Division of Small Business is roughly half the size of the former DEDO. Stakeholders made it clear that effective action by the Division will depend upon partnerships and collaboration to magnify the impacts of staff efforts. With a smaller staff in place, the Division will need to focus on the pursuit of shared “wins” among economic development partners.
- **Big business legacy with small- and medium-sized opportunities** – Delaware maintains a significant corporate legacy, with large enterprises accounting for a greater than average share of employment in the state. National forecasts point to small businesses as a primary source of future net job creation. Efforts to build a robust support system for businesses of all sizes and ages hold considerable promise for maximizing the growth opportunities of new and existing small- and medium-sized enterprises while balancing the needs of large, incumbent firms and potential transplants to Delaware.
- **It depends where you live and who you are** – There are more businesses of all sizes in New Castle County than there are in either Kent or Sussex Counties. However, small businesses account for substantially larger shares of the economic activity in Kent and Sussex Counties than they do in New Castle County. Further, minority and women business owners in Delaware account for a smaller share of total employer firms and employees than they do nationally. Beyond these surface-level statistical disparities, public engagement highlighted the need to carefully consider the different needs and opportunities associated with particular geographic, demographic, and cultural settings in Delaware. One-size-fits-all economic development approaches should be avoided.
- **Long-term, transparent approach preferred** – Stakeholders tended to view the rethinking of Delaware’s approach to economic development as an opportunity to commit to a long-term vision for development and move away from an approach

perceived to be focused on short-term wins. In line with this thinking, stakeholders expressed a desire that the Division of Small Business be as transparent as possible in reporting on their program and resource commitments.

Proposed Path Forward

Recommended Mission Statement

To connect businesses, communities, and individuals with the resources and partners needed to create and sustain wealth, spur commerce, and foster economic opportunity across Delaware.

Recommended Guiding Principles

The Division of Small Business should seek to spur economic activity that would not otherwise happen or might be hampered without public investment of time and resources.

Implementation of its mission should be guided by the following five principles:

Principle 1. Committed to a Long Game

The Division of Small Business recognizes that adopting a broad and long-term approach to economic development can set the stage for more sustainable growth in jobs and wages than a short-term, deal-focused approach can. The foundation of this approach is the recognition that most new economic opportunities in Delaware are likely to result from the efforts of businesses or residents that already call the state home. Further, while job creation is an important measure of economic development success, a short-term, single-minded focus on winning development projects can be counterproductive and contribute to fleeting gains in the form of footloose industries that have few lasting ties to Delaware's economy.

A long-term approach to economic development seeks to build and retain wealth by ensuring Delaware's communities, residents, and businesses—of all types and in all locations—have the capabilities needed to absorb, attract, develop, or enjoy the benefits of increasingly higher-quality job or business opportunities. Job creation will accompany this long-term effort, and the Division of Small Business should promote and monitor job creation. However, the Division should also focus on and measure many of the elements that make job creation and retention possible in the first place—a robust ecosystem of business support services, adequate infrastructure, viable local markets, skilled workers, effective and efficient state and local government actors, and quality places to live, work, and play. Success will depend in part on the adoption of a longer time horizon for considering the return-on-investment (ROI) of economic development efforts—short-term, project-based job and tax revenue impacts will happen, but the rush to maximize these outcomes should not crowd out longer-term time commitments and investments needed to nurture the capacity of Delaware's existing businesses, communities, and entrepreneurs to create and expand upon homegrown opportunities.

Principle 2. Responsive to Community Needs and Opportunities

Delaware is not a single economy and one-size-fits-all approaches to economic development will fail to meet the particular needs of many businesses and residents. Delaware's urban, rural, and suburban communities offer a wide variety of market opportunities and challenges to businesses and entrepreneurs, just as manufacturing, retail, and service businesses depend on different customers and benefit from different types of development assistance. While certain business types will gravitate to particular locations based on market requirements, all business types depend on quality environments to thrive. The characteristics of a quality business environment may include factors such as quality of life and place, sufficient infrastructure, commercial district amenities, access to a trained workforce, and transportation options. Some communities will need assistance in many of these areas to be viewed as viable places to do business, while others will have evident strengths that offer significant opportunities.

To understand local development needs and opportunities and effectively support efforts to address them, the Division of Small Business will need to coordinate ongoing engagement activities with communities statewide. These engagement activities may take a variety of forms, but they should all be undertaken with the aim of monitoring local development conditions, surfacing needs and opportunities, and, as appropriate, leveraging public- and private-sector resources to address these local concerns.

Principle 3. Partnering for Business and Economic Development

The Division of Small Business should seek to maintain, enhance, and establish new project-based and broadly-defined partnerships with entities such as business assistance service providers, county and municipal governments, housing and community development organizations, chambers of commerce, and training and workforce development organizations. Partnerships address a fundamental fact of economic development practice—no one organization can hope to bring to bear all the expertise and resources needed to spur long-term economic development. Attempts to “go it alone” can muddy the waters by creating separate strategies and projects where more holistic approaches could have been more effective. By embedding a commitment to partnerships in the Division's approach to business and economic development, the aim is to create an environment where the needs of businesses and communities—not the capabilities of any one organization—drive the resources applied to business and economic development initiatives.

Principle 4. Access for All

The Division of Small Business should serve as a resource for all businesses, communities, and individuals seeking to create economic activity in Delaware. As such, the services and resources the Division makes available for business and economic development purposes should be clearly defined and publicized. Further, this access should go beyond ensuring simple awareness of program offerings. Small businesses and groups such as residents of low-income

communities and minority-, veteran-, and women-business owners often have needs that are not met adequately by traditional economic and business development programming. For example, small businesses in low- and moderate-income communities may be smaller than the typical business served by a particular support program. This mismatch of programming and service needs can exacerbate inequities and may contribute to outcomes such as lower rates of entrepreneurship among minorities and less positive outcomes for the Delaware communities they call home.

To ensure that the particular needs of all Delawareans are met, the Division of Small Business should commit to monitoring business and economic development conditions affecting a broad cross-section of Delaware's businesses and residents, including women-, minority-, and veteran-business owners, low-income communities, and businesses of various sizes and industry types. As appropriate, tailored programming should be developed to meet evident needs.

Principle 5. Transparent and Accountable

Recognition as a trusted and valuable partner for economic development requires communication about how staff and financial resources are invested in development efforts, how these efforts impact economic conditions, and how practices are changed in light of evaluation. The Division of Small Business should commit to generating broad public awareness of its mission and the resources and programs available to support business and economic development efforts in Delaware. Further, the Division should commit to documenting, evaluating, and publicly reporting on investments of staff and financial resources in support of business and economic development. These efforts should be aimed at demonstrating stewardship of public resources devoted to economic development, ensuring businesses and communities know about available development programs, and providing opportunities to adjust these programs based on results.

Goals

Goal 1. Nurture Distinct and Viable Economies Statewide

To understand and act on the particular needs and opportunities of small businesses, industry sectors, and communities statewide.

Goal 2. Provide a Place to Start

To connect existing and prospective businesses with the right resources at the right times to maximize the potential for identifying and realizing development opportunities in Delaware.

Goal 3. Support a Robust Ecosystem for Business and Economic Development

To nurture and support networks of programs, partner organizations, and economic development professionals that enable long-term, context-sensitive approaches to business growth and locality development across Delaware.

Goal 4. Develop and Communicate an Accountability Framework

To establish, monitor, and communicate clear expectations for and evaluations of Division activities and outcomes.

Goal 5. Harness Internal Collaboration for Implementation

To organize and manage Division staff in ways that maximize progress on organizational priorities.

Goal 1. Nurture Distinct and Viable Economies Statewide

To understand and act on the particular needs and opportunities of small businesses, industry sectors, and communities statewide.

In order to create an environment that recognizes and best serves the needs of the diverse range of businesses, communities, and individuals that call Delaware home, the Division of Small Business should implement the following three strategic initiatives:

1. Establish regular community listening sessions focused on business and economic development.
2. Carry out long-term, meaningful, and robust engagement with Delaware's communities.
3. Promote and enhance business support and advocacy activities.

Delaware's urban, rural, and suburban communities—along with the businesses and industries that operate in these environments—face distinct development challenges such as finding sufficient and properly-outfitted space; navigating zoning, permitting, and licensing requirements; recruiting and retaining a quality workforce; and ensuring the local market is viable for supporting particular businesses from market-size and quality-of-place standpoints. Apart from geography, the particular characteristics of individual business owners and entrepreneurs also play a role in determining exact needs for business development. Whether due to historical disparities in access to capital or workforce participation, or contemporary differences in backgrounds and experiences, groups like women, minorities, veterans, and individuals from low- and moderate-income communities tend to face distinct challenges and opportunities as small-business owners and entrepreneurs.

The Division should seek to engage a broad range of community stakeholders in order to identify and respond to the particular needs of businesses, individuals, communities, and local governments differentiated by factors such as geography, demography, income level, and industry. While the Division should work to support both the most and least advantaged communities in Delaware—along with communities somewhere between these extremes—it should be expected that more investment of staff time and resources will be necessary to work on the development of viable markets in places that are currently less conducive for private investment and entrepreneurship. Overnight success cannot be expected in areas that lack significant economic advantages, but efforts to increase the viability of these challenging environments for business activity should bear long-term fruit in forms such as enhanced quality of life for residents, more jobs, higher incomes, and more revenue for state and local governments.

The initiatives outlined in this section provide a guide for carrying out the robust, long-term community engagement needed to understand the particular needs of Delaware's businesses

and communities and provide for a feedback mechanism to help the Division best target and enhance its business retention, expansion, and development efforts.

Recommended Short-Term Actions

1. Use “Open for Business” events as a model to stage community listening sessions for business and economic development. While “Open for Business” events should continue, they serve primarily as a way to showcase the offerings of business support organizations. Community listening sessions would bring together business, government, and community stakeholders in distinct settings to engage in conversations on topics related to local and regional opportunities and needs relative to economic development and regulatory process improvements. Division staff could, as appropriate, convene these sessions and invite state, local, private, and nonprofit partners. Initial meetings could be framed around data-driven discussions of the state of business and economic development conditions in the host communities. For both “Open for Business” and community listening sessions, the Division should work with partners to identify strategies for making these events more accessible, such as scheduling at various times throughout the day and rotating event locations within and across the counties.
2. Use long-standing and newly established committees to engage in regular, meaningful community discussions with representatives of groups faced with distinct business development challenges and opportunities, such as women-, minority-, and veteran-business owners and low- and moderate-income communities.
3. Task Division staff with developing and maintaining expertise in the navigation of local government regulations, policies, and procedures relative to business development and licensing approvals. As appropriate, coordinate these efforts with the Government Information Center’s work to upgrade Delaware’s One Stop Business Registration and Licensing System so that the State offers a unified front in providing businesses with guidance on regulatory and licensing requirements.
4. Catalogue and promote the Division’s business support and advocacy activities so that available Division of Small Business services are clearly communicated to all Delaware businesses, individuals, and communities. In particular, the Division’s business support activities should be promoted through the virtual portal called for as part of Goal 2.

Recommended Long-Term Actions

1. In concert with business and economic development partners, the Division should develop and implement enhanced and re-focused programming as needed to address challenges identified through community engagement activities.

2. In coordination with a statewide network of local economic development practitioners, produce and regularly update reference materials on economic development-relevant processes in Delaware that can be used by business owners and the Division's resource partners. Consider producing a "Doing Business in the First State" document on a regular basis to provide a guide to major economic development processes and an updated list of contact persons.
3. Use information from ongoing community engagement activities to continually refine and enhance small business support and advocacy activities in light of their effectiveness for and responsiveness to the wide range of businesses and communities that call Delaware home.
4. Consider using the flexibility of Delaware's Strategic Fund to create programs targeted at persistent business and economic development needs identified through community engagement activities.

Implementation Challenges

1. Meaningful engagement takes time to bear fruit and depends upon considerable trust. Slow starts and missteps are inevitable, and these already formidable challenges are likely to be exacerbated by factors such as language and cultural differences.
2. It will be a challenge to ensure that the Division's time and resource investments afford all areas of the state and all business types with equitable access to State resources available for economic development.
3. Long-term engagement efforts will no doubt conflict with calls for the Division to troubleshoot constituent business and economic development concerns in on-demand fashion. The Division should put safeguards in place to ensure that staff time, generally, and community engagement commitments, more specifically, are not overwhelmed by these demands.
4. Community engagement may stretch the capabilities of current staff and, at a minimum, substantial partnerships may be required to implement the engagement initiatives called for in this report.

Goal 2. Provide a Place to Start

To connect existing and prospective businesses with the right resources at the right times to maximize the potential for identifying and realizing development opportunities in Delaware.

In order to create a business-friendly ecosystem, provide businesses with a place to start, and serve as *Delaware's Front Door for Business Support*, the Division of Small Business should implement two strategic initiatives:

1. Develop an accessible and comprehensive virtual portal for business support services.
2. Build and use a business relationship database to track and monitor business interactions with and outcomes resulting from Delaware's business support network.

Businesses seeking to startup in, relocate to, or develop in Delaware have access to numerous assistance programs and service providers. However, there is no single, authoritative source of information on these assistance programs. Further, stakeholders engaged in this planning process identified frustrations associated with navigating the landscape of business support providers and programs in Delaware. The inability for business owners and entrepreneurs to access the right resources at the right times could discourage, delay, or derail the development of business opportunities in Delaware.

Delaware's Division of Small Business should leverage technology and trained staff to *provide a place to start* for businesses and entrepreneurs seeking support services. To achieve this goal, duplication of effort must be minimized. Instead, the Division should seek to support and coordinate the existing, and often longstanding and highly capable, efforts of Delaware's business support service providers, resource partners, and government agencies.

In support of a robust network of business entities, Delaware's Division of Small Business should be recognized as the welcoming and knowledgeable entry point for existing and prospective business owners seeking access to a wide variety of business development resources—business planning assistance, information on regulatory and licensing requirements, educational and networking opportunities, financial support, or technical assistance to access new markets or develop new business capabilities. While the Division represents a resource for businesses in its own right, this goal focuses on connecting businesses to the right resources at the right time, regardless of who provides those resources.

Recommended Short-Term Actions

1. Draft and release a request for proposals (RFP) for:
 - a. Development of a virtual portal including an interactive database of service providers; calendar of educational and networking events available statewide;

- and inventory of federal, state, and local government and non-governmental financial incentive and capital acquisition programs.
 - b. Development of a business relationship database that can be used to monitor and track service referrals, monitor progress through the business support process, and identify gaps in the business support network.
2. Select and work collaboratively with a highly qualified firm to fulfill tasks laid out in RFP. In order to maximize efficiencies from the creation of a portal, coordinate this work with the Delaware Prosperity Partnership and ongoing efforts to upgrade Delaware's One Stop Business Registration and Licensing System and re-design the Division's website.

Recommended Long-Term Actions

1. Ensure Division staff receive necessary training related to navigating the virtual portal, entering information into the business relationship database, and utilizing information to identify service gaps.
2. Engage in long-term coordination of service providers and other resource partners within the ecosystem, including establishing procedures for updating virtual portal information and convening regular meetings of resource partners to review ecosystem health and impacts.
3. Use data from the business relationship database and engagement with service providers to identify opportunities for offering enhanced and re-focused business support services in Delaware.
4. Update portal with additional features such as an intuitive, searchable database of municipal, state, and federal regulations.

Implementation Challenges

1. Recommendations will require Division staff members to develop, maintain, and build on strong working relationships with service providers and resource partners statewide.
2. The virtual portal will need to be marketed extensively to ensure business community awareness.
3. Strategies will need to be developed to assist communities that lack access to technology or face other barriers such as literacy, language skills, or poverty.
4. The value of the portal depends upon excellent service provision—mechanisms should be put in place to ensure resources featured in the portal offer quality and timely service to businesses.

Goal 3. Support a Robust Ecosystem for Business and Economic Development

To nurture and support networks of programs, partner organizations, and economic development professionals that enable long-term, context-sensitive approaches to business growth and locality development across Delaware.

In order to maximize the effectiveness of business and economic development actions across Delaware, the Division of Small Business should implement two strategic initiatives:

1. Convene a statewide economic development advisory committee.
2. Nurture the efforts of small business support and assistance organizations.

Stakeholders engaged during this research and outreach process repeatedly pointed to the value of adopting an ecosystem approach to business and economic development in Delaware. Well-functioning ecosystems for business and economic development depend on the presence of multiple interrelated factors, including access to capital, business planning support and mentorship services, adequate infrastructure, supportive public policy, networking opportunities among businesses and development organizations, and a talent pipeline that supplies businesses with an appropriately skilled workforce.

No one organization can or should be responsible for all economic development action, and local actors often know community needs best. Ecosystems function well when a variety of economic development entities, business support organizations, and businesses and entrepreneurs themselves contribute their talents and resources in ways that advance business and economic development.

The Division of Small Business should serve as the connective tissue in an evolving Delaware ecosystem for business and economic development. Functioning as connective tissue, the Division would keep an unwavering focus on the overall health of Delaware's economy and its businesses while supporting, partnering with, and motivating businesses, support organizations, and fellow economic development agencies.

The implementation of recommendations in this report depends on productive and ongoing collaboration with a coordinated network of service providers, businesses, and governments. To this end, the strategic actions outlined for this goal seek to provide a guide for the Division's stewardship of Delaware's ecosystem for business and economic development.

Recommended Short-Term Actions

1. Create a new committee, or adapt an existing one, such as Delaware's Comprehensive Economic Development Strategy (CEDS) committee, to serve as a standing, statewide

economic development advisory committee that provides a forum for identifying and acting on strategic opportunities for business and economic development in Delaware.

2. Develop procedures and a meeting schedule for the advisory committee. As a starting point, categories for discussion and action may include potential regulatory and licensing efficiencies, infrastructure and economic development data needs, and business and economic development priorities statewide and at the local level.
3. Continue to provide relevant data on Delaware's economic performance on at least an annual basis, with a focus on developing and disseminating datasets that support practitioner work on economic development at the local level.¹ As appropriate, these data should be incorporated into the Division's required annual report.

Recommended Long-Term Actions

1. Continue to convene meetings of the statewide economic development advisory committee.
2. Partner with the economic development advisory committee and other economic development stakeholders and business support professionals to establish and support a statewide association for professional economic development practitioners.² The association would provide opportunities for professionals to enhance their knowledge and skills, promote sound economic development policies, and encourage partnerships and networking among individuals committed to developing jobs and capital in the state.
3. Identify, promote, and make use of national and regional resources for economic development professionals such as the [International Economic Development Council](#) and the [Council for Community and Economic Research](#). As appropriate, encourage Division staff and practitioners statewide to seek certification through organizations such as these.
4. Institutionalize a process to use ongoing community outreach and performance metrics from the virtual portal for business support services to identify gaps in small business assistance and economic development programming.

¹ These data would supplement those provided in the "Delaware Data Book" but be more focused on assessing economic performance at the state and local levels and guiding strategy development on the part of the Division and its partners. Performance data would be similar to the information provided in past DEDO Annual Reports, with the advisory committee providing guidance on desirable content. Data items could include major industries in the state and its regions, demographic characteristics (past, present, and future) of different regions, non-farm employment, overall labor force characteristics, unemployment rates, median home sales prices, median household incomes, number of residential and/or commercial building permits issued, advertised employment opportunities by sector, active registered businesses, and monthly or quarterly economic outlook reports for selected areas.

² The Maryland Economic Development Association (MEDA) and Pennsylvania Economic Development Association (PEDA) provide examples of organizations that might be modeled. More information can be found at <https://www.medamd.com/> and <https://www.peda.org/>, respectively.

5. Address identified service gaps and opportunities as prioritized by Division leadership.

Implementation Challenges

1. Creating an advisory committee focused on economic development could be seen as adding an additional layer of bureaucracy and recruiting and retaining members could be challenging. Care must be taken to ensure the organization functions as a valuable forum for communicating and coordinating on economic development issues. In short, grand planning efforts should be avoided and an emphasis should be placed on quickly identifying potential areas for collaboration and working to demonstrate wins from initial efforts.
2. Maintaining strong membership in a professional economic development association in Delaware could prove challenging. As such, association goals should be broadly defined and membership should be solicited from groups such as chambers of commerce, Main Street organizations, industry associations, business service providers, the Division of Small Business and other economic development organizations, and housing and community development and workforce development organizations.

Goal 4. Develop and Communicate an Accountability Framework

To establish, monitor, and communicate clear expectations for and evaluations of Division activities and outcomes.

In order to be accountable for and transparent in the use of public resources for business and economic development, the Division of Small Business should implement the following three strategic initiatives:

1. Develop and adopt a performance framework that demonstrates the connections leading from the Division's activities to desired business and economic development outcomes.
2. Identify, track, and communicate progress on a comprehensive set of performance measures relative to this model.
3. Aim for full disclosure of the Division's program and financial activity while maintaining legal and regulatory compliance and a reasonable expectation of business privacy.

The rethinking of Delaware's approach to economic development presents an opportunity for recommitting to transparency in and accountability for business and economic development actions and outcomes. This section details three major initiatives proposed in order to establish the Division of Small Business, and Delaware more generally, as a leading practitioner of transparent and accountable business and economic development.

First, the Division of Small Business should construct and communicate a clear narrative outlining what resources the Division intends to invest for business and economic development purposes; what activities will be undertaken; what organizations and sets of stakeholders will be engaged in these activities; and what outcomes are expected from these efforts. Initially, this narrative should take the form of an overview performance framework in graphic format, such as a logic model, that outlines the connections among inputs and desired outputs and outcomes across the entire range of the Division's activities. Over time, the creation of more detailed frameworks based on the activities of the Division's units and the goals of special initiatives may be desirable. These frameworks and narratives should help the Division to inform the public and elected and appointed government officials of activities; provide a base for evaluating the Division's efforts; and serve as a tool for motivating and assigning Division staff to work on specific programs and initiatives.

Second, the Division of Small Business should commit to building a comprehensive economic development performance dashboard that collects and reports on numerous indicators of economic trends and conditions in Delaware that are relevant to the Division's mission and

activities.³ Over time this comprehensive dashboard should be supplemented by initiative-specific dashboards, such as ones focused on tracking conditions facing minority-, veteran-, and women-business owners. While initially used to supplement the Division's required annual report to the Legislature, these metrics should eventually be hosted on an interactive website.

A key part of dashboard creation will be the selection of metrics to monitor relevant economic trends and program progress. At a minimum, the selected metrics should include those required for the Division's annual report—unemployment rate, average annual wage, gross domestic product, number of jobs created, and number of jobs retained. Other metrics should be selected based on factors including data availability and quality and relevance to the mission and programs of the Division of Small Business.

Chosen metrics should reflect both program outcomes—i.e., those outcomes that can be directly linked to Division activities based on the involvement of particular businesses, communities, or individuals in Division programming—and economic outcomes—i.e., broad economic indicators that cannot be totally attributed to Division activities but should be used to monitor the need for and long-term effectiveness of Division efforts.⁴ The 2017 Center for Regional Economic Competitiveness (CREC) report, "[Redefining Economic Development Performance Indicators for a Field in Transition](#)," presents a variety of program and economic outcome measures in the areas of job quality, business formation and growth, next generation competitiveness, and sector, demographic, or geographic focused measures of business dynamics. Division staff tasked with developing the performance dashboard should review the CREC report for insights on which metrics to select and how to organize them.

Third, the Division of Small Business should aim for full disclosure of program and financial activity while maintaining legal and regulatory compliance and a reasonable expectation of business privacy. This initiative will require clarifying Delaware Code requirements about the confidentiality of firm- and individual-level data, including what can be shared publicly and what can be shared on an inter-agency basis to allow for evaluations. Since information on firm

³ As part of the research for this report, IPA engaged an economic development consulting firm, [Business Development Advisors](#) (BDA), to investigate leading state programs that measure and report on economic development conditions and progress. BDA identified the Tennessee Department of Economic and Community Development's (TNECD) "Performance Metrics Dashboard" as a "best practice for making quality economic development information publicly available and accessible." The metrics featured and presentation design and layout should be considered as the Division works to develop its own dashboard. In particular, the [Long Term Objectives](#) tile presents status information on desired long-term economic outcomes including unemployment rates, income levels, capital investment, and job creation. The [Rural & Community Development](#) tile presents information on grant funding to rural areas from state and federal sources, as well as reporting on downtown revitalization efforts through Tennessee's Main Street initiative. Similarly, the [Business Development](#) and [Entrepreneurship](#) tiles provide information on program activities and outcomes and general economic trends in these topic areas, with the [Economic Inclusion](#) sub-section within the Entrepreneurship tile providing an example of a dashboard that monitors the prevalence and distribution of minority-, veteran-, and women-business owners.

⁴ See "Redefining Economic Development Performance Indicators for a Field in Transition," July 2017, <http://creconline.org/wp-content/uploads/2017/07/Redefining-Economic-Development-Performance-Indicators-for-a-Field-in-Transition-CREC-2017.pdf>, p.4.

performance may require access to unemployment insurance and income tax records, continued close collaboration with the Departments of Labor and Finance will be needed to make progress in this area. The [State Data Sharing Initiative](#) website and companion 2017 report, "[Improved State Administrative Data Sharing: A Strategy to Promote Evidence-Based Policymaking for Economic and Workforce Development](#)," provide resources, including model approaches in other states, to expand the use and sharing of administrative data for transparency and evaluation purposes in Delaware. Desirable activities related to this initiative could include reporting Strategic Fund investments and outcomes in an easily accessible, online format; creating summaries of assistance provided and jobs, wages, or capital investments supported by categories such as geography, demography, and industry sector; and using IMPLAN or similar input-output analysis tools to generate periodic assessments of direct, indirect, and induced economic and revenue impacts resulting from the Division's programmatic investments.

Recommended Short-Term Actions

1. Identify contact persons for major Division of Small Business program and activity areas and post these contacts on the Division's website.
2. Design and adopt an overall performance framework for the Division of Small Business that demonstrates the connections between resource inputs, outputs, and desired program outcomes.
3. As part of the Division's performance framework design process, develop a series of measurable goal statements and post these on the Division of Small Business website to provide the equivalent of an "About" page explanation of the Division's aims.
4. Review economic development dashboard examples and decide on the desirable qualities of and metrics to be included in a dashboard for the Division of Small Business.
5. Engage with the newly formed Delaware Prosperity Partnership to explore the possibility of designing and maintaining a joint dashboard to monitor economic development performance.
6. Continue to collaborate with the Departments of Labor and Finance to investigate the feasibility of more robust sharing and evaluation of business performance data.

Recommended Long-Term Actions

1. Begin assembling data necessary for an economic development dashboard and include these data in the Division's required annual report, along with the newly adopted performance framework.
2. Begin designing and assembling data for dashboard components that track conditions and program outcomes related to minority-, women-, and veteran-business owners and county and local geographic areas.

3. Maintain and update the overall Division of Small Business performance framework and consider development of detailed frameworks for each unit and major program area.
4. Incorporate Division of Small Business program and activity contact information into the virtual portal recommended as part of Goal 2.
5. Design, build, and maintain a Business and Economic Development Dashboard as part of the Division's website.
 - a. Incorporate dashboards for tracking conditions and program outcomes relative to minority-, women-, and veteran-business owners and county and local geographic areas.
 - b. As special projects and initiatives arise, develop customized dashboards to report on economic conditions and progress.
 - c. Use the web dashboard as the basis for generating annual PDF reports on major outcome areas.
 - d. Consider supplementing the dashboard by launching and populating a "Story of Impact" section on the Division's website. This section would present qualitative stories of the Division's impacts, such as testimonials from program partners and participants and relevant news articles.
6. As feasible, begin reporting strategic fund and other programmatic investments and outcomes by geography, demography, and industry sector.
7. Investigate the feasibility of launching an online, investment tracker database that would allow for easy public access to the details and outcomes of programmatic and financial assistance administered by the Division.⁵

Implementation Challenges

1. Continued close collaboration with the Departments of Labor and Finance needed to investigate the possibilities to use business data for enhanced transparency and evaluation purposes.
2. Significant staff resources needed to launch and maintain the economic development performance dashboard.

⁵ See the Pennsylvania Department of Community & Economic Development's Investment Tracker for an example of such a database, <https://dced.pa.gov/programs-funding/investment-tracker/>.

Goal 5. Harness Internal Collaboration for Implementation

To organize and manage Division staff in ways that maximize progress on organizational priorities.

In order to maximize the impacts of Division of Small Business activities on business and economic development outcomes in Delaware, the Division should consider adopting three principles for managing staff efforts:

1. Committing to a shared mission with shared wins amongst Division staff and its units.
2. Letting talent and organizational priorities—not the existing structure of the Division—dictate the distribution of work and organization of teams within the Division.
3. Adopting a norm of internal reporting and accountability amongst the Division’s staff and units.

Organizations exist because, on their own, individuals tend to be unable to harness the knowledge, skills, and abilities necessary to address a variety of complicated tasks. As this report should make clear, Delaware’s Division of Small Business faces a number of complicated economic development tasks. While a relatively large DEDO could accommodate several functionally distinct units within it, the smaller Division of Small Business may find such an approach challenging to implement successfully.

As currently organized, the Division consists of leadership positions and four units: 1) Small Business & Entrepreneurial, 2) Small Business & Development, 3) Business Finance, and 4) Tourism. These separate units could continue to serve the valuable functions of communicating priorities to clients and external partners and distributing tasks internally; however, the recommendations in this report require efforts that cut across the knowledge, skills, and approaches that characterize the staff assigned to these units.

In essence, substantial teamwork will be necessary to implement the recommendations in this report. The exact character of this teamwork should be determined by Division staff and leadership. In these deliberations, consideration should be given to the potential value that internal reorganizations could bring for implementing the Division’s mission. Guided by the three principles above, the remainder of this section outlines a potential path forward for ensuring that Division staff work in a cohesive and coordinated fashion.

Action Items for Consideration

1. Engage Division leadership and staff in a process to reach agreement on a shared mission to guide all Division activities. Translate this mission to specific tasks at the unit level.

2. Continue to create regular opportunities for Division staff to update one another on project and program activities and outcomes.
3. Develop and implement strategies for fostering collaboration across units within the Division.
4. Continue to invest time in at least annual team-building events that focus on reinforcing the need for internal collaboration and recommitting to the Division's mission.
5. Develop cross-training opportunities in order to build in opportunities to learn about and gain greater appreciation for the work of fellow Division staff members.
6. Continue to minimize duplication of effort by relying upon a centralized approach for carrying out strategic communications and financial management functions.
7. Continue to expand collaborative efforts beyond the Division, with an initial focus on developing effective relationships with the Delaware Prosperity Partnership and relevant units within the Department of State. As appropriate, formalize organizational relationships through the development of agreements like memorandums of understanding.

Implementation Challenges

1. Strong leadership will be needed to reach agreement on a new mission for the Division of Small Business.
2. Short-term demands on staff time (i.e., "putting out fires") will tend to distract from the need to collaborate and remain mission-focused. Leadership must ensure processes are in place to provide the time and space for making long-term progress on organizational priorities.



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