

Central Ohio's Comprehensive Strategy for Economic Development

Columbus2020!

regional economic growth strategy

Updated July 2010

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Executive Summary

“What are you guys doing here? You have more assets than we ever had. Get back on your plane, fly back to Columbus... just do it ... and don’t complain about the weather!” That is what former North Carolina Gov. Jim Hunt told 20 community leaders from Central Ohio when they visited the Research Triangle area of North Carolina. He reminded us that economic development isn’t about a single community, but rather a region. The key message was simple: Go get started!

This visit was part of an effort of the Columbus Partnership, Columbus Chamber of Commerce and The Ohio State University joining with many people and groups in the region – including more than 500 community leaders – to improve economic development in Central Ohio. They identified Central Ohio’s key assets and challenges, visited peer cities, built a detailed fact base about Central Ohio’s current economic-development efforts, and developed a clear, thorough case for regional change. The North Carolina trip was one of several site visits that the team took in the spring of 2009 to understand the best practices, pitfalls and journeys of other communities that transformed their own economic development approach.

The good news is that Central Ohio has a solid foundation of leading corporate, academic and research institutions, which has continued to grow. We have retained high-profile companies, like NetJets, and our corporate profile contains a solid mix of successful Fortune 1000 companies – one of the highest concentrations of large corporations in the United States. Regarding education and research, we have one of the largest concentrations of college students in the country (second only to Boston) and some of the best research capabilities in the country – anchored by The Ohio State University, Battelle, Chemical Abstracts and a robust health-care community. Finally, our quality of life is second to none with the nation’s No.1 zoo, library and science museum, as well as many other civic assets.

However, a trio of issues threatens these strengths. We lack a common aspiration and shared vision about how to achieve that aspiration, our collaboration is too limited and we fragment our resources. The result is simple, yet daunting: sub-optimized efforts. We grow, but grow low-paying jobs faster than the national average. Many site consultants (professionals who advise companies about where to locate) describe Columbus with terms that have negative connotations, e.g., a “rust belt” location with “high union concentration.” Our education and research efforts do not pay off – too many of our college students move to other regions and we lag behind other cities in translating innovation into commercial applications. Finally, government and nonprofit budget realities in a tough economic climate endanger many of the elements that make up our quality of life.

In many respects, our challenges are more difficult to face and overcome because we are not in “crisis” -- our river is not burning, a lifeline industry has not collapsed and our downtown is not decaying. When crisis occurs, it provides a reason to change. Our issue is radically different: Central Ohio requires aggressive action to ensure that we remain one of the best places to live, work and play in America. As a result, the need for broad-based support of the case for change is more difficult to achieve but even more critical to success.

Given this situation, we have made Columbus 2020! a community-wide effort, one which, during its development, engaged more than 500 community leaders and is now led by a team of community members representative of public, private and academic institutions from throughout the region. This commitment to collaboration and coordination makes Columbus 2020! different than many past efforts, which did not have the benefits of feedback and broad enthusiasm.

We firmly believe that reaching Central Ohio's economic-development goals will take the efforts of all members of the community – from the largest corporations to the smallest owner-operator business, from The Ohio State University to community colleges, from state government to small community townships and from the city of Columbus to regional communities. For this to happen, each stakeholder must understand what is at stake, the path forward and the role that he/she plays. As a truly community-developed initiative, Columbus2020! will take a collaborative, deliberate and purposeful approach to every step of the process.

Feedback is one of the most important elements in collaboration. The thousands of community leaders we engaged to syndicate our initial strategy consistently aspired to ensure our region's continued prosperity. They highlighted the need to reverse the trend of per-capita income, be inclusive in our approach to economic development and better organized, set high goals and hold ourselves accountable and develop a consistent, positive image about ourselves. They also strongly reinforced North Carolina Gov. Hunt's words: "We must go do it, now."

The result of all this effort and community input – Columbus 2020! – is not just a vision for the future of economic development in Central Ohio, but also a detailed strategic plan about how to get there, and a federation of organizations dedicated to the success of the effort. Whether this plan meets its goals depends entirely on how much the community – and each individual – participates, not only now, but for years to come.

Why do we call this initiative Columbus2020!? "Columbus" underscores that the region's collective success depends on two things: the prosperity and national marketing recognition of its major city, the third-largest state capital in America, and a belief that we will prosper or decline as a region, not as individual cities. "2020" recognizes that we are embarking on a decade-long effort – economic transformation and economic development do not occur throughout months and years, but rather decades. We must be diligent; economic development is not a single project or activity, but rather a host of initiatives that create a culture of sustainable development over the long-term. We must be deliberate and accountable and think long-term. "!" because we are one of America's greatest communities and are passionate about our home!

We must set clear targets and share them and the progress we make each year. Our aspirations are bold and our plan for achieving them is aggressive. Columbus2020! aspires to develop 180,000 net new jobs utilizing the region's strong corporate, academic and public-sector presence, increase personal income by 40 percent (\$15,000) and become recognized as one of the national leaders in economic development by 2020.

We will measure our progress each and every year and share it publicly, as well as put additional detailed measures in place to ensure we stay on track.

To reach our goals, Columbus2020! will continue to develop an aggressive strategy for the region's economic development. This strategy will be reshaped and evolve each year based on feedback about economic and community events. Its four major pillars of activity include: the retention and expansion of **existing businesses** and industries that call Central Ohio home, the **attraction** of major employers to establish operations in Central Ohio using world-class marketing efforts, the **creation** of more commercial enterprises by leveraging our tremendous research assets, and the support of **civic infrastructure** and political conditions that enhance the economic-development environment. To hold people accountable and ensure results, Columbus 2020! proposes to consolidate fundraising, establish metrics and allocate resources based on performance and priority of economic outcomes.

Columbus2020! will be a federation of organizations, including the Columbus Chamber of Commerce, TechColumbus, the Columbus Partnership, The Ohio State University, Battelle, city and county leaders from throughout the Central Ohio region and leading private sector entities – each of which are responsible for a part of the strategy. Columbus2020! is governed by a broad public, private and academic partnership. Because no one sector can do it alone, we must all work together. This partnership is responsible for driving the broad community strategy and establishing metrics and accountability toward that strategy, as well as obtaining the resources needed for execution. It will also, along with the community, monitor and track our effort toward our bold goals of 180,000 net new jobs and a \$15,000 (40 percent) increase in personal income. The community will judge our success.

Success never comes without a price. Successful execution requires meaningful investment. In addition to realigning operational funds that are already in place, we estimate that we need to raise an incremental \$25 million to 35 million over five years. This money will fund the expanded operations and increased performance ability of Columbus 2020!. We have benchmarked these operating costs with comparable investments and comparable efforts of other successful cities. The money must not come solely from our largest corporations; our region's small to midsized businesses and the public sector must contribute heavily as well.

At the end of 2009, multiple organizations gave concurrence that the high-level Columbus2020! strategy is the right plan for economic development. 2010 is now about transition and preparation for 10 years of execution against that strategy. Accordingly, we have established a team of professionals from the region (the Transition Team) who are doing the critical work to establish the Columbus2020! Board, raise funds and flesh out strategies so that we can be fully functional by 2011.

As the team continues to push us forward, we will send out monthly progress updates, outlining our key *successes*. Please visit our website at Columbus2020.org to become an email recipient of these reports.

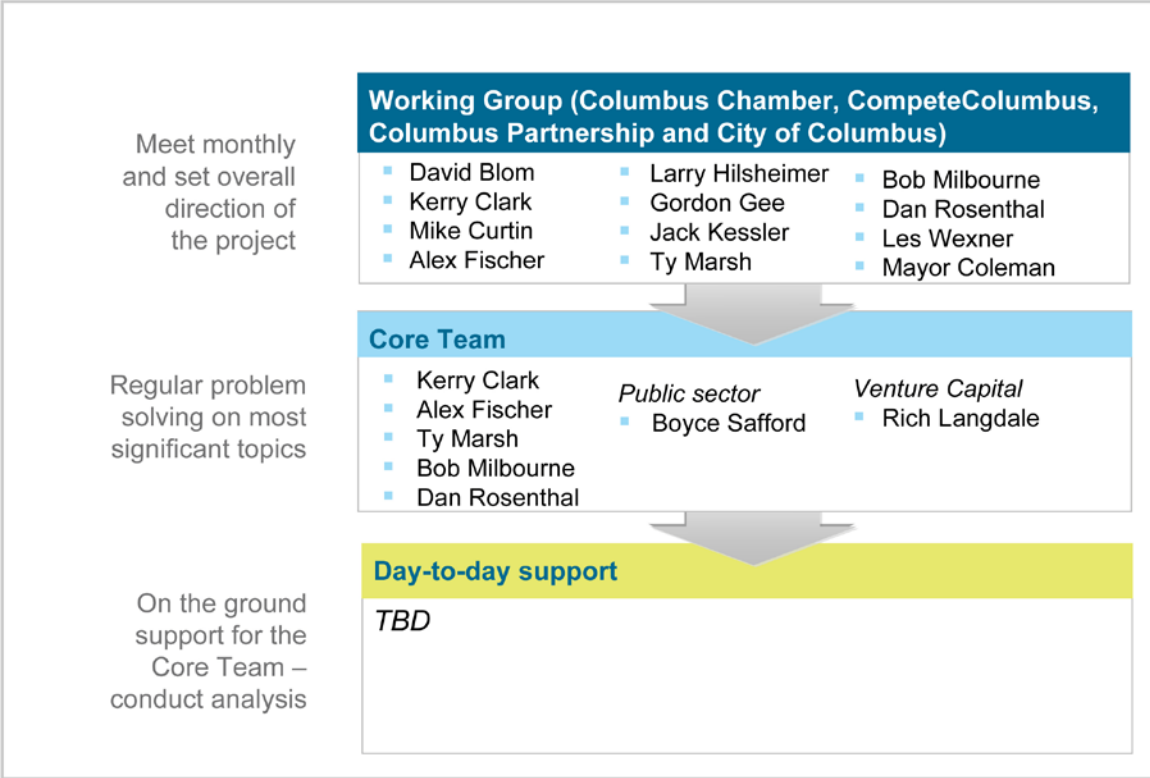
We look forward to reporting continued progress on our journey!

Background and Approach

Launching the Effort

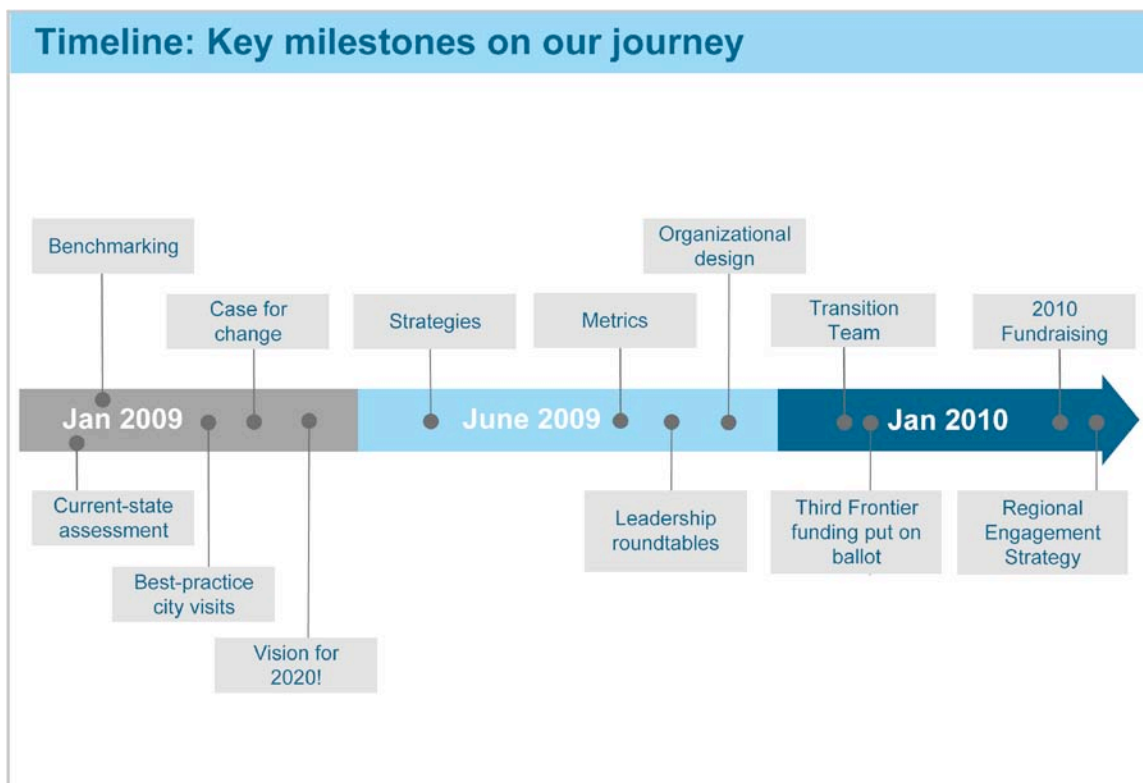
In late 2008, a group of community leaders, which included representatives from the boards of directors of the Columbus Partnership, the Columbus Regional Chamber of Commerce and Compete Columbus, launched an effort to review central Ohio’s economic development. Several challenges faced this initiative, including:

- No widely agreed-upon aspiration for what the region should become, with a resulting lack of clear goals and accountabilities
- Many legacy, fragmented, unaligned economic-development strategies with unclear roles and responsibilities that greatly lessened the impact of previous economic development efforts
- Inadequate resources for the most basic economic-development strategies
- Difficulty receiving consistent funding from the business community and failure to fully leverage government and private investment funding
- Intense competition from similar regions that are actively pursuing economic development



In January 2009, representatives from these groups formed a small Steering Committee to provide overall direction and initiative oversight. A day-to-day working group of leaders from within the Steering Committee developed findings and recommendations. The working group comprised Robert Milbourne of the Columbus Partnership, Ty Marsh of the Columbus Chamber, Alex Fischer, at that time representing Battelle, Dan Rosenthal of NetJets and Kerry Clark of CardinalHealth.

This day - to - day group undertook five phases of work. It first gathered data by 1) developing a detailed fact base about the current economic development landscape in Columbus, and 2) identifying best practices by visiting comparable regions. It then started to develop and refine its findings by 3) developing recommendations that would address the region’s economic development challenges, and 4) facilitating small-group discussions with key business leaders while 5) hosting broader leadership roundtables to share the findings and seek community feedback, 6) to gain concurrence by the stakeholder organizations about the final strategy. The group is currently 7) mobilized to complete the transition in 2010 as the Transition Team.



A Collaborative Approach

Each of the phases has drawn in a larger, broader part of the community. Throughout the effort, we have emphasized the importance of a regional effort. We defined the Central Ohio region as the counties encompassed in the Columbus MSA, which include Licking, Fairfield, Pickaway, Madison, Union, Delaware and Morrow counties.

In the first phase – developing a robust fact base – we gained an understanding of the myriad of organizations involved in Central Ohio’s economic development (defined as activities that are directly linked to job creation and income), their resources, roles, responsibilities and strategies, as well as the region’s sources of and uses for economic-development funding. We also examined the effectiveness of key efforts and developed a sense for best-practice efforts in comparable metropolitan areas.

Collaborating closely with the Columbus Chamber, the Ohio Department of Development and Columbus Department of Development, we interviewed more than 30 organizational leaders and collected data from more than 40 organizations. The information we discussed covered their missions and strategic initiatives, funding, FTEs, community relationships and board composition.

In March and April 2009, we shared our initial findings with the Steering Committee, the Columbus Partnership Board, the Executive Committee of the Columbus Chamber Board and the board of CompeteColumbus – In all, approximately 30 community leaders. These groups encouraged us to continue our work and develop a perspective about “best-practice approaches” to economic development in similar communities.

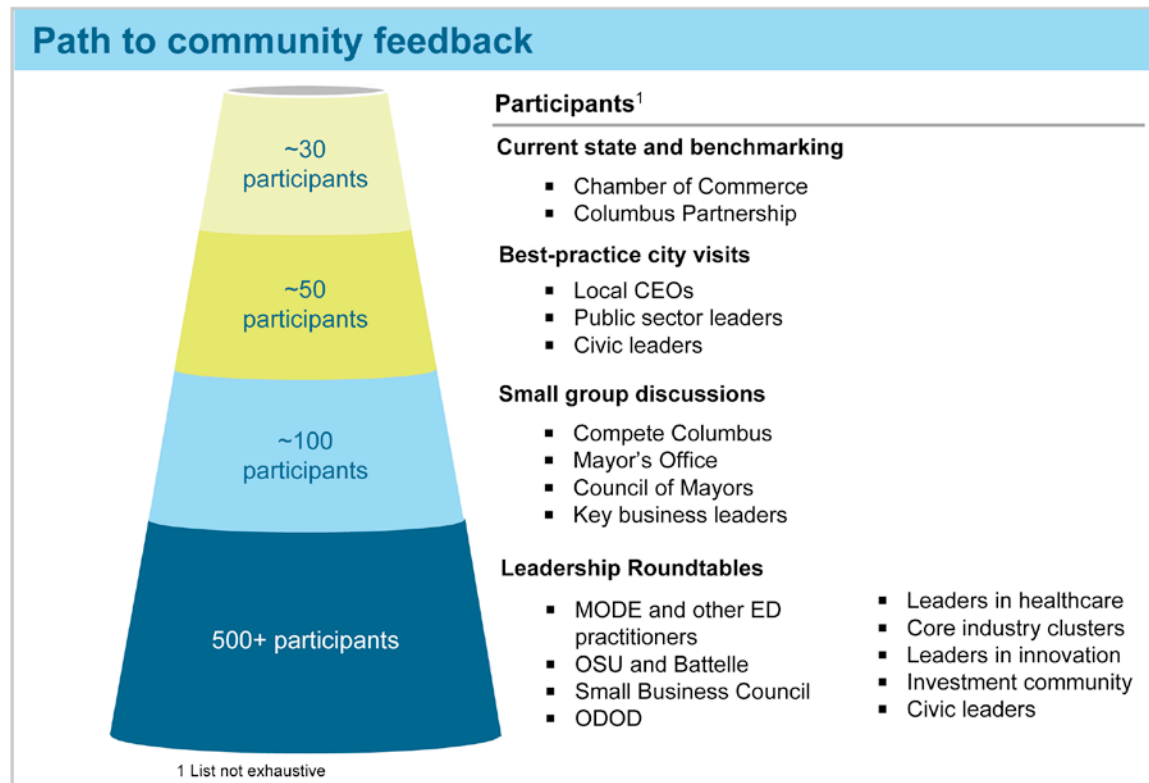
In April and May, we visited communities that had been carefully selected for their current or past similarities to Columbus’ situation. These visits, which focused on understanding and experiencing a “touch and feel” for other regions’ efforts, allowed us to bring in public-sector representatives. In selecting regions, we also considered the distinctiveness of their approach and organization models, in order to give Columbus leaders a wide variety of options to consider. Each of the final regions selected also had active and ongoing economic-development reform efforts. From an initial list of more than 30 potential regions, six were chosen for further research and site visits. These were Nashville (Nashville 2010), Indianapolis (Central Indiana Corporate Partnership, or CICP), Pittsburgh (The Allegheny Conference), Austin (Opportunity Austin), Minneapolis (The Itasca Project) and Raleigh-Durham (Research Triangle Park, or RTP). In each of these regions, the working team interviewed key stakeholders and gathered extensive data during their visit.

Following this initial-visit research, the working team chose three regions for visits and hosted the leaders from two other regions in Columbus. We expected that these visits and discussions would share and emphasize the key learnings, best practices and transformational journey each region experienced. Columbus attendees of the site visits extended beyond the Steering Committee and working team; they included community leaders such as the Mayor of Columbus. We believed it was imperative that a broader set of community leaders share in the experience. Approximately 15 to 20 people attended each visit or event. In total, approximately 50 people from the Columbus region attended at least one of the events, whether it was locally hosted or a site visit.

The quality of the representatives in each of the visited cities was important – and impressive. Among those presenting from the comparable regions were CEOs (such as Michael Dell of Dell, Brad Anderson of Best Buy, and Jim Goodnight of SAS), elected officials (such as Austin Mayor Will Wynn, Minneapolis Mayor R.T. Rybak, and North Carolina Gov. Jim Hunt), academic and civic leaders (such as UNC President Erskine Bowles and former Vice President Walter Mondale), and economic development practitioners (such as CICP CEO Mark Miles, Allegheny Conference CEO Rick Stafford, and the Carnegie Mellon School of Public Policy).

The event leaders in attendance interacted with peers from other regions both formally and informally. Every event had a formal presentation by the local community leaders, an open question-answer session and a tour of some of the region’s key economic-development assets.

Once the visits and local events were done and the key learnings captured, we shared the findings with the boards of the Columbus Partnership, Columbus Chamber and Compete Columbus – approximately 100 community leaders. Small-group discussions also took place, both with the public sector (Mayor Coleman and staff and Gov. Strickland and staff) and the academic sector (Dr. Gordon Gee and staff and Chancellor Fingerhut and staff). To broaden input, a series of roundtable discussions were held to engage the community in the discussion about the learnings and create the case for change. All of these activities would, in turn, help as we started to create the regional vision, mission and strategies for Columbus2020!



A prominent community member hosted each roundtable and reached out to 15 to 20 additional community stakeholders, including representatives from academia (e.g., students, professors), the public sector, nonprofit sector and business sector. The hosts introduced the effort and discussed their reasons for personally supporting the initiative. More than 25 events occurred, hosting more than 500 community leaders and stakeholders. An e-mail survey helped to continue engaging each participant, as well as the use of a social-networking site on LinkedIn. We used commentators' feedback and insights to adjust our strategy and planning.

This "business case" document is a way to continue to share the view for our region's future and get even more input from the community.

Summary of Findings

Strong Historic Growth and Regional Assets

For the past 20 years, Central Ohio has enjoyed steady, sustained growth in both personal income and employment. Since 1980, income per capita has outpaced national and state averages by 14 percent and 9 percent, respectively. Many state leaders have commented that Columbus has sustained the rest of Ohio – e.g., employment increased 30 percent faster than in the rest of the state. Columbus is in a strong position as the 15th-largest city in the United States and the third most populous state capital. The city's success compared to others is so pronounced that it routinely prompted the question of where Ohio would be without the region's strength.

An impressive set of regional economic assets have both driven and been the result of this growth. Central Ohio now boasts 15 Fortune 1000 companies among seven distinct industries – **one of the highest concentrations of large corporations in the United States.**



These businesses generate nearly \$225 billion in annual revenues and along with the rest of the region's 40 largest employers including the state and city government and the Ohio State University (OSU), employ more than 20 percent of Central Ohio's labor force. They include Abercrombie & Fitch, AEP, Battelle, Big Lots, Bob Evans, Cardinal Health, Greif, Hexion Chemical, Honda, Huntington Bank, Nationwide Insurance, Limited Brands, Mettler Toledo, Retail Ventures, Scott's, Wendy's and Worthington Industries. Many of these leading global corporations, such as Cardinal Health and The

Limited Brands, were created locally within the past generation. These companies are a true differentiator for Columbus.

Columbus is also one of the world's leading research hubs. Federal and privately sponsored research accounts for nearly \$750 million spent annually for research at The Ohio State University. As a Top Ten research institution, it is in the same prestigious company as MIT and Stanford with leading research programs in chemical engineering (ranked No. 1 nationally), material sciences (No. 3 nationally) and mathematics (No. 6 nationally). How good is its research? So good, that OSU ranks second nationally in industrially sponsored research, second only to Duke.

In addition, Central Ohio is home to two of the world's leading private-research institutions. The Battelle Memorial Institute is the world's largest private-research organization, with an annual research budget of more than \$5 billion. With a growing international presence, Battelle operates seven national laboratories for the United States government where it manages two-thirds of the nation's energy research. Not only that, Battelle has won more of the prestigious R&D 100 awards than any other organization in the country except General Electric. Chemical Abstract Services (CAS) provides the world's largest and most current collection of chemical and related scientific information from Columbus, Ohio.

The private-research and innovation strength in Columbus, when paired with the strong corporate foundation, is helping it become one of the fastest-growing innovation hubs in the nation. Organizations like TechColumbus have recently helped solidify Columbus' position as the “**No. 1 up-and-coming tech city in the United States**” according to *Forbes*, based on its support for entrepreneurialism and an effective positioning of Columbus as a technology hub of activity. The real question is, “Which of the companies that Tech Columbus is incubating today will be the leading corporation in the region tomorrow?”

With 26 colleges and universities, including the largest university in the United States, it is not surprising that Central Ohio has the **second-largest concentration of college students in the country** (second only to Boston). These talented students represent a future workforce for the region. When these students stay in the region, it is because Central Ohio has a great deal to offer in terms of job opportunities. In fact, Delaware County was recently listed as the “2nd-best place to get ahead” by *Forbes* for its high job and wage growth.

Columbus' health-care system is world-class, constantly receiving glowing public reports, *US News & World Report* has recognized The Ohio State University Medical Center as one of “America's Best Hospitals” for 16 consecutive years, while *Fortune* recently ranked Ohio Health as the 19th-best place to work in America. Nationwide Children's Hospital has now secured its place as one of the 10 largest children's hospitals and pediatric research centers in the country. Mount Carmel Health System has also received national recognition for the quality of its care and patient satisfaction. Our medical community is poised to become even healthier in the coming years, with more than \$3 billion in new investment already committed to its medical facilities.

Columbus also has a remarkable civic infrastructure. The public assets begin with three No. 1 nationally ranked public institutions: The Columbus Zoo and Aquarium, the Center of Science and Industry (COSI) and the Columbus Metropolitan Library. These leading organizations are among a broader group of renowned museums and theatres that create a rich tapestry of cultural institutions such as the Wexner Center for the Arts, the Columbus Museum of Arts, the Franklin Park Conservatory and CAPA - The Columbus Association for the Performing Arts.

Spectator sports are central to our community with two major league franchises (the Columbus Blue Jackets of the NHL and Columbus Crew of the MLS) and one minor-league franchise (the Columbus Clippers minor-league baseball team). The region also hosts one of the PGA tour's largest, most prestigious annual events -The Memorial Tournament, hosted by Jack Nicklaus at his Muirfield Village Golf Club. This is one of four "Top 100" golf courses in the region, which has one of the highest concentrations of "Top 100" courses anywhere. And let's not forget Division I sports at The Ohio State University – a football team that is consistently ranked in the Top 10 and has won the national championship seven times, and a men's basketball team that has reached 10 Final Fours and won one national championship. And The Ohio State University does not just win on the sporting field, it also boasts two Nobel laureates, 10 Pulitzer Prize winners and has recently set the new land-speed record for a hydrogen-fueled car at more than 300 mph.

Our community fabric isn't just about sports. It offers a host of other choices, ranging from civic festivals and events such as the nationally known Red, White and Boom!, the Ohio State Fair and the Arnold Sports Festival, to the newly established Pelotonia bike race featuring Lance Armstrong. No matter one's personality, there is something for everyone. Who wouldn't enjoy a stroll through a city district like Short North, the Arena District or German Village – one of the largest historic districts in the United States?

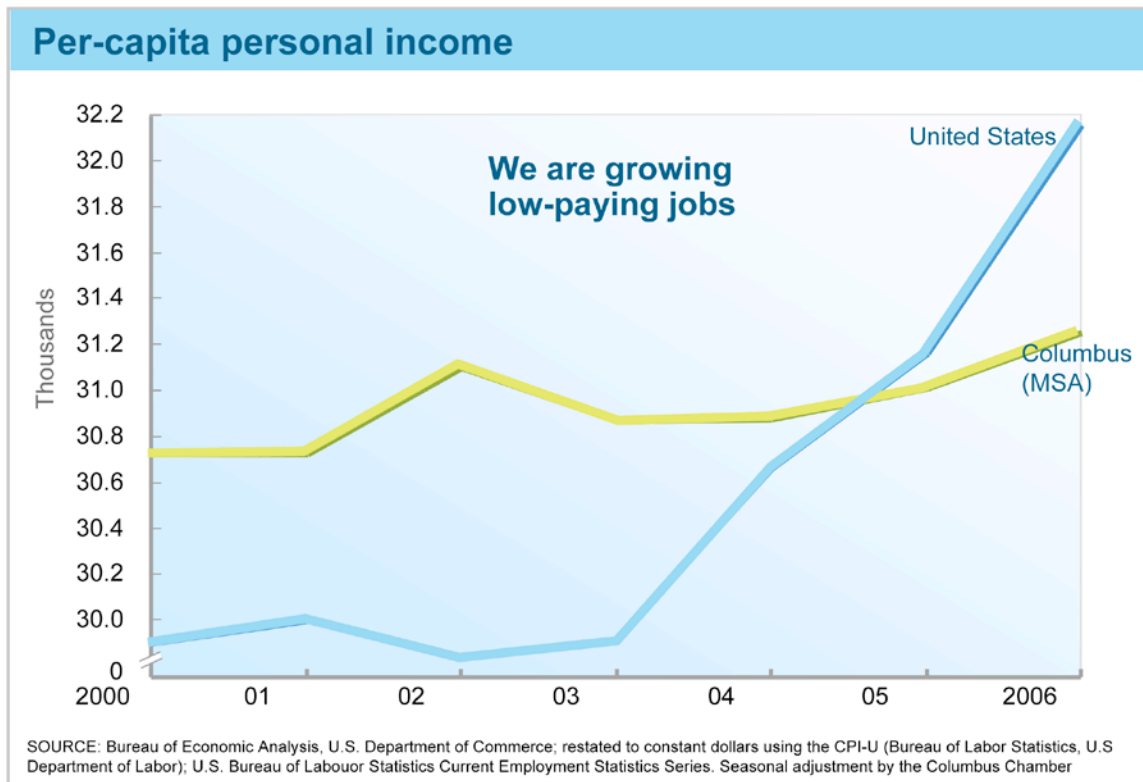
The Columbus region continues to invest in its community; its Scioto Mile, Metro Parks, community downtowns, key infrastructure improvements and bike trails are just a few items from the long list that makes Columbus one of the most dynamic metropolitan areas in the United States. With such a strong collection of civic and other assets, it is no wonder that *Money* magazine has consistently called Columbus one of the "**Best places to live in America.**" It's also no wonder why roundtable participants consistently said what they love best about Columbus is the fact that "It's a great place to live, work and play with a distinctively open culture of business, diversity and lifestyles."

Serious Economic Challenges

Our region faces serious economic challenges on multiple fronts – from job growth to innovation to funding to branding.

Growing low paying jobs

While job growth is a big challenge facing Central Ohio, the types of jobs available are an even bigger issue. Although we have continued to grow, the relative prosperity of our past 30 years has eroded as the region has developed lower-paying jobs. In 2002, Central Ohio's per-capita income was nearly \$1,500 more than the national average – a position of strength in the Midwest. In less than 10 years, that position of strength has evaporated and now we stand nearly \$1,000 less than the national average. The Columbus MSA is now second-to-last in income per capita, only better than Detroit among major Midwestern metropolitan areas. This trend is projected to continue and worsen as the gap widens and the rate of change increases between Columbus and the U.S. income per capita now until 2016.



This problem affects nearly every facet of our economy. The current global economic downturn is simply exacerbating a long-term trend that places increased strain on public funding. For Ohio and Columbus, the crisis is very real: The State of Ohio faces a multi-billion dollar structural budget deficit, while the City of Columbus itself faced a \$110 million shortfall before courageous leadership fixed the problem during the short-term. Had the region matched the national income-growth trajectory, it is likely that we would not have faced a shortfall at all. The long-term implications are far from over.

Economic stress on core industries and civic infrastructure

Central Ohio is already feeling the impact of the economic crisis. Several of our core industries of transportation-related manufacturing and logistics have been among the hardest hit. Honda and GM have dramatically reduced capacity in the region, airport traffic at Port Columbus has decreased more than 12 percent from 2008 and our Fortune 1000 companies have been reporting record losses. But the impact stretches far beyond commercial – it also affects quality of life. Reduced funding is forcing everyone in the nonprofit community to make massive budgetary cuts as they simultaneously face increased demand for their services. Public services like trash collection, recreation centers and even the police force must deal with reductions in public funding. Even our hometown hockey heroes, the Columbus Blue Jackets, confront serious economic challenges that jeopardize their continued presence in our region.

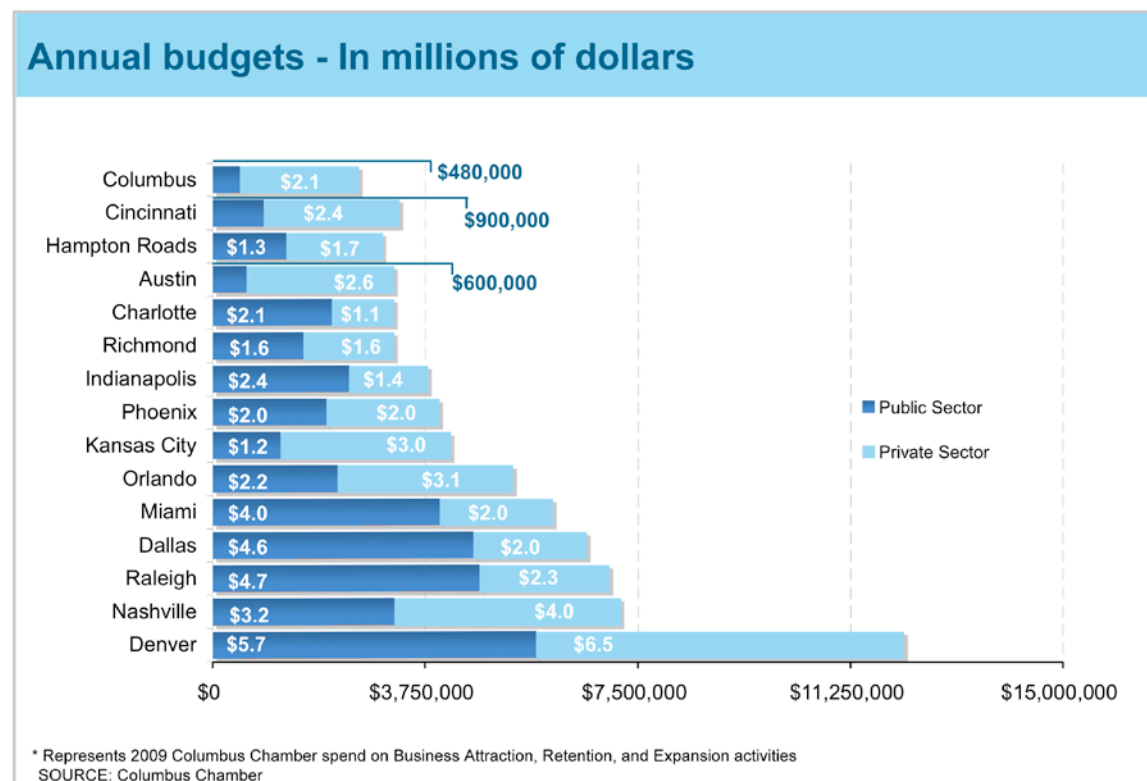
Too few innovation-based new ventures

The region has historically been ineffective and inefficient about finding ways to commercialize its incredible research capabilities and entrepreneurial ideas – whether by generating patents or by increasing the number of start-ups and new enterprises. In the private sector, the region’s total R&D

spending is the least among comparable regions. Patents are another measure of innovation. The Ohio State Center for Entrepreneurship shows that OSU lags nearly all peer institutions in patents- per-research dollar. From 2001 to 2005, OSU generated only 43 patents per \$1 billion in research, compared to a weighted average of 65 patents-per-research dollar among other institutions. Its commercialization income lags almost all peer institutions. From 2001 to 2005, the region generated an average of 99 patents-per-\$1 billion, or nearly 400 patents less than the 497 patents generated in comparable regions – only about 20 percent as many. Beyond innovative new companies from OSU, our region has failed to spur “corner store start-ups”. Comparing new business starts relative to population growth, Columbus lags comparative regions by at least two times as much and by four times as much with Minneapolis; our region has only six starts-per-thousand people in Columbus versus 24 starts-per-thousand people in Minneapolis between 2003 and 2006.

Strain on economic development funding

Today we spend approximately \$2.6 million for the operational funding of economic-development activities in our region. When we compare this to the benchmark regions, we are significantly below average. Simply put, we are far from having the execution muscle that can aggressively drive us into the future. The most important investment in economic-development activity is from the private sector, as it fuels investment in the personnel, tools and programs required to execute and win. Private funding also includes cash investment. We have to dramatically increase our private cash investment in economic development operations if we want to meet our goals. For example, private economic-development funding in Columbus comes primarily from the largest companies in Central Ohio. Austin, by contrast receives a substantial portion of private economic-development funds from smaller companies.



We must increase our public-sector funding – and make better use of it. This funding, which is drawn from the taxes everyone pays, represents the majority of economic-development funds in any community. However, it is mostly a non-cash investment and is often volatile. When made, it occurs in two primary ways: tax abatements that provide incentives for companies to develop in an area and grants to organizations.

The following facts provide specificity. The Ohio Department of Development (ODOD) is the largest contributor to economic development in the region, with \$60 million or approximately 34 percent of the total public investment. Although it contributes a great deal in aggregate, its program-specific funds vary widely. For instance, approximately 30 percent of the ODOD's programs were discontinued between 2006 and 2007 and 45 percent of the funds were discontinued between 2007 and 2008.

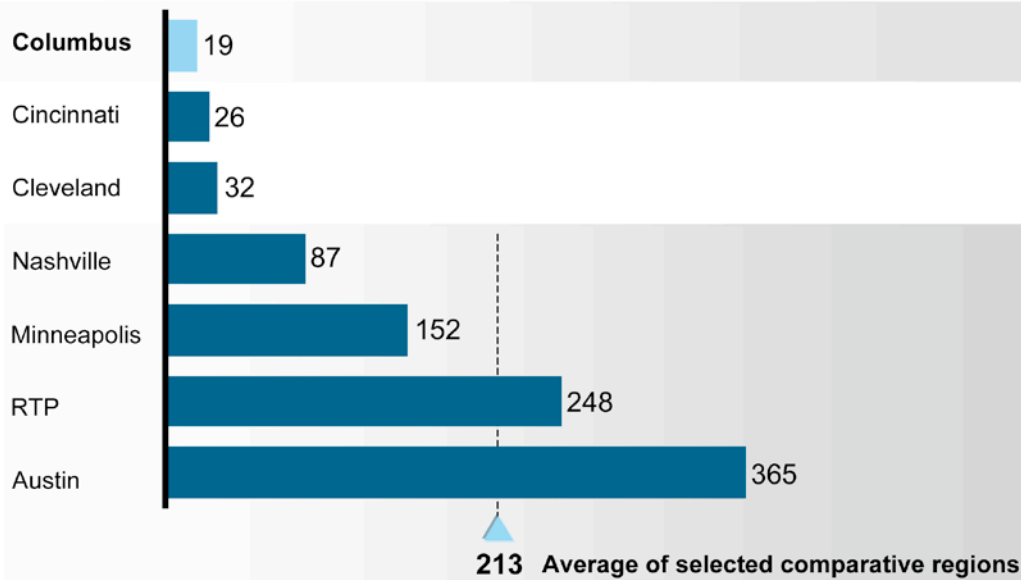
This variance demonstrates how risky public sources of economic-development funding can be – a risk that is only increasing as budgetary pressures grow. Of the remaining ODOD funds, more than 50 percent, of the 2008 total are non-cash tax credits made to lure or retain companies to stay in the region. Though these funds will never be directed solely by the private sector, Columbus2020! will certainly work to influence how and where these funds are spent.

How well is this economic-development funding targeted? This may be another cause for concern. Of the total regional economic-development funds, more than \$55 million, or 31 percent of the total spend, was transferred from one organization to another before being used for economic development. If the funds changed hands, it could then be problematic if the funds were not used for their original intent. More challenging though, funding is not targeted to core industries (identified as having real growth potential) but rather appears to be evenly distributed among all industries. Core industries in the region received relatively small amounts (e.g., 9 percent for manufacturing, 9 percent for transportation and warehousing and 4 percent for arts and entertainment).

We also looked at venture capital as another form of economic-development investment. Venture funding in Central Ohio is approximately 10 times less than the average of selected comparative regions on a per-capita basis; we attract and generate only \$19 per capita compared to \$213 per capita in these other areas. Low-deal flow is the primary driver. In addition, only 10 deals account for more than 90 percent of Central Ohio's total venture capital funding, while it takes 95 deals to account for 90 percent of the comparable region's total venture funding. In addition, Central Ohio received only 25 percent of the total funding available from the Third Frontier program, an amount disproportionate to the economic growth driven by the area.

Average expected Venture Capital spend

Dollars per capita (annual)



SOURCE: Capital IQ Private Placement venture capital 2002-2007, US Census Bureau 2007 MSA

The good news is that venture investing is rising in our region while it decreases throughout the country. Venture capital investment increased nearly 10 percent in Central Ohio and pre-seed and seed stage investment nearly doubled, suggesting that the pipeline of pre-venture capital deals is increasing. The state of Ohio's investments from the Third Frontier program, and the strong Ohio Angel capital network, are both signs of improvement that must be maintained and enhanced.

We have made a great deal of progress during the past few years. While we obviously have room to grow as we strive to be world-class in economic development, we have already developed an extremely strong base from which to build. Recent headlines speak to this progress directly:

- "One of the best places to do business."
- *Wall Street Journal*
- "A great place to find tech-related employment."
- *US News & World Report*
- "#1 Up and Coming Tech City."
- *Forbes*

It is important to understand our strengths and celebrate our accomplishments. But skilled performers celebrate only for a second, spending the other 59 seconds of every minute focused on what can be improved.

Lack of cohesive brand

Columbus lacks a proactive, positive and unified brand and identity, which negatively impacts the region's ability to attract and retain businesses. Interviews and surveys from site consultants (professionals who guide companies' relocation decisions), combined with industry association data, revealed a negative perception of Columbus that makes it difficult for the region to attract new investment opportunities. Representative comments from the interviews include:

- “Columbus is not the clear winner of anything.”
- “Columbus gets lumped in with Ohio, the rust belt and declining industries.”
- “It is really easy to blend in if you're not unique or differentiated.”
- “They are challenged to get out of the rust belt and unionization image.”
- “From a manufacturing point of view, it has a reputation for high cost on labor. It also is not business friendly with its taxes and unions.”

It was not just site consultants that lacked a positive perception of Columbus. Key decision makers, including CEOs, could not determine why the region should be considered attractive. Michael Dell, CEO of Dell Computers, shared the perception that “Columbus is a big union city,” while Don Haile of Fidelity Ventures remarked that, “When I think of Columbus, I think of rust belt.” In a survey of non-Columbus based CEOs, 39 percent were unable to provide a top-of-mind association, more than 60 percent were unable to name the region's primary industries and only 34 percent considered Columbus as a good place to do business. Some leaders even viewed Columbus as a suburb of Cleveland! Not surprisingly, participants in leadership forums expressed frustration about the inaccurate image and reputation of Columbus.

Unless the Columbus region forges an identity that is distinct from other parts of Ohio, these perceptions will become reality. Ohio was picked as the 11th least favorable state for business climate according to Development Counselors International. Ohio has the 17th highest union-labor percentage (14.2 percent) in the United States according to the Bureau of Labor Statistics. We must market our distinctiveness and our uniqueness! We must help shape public policy that gradually improves Ohio's business climate.

Business As Usual is Not An Option

Given these difficulties, how can we respond and succeed? One of the things we learned is that our current economic-development system cannot respond effectively without some major changes – and what we have tried in the past will not work in today's world.

Our current web of organizations is complex and fragmented. It has produced a lack of agreement about a common vision or goals as well as a simple way to coordinate various efforts. The presence of separate strategies, initiatives and unreliable communication and coordination among the organizations just makes matters worse. Again, participants routinely challenge the system as it currently stands; “business as usual” is not an option.

This is not our first try at economic development. Even though smaller communities within the region have had some success, many of our past efforts, all well-sponsored and executed by dedicated companies and associations, ultimately failed to gain long-term traction. When we asked “Why,” two lessons became very clear: one was not to work in isolation (i.e. with just one group) but to collaborate

with multiple groups throughout; and two, to work early and constantly to achieve consensus for a shared vision and goals.

We also learned from our extensive research including key leadership interviews with and site visits to our peer cities. Regionally, they included the Itasca Project of the Twin Cities, Central Indiana Corporate Partnership of Indianapolis and Pittsburgh's Allegheny Conference. More broadly, Nashville 2010, Austin and Raleigh-Durham's Research Triangle Park are viewed as some of the most established and successful economic-development efforts in the country. Within Ohio, both Cleveland and Cincinnati recently launched coordinated economic-development efforts – Team NEO in Cleveland and Agenda 360 in Cincinnati.

Lessons learned

Successful programs require:

- A clear regional vision with community buy-in
- Active leadership engagement in all phases of the effort, not just the upfront strategy
- A sense of urgency that acts as a forcing mechanism for change and coordination
- Quality of life that reinforces economic-development efforts and regional prosperity
- Belief that workforce development and K-12 education, which strengthen long-term regional health and talent availability, helps address reputation as a place for businesses
- University involvement in research, commercialization and talent development
- Multi-generational commitment to economic development and a systematic approach

Unique region-specific insights also emerged

Austin, Texas

- Everyone is “on cue” for message regardless of involvement/funding commitment
- Large, mid-size and small companies can engage in and drive economic development
- Value proposition for incubators (VC) is turning an idea into a business plan, providing the right channel to a deal if the source and network are credible
- A strong professional staff, supported by a CEO strategy, reinforces consistency

Raleigh-Durham, North Carolina

- Industry-based approach is important, but targeting new industries and areas for growth is important to being a “me too”
- Universities play a critical role in overall economic development beyond research, venture support/creation and talent development

Minneapolis / St. Paul, Minnesota

- Trans-generational philanthropic giving and retention of “elder statesmen” can drive culture and create a strong spirit of community involvement in economic development
- CEO passion and involvement drove execution and created peer accountability
- Persistence pays off: the Itasca Group has met every Friday morning for more than 8 years

Indianapolis, Indiana

- An approach that went beyond the region allowed more impact and inclusion of key Universities
- A unified government structure was key to success

Pittsburgh, Pennsylvania

- A centralized system of accountability and execution was crucial
- “Pay-to-play” system increased the diversity and involvement of leaders

The examples of comparative regions highlights that each city designs a solution that fits its particular situation and values. The answer for Columbus must be tailor-made, taking into account our aspirations and our unique assets and challenges. What is the unique solution for our situation and our community? This can only be answered when all stakeholders contribute to the discussion and rally for an aspiration.

There must be community acceptance, excitement and strategies that are easily understood. Motivated community leaders have to be committed to make the strategies succeed. We need clear expectations about what needs to be done and realistic assessment of the time it will take – even if sometimes it is significant. We need accountability and measurement against progress.

Columbus needs to change now – change to ensure that we can meet the challenges of our region and close the gaps we face before they become worse. The combination of commerce, world-class research and innovation capabilities and our unique position as the seat of Ohio government, provide Columbus with a distinctive foundation, which a comprehensive, collaborative, and cohesive approach to economic development will enable us to leverage it.

Introducing Columbus 2020!

What Is Columbus2020!

Columbus 2020! is not just a vision for the future of economic development in Central Ohio, it is the strategic plan to get there. It is also a group of community members who are committed to achieving those strategic objectives. It depends entirely on your participation – the entire community's. Why call it Columbus 2020!? “Columbus,” not only because success depends on the prosperity of the city, (the third largest state capital in America, and the national marketing recognition that comes with it), but also the prosperity of the region. “2020,” in recognition that this is a decades-long effort – economic changes do not take place in months and years, but decades. Economic development is about initiatives that create a culture of sustainable development over the long-term. “!,” because we are excited and passionate about the potential of our home!

Vision

In 2020, Columbus will be recognized as a vibrant and successful region where emerging innovation; thriving talent and a collaborative culture generate the fastest growing economy in the country and one of the nation's leaders in economic development.

Mission

Columbus 2020! is a bold, new, regional public-private partnership that will leverage our world-class research and academic institutions, diverse industries and position as the state capital, to become the nationwide economic-development leader.

Columbus 2020! will improve our economy by ensuring that our existing companies are expanding and thriving, that the world's leading companies are attracted to the region, and that innovations and entrepreneurs are cultivated and supported to commercialize.

Columbus 2020! will support the region's distinctive open, young and diverse culture as a key competitive advantage, ensuring that Columbus is the place where talented people want to live, work and play.

How Columbus 2020! is Different Than Past Efforts

We have tried to address Central Ohio's economic- development challenges before. We designed Columbus2020! to address the issues that stymied these previous initiatives. Columbus 2020! differs from past initiatives:

1. Columbus 2020! has a shared community vision and goals that were developed using a process in which, we met with the community, shared our findings, asked for input and incorporated feedback into our recommendations. In addition, its implementation is being led collaboratively by individuals from throughout the region. Community members are integral to the process and drive the outcome. This is key!
2. Goals have clear metrics that will be used to track progress, and will be transparent to the public.

3. We have not stopped at simply publishing findings, but have developed a clear set of strategies and initiatives based from the vision and goals shared by the community.
4. Columbus 2020! will be organized with a central chief economic officer for the region's efforts and will have dedicated leadership to ensure execution.
5. We will significantly increase both the financial and professional resources dedicated to executing our strategic vision.
6. Our mindset is that failure is not an option. We will succeed.

Goals of Columbus 2020!

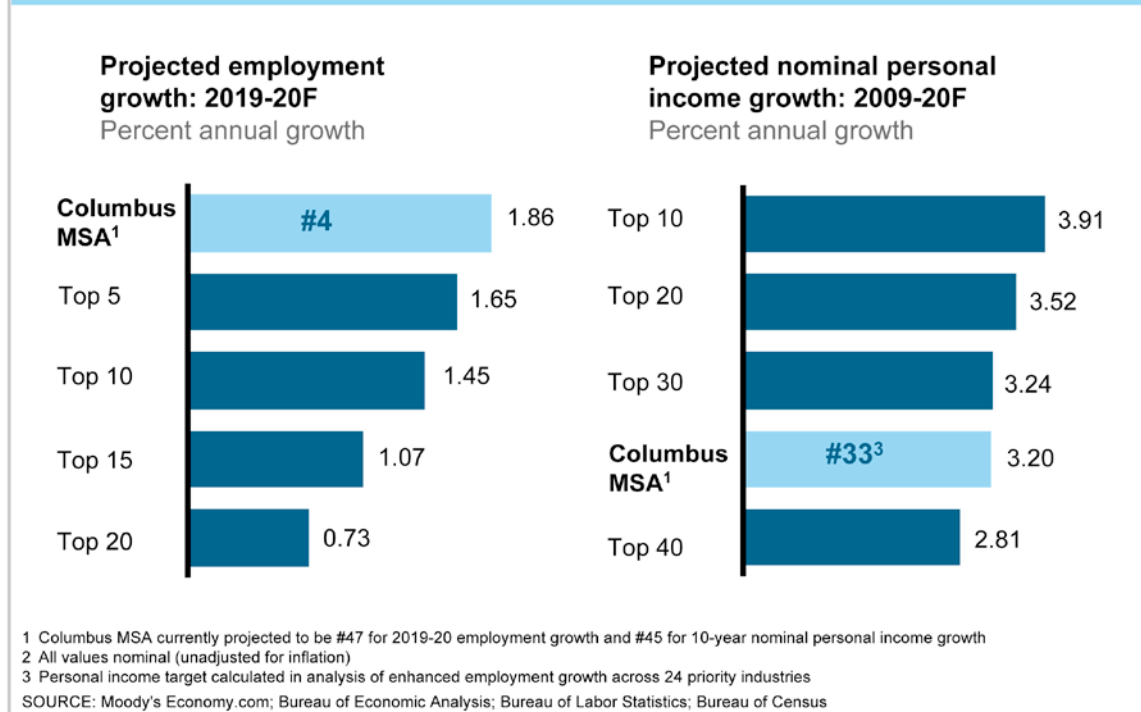
Four distinct goals for Columbus 2020! will dramatically reverse the trends negatively affecting Central Ohio and place us on a path toward long-term prosperity. These bold but achievable goals are to:

- Add 180,000 net new jobs by 2020.
- Increase personal income per capita 40 percent or \$15,000 by 2020.
- Attract capital investment of \$10 billion.
- Become a recognized national leader in economic development by 2020.

Columbus2020!'s job growth and income-growth goals were established with an eye toward reversing the trends that have been observed in the economic data during the last decade. Using United States' census data from the Bureau of Economic Analysis, we examined the current status and projected growth rates of jobs and income for the top 50 U.S. metropolitan statistical areas (MSA) based on population.

Forecasting shows Columbus' regional employment is expected to grow at one of the slowest rates among the other top 50 MSAs (No. 43 of U.S. top 50). Austin, Texas, is No. 1 in projected employment growth, with a 2.74 percent compound- annual growth rate throughout 2009 and 2020, while Minneapolis is tops in the Midwest with a compound-annual growth rate of 1.30 percent. Columbus' compound-annual growth rate, meanwhile, is projected at only 0.83 percent. Translated into net new jobs for Columbus, this equates to 90,000 jobs throughout 2009 and 2020. Our goal is to double the net new jobs. Doing so would catapult Columbus to No. 4 among major MSAs.

National MSAs



Job creation is only one part of the equation – we also need to increase well-paying jobs. Columbus is not projected to be a top performer compared to other MSAs. Currently, the nominal-personal-income growth outlook in Columbus is No. 45 among the top 50 MSAs in the United States, growing at only 2.64 percent compounded-annual growth rate throughout 2009 and 2020. This rate places it well less than not just the top MSAs, but the United States' average. New York is No. 1 with a 4.74 percent rate. Among Midwestern MSAs, Pittsburgh has the fastest growing personal income and is No. 6 overall in the United States, growing at a compound annual rate of 4.09 percent. The United States' average projected personal income growth rate is 3.44 percent.

Our goal is to grow personal income by 40 percent to surpass the United States' average and be in the top third of all MSAs by 2020. This increases the average personal income level in Columbus by \$15,000, from \$32,000 to \$47,000. Achieving this would raise Columbus to No. 33 among the top 50 U.S. MSAs.

Our capital investment goal of \$10 billion is derived from our goal of 180,000 net new jobs and assumes that we maintain an average capital investment per project of at least \$2 million.

Our final aspiration is for the world to recognize Columbus's economic-development program as one of the nation's best. When we visited leaders of Minneapolis, Austin, Raleigh-Durham and other leading communities, they did not list Columbus among the communities that they viewed as competitors. Similarly, when interviewing site consultants, Columbus was rarely mentioned as a 'top-of-mind' community for relocation. We aspire for these perceptions to change. Our goal is to have Columbus listed among the top cities in the United States when site consultants are independently surveyed regarding their top locations in 2020. We want a "swagger" in our region that is never disguised.

Columbus 2020! Strategies

Columbus 2020! will execute concrete, detailed strategies that concentrate on three pillars of economic development:

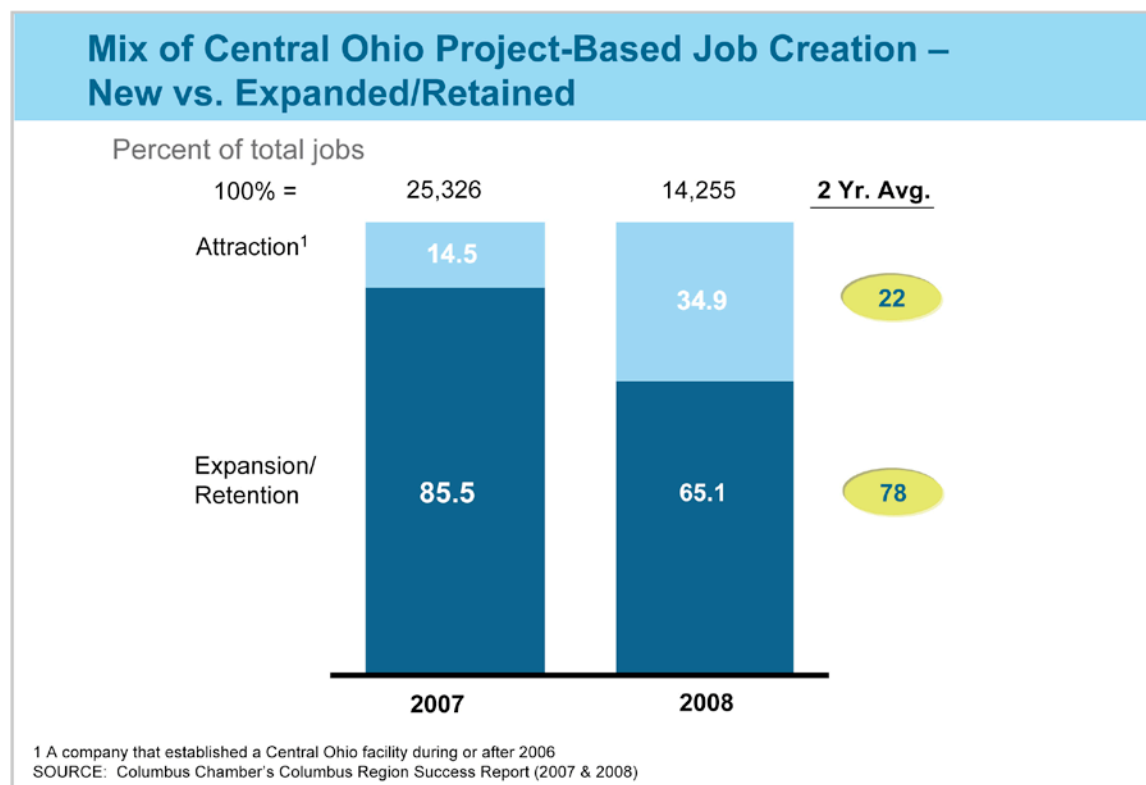
- Retain and expand the existing companies and industries that call Central Ohio home today
- Attract major employers to establish operations in Central Ohio
- Create more commercial enterprises by leveraging our tremendous research assets and entrepreneurs

In addition to these three core pillars, we must maintain a leading civic infrastructure and leverage the state's overall business environment.

Each pillar is supported by specific initiatives, tactics and actions. Each has specific performance metrics to track and share progress and maintain accountability. The rest of this document lays these out in detail.

Pillar 1: Retain and expand existing businesses – “The easiest business to get is the business that we already have.”

Job growth among businesses already established in a community represents approximately 80 percent or more of total job growth. Since the Columbus Chamber began tracking job creation in 2007, 78.2 percent of jobs have come from companies that had a previous presence in the region. Our retention strategy will help key businesses and industries already in Central Ohio successfully expand and create jobs. Initiatives and tactics include:



Develop and maintain a knowledge base (Listen)

Build and continually update a deep and broad base of knowledge about the companies within the Columbus region (the community 'portfolio')

1. Focus the first generation program on high impact, renaissance and enabler companies
2. Build a detailed, research-based database of information about existing employers
3. Conduct comprehensive executive interviews with high-value target companies
4. Create an online screening tool to help identify mid and small companies needing assistance
5. Significantly enhance research capabilities

Identify opportunities for support (Understand)

Effectively leverage our knowledge base to identify opportunities for the "critical partners," including attraction? to provide direct services and support to individual and groups of companies

1. Create a structured, managed referral network
2. Create procedures and techniques to evaluate portfolio companies' growth, value and risk
3. Identify opportunities to refine and create new programs for business growth

Provide support and/or integrate community resources (Serve): Act as an integrator to engage community resources to provide effective support for identified opportunities

1. Bring all of the critical players working with existing businesses together into a working group focused on existing business roles and opportunities
2. Reconstitute a first response team
3. Engage regional economic-development practitioners and allies
4. Establish a procedure for developing problem-specific proposals for services to address client challenges
5. Evaluate effectiveness of support via a survey of companies supported

Creatively bring businesses with overlapping characteristics into groups to engage with those of similar interests (Engage)

1. Invent, create or co-sponsor connection opportunities for area business executives with common characteristics

Take action to improve the quality of the product to better fit the needs of business growth and retention (Enhance)

1. Develop clusters within key business sectors to engage and focus attention on the specific potential of these groups
2. Enrich the business climate using proactive legislative/regulatory initiatives at the regional, state and federal levels

3. Address workforce needs that impede operational stability and growth of regional businesses

Raise the visibility of the importance of the region's existing business base and services provided

1. Increase the visibility using in-region marketing campaign and events designed to underscore the importance of the region's business community
2. Increase direct requests using a targeted regional marketing campaign

Pillar 2: Attract new business – the highest profile economic-development tool for our community is to attract business here

The impact of a company entering our region can be enormous, including job creation directly attributable to the firm itself and indirectly because of services purchased by the firm and the buying power of the employees working for the firm. Proactive business attraction also has the benefit of generating economic activity in business sectors not occurring, or occurring at a certain pace, within our market.

Columbus 2020's attraction strategies focus on creating a best-in-class proactive business-recruitment enterprise. We will do so by conducting world-class research to identify opportunities, providing distinctive marketing and outreach to key site-location decision makers, engaging top practitioner talent, leveraging technology, offering excellent customer service and responding aggressively whenever we are given an opportunity. Initiatives and tactics include:

1. Aggressively market the Columbus region as a viable location in which to relocate/expand operations and proactively pursue key companies in targeted industry sectors.
 - Engage in targeted marketing activities to identify which companies, at a firm level, are likely to expand or relocate.
 - Contract with targeted marketing firms
 - Develop best-in-practice research skills and systems
 - Develop distinctive marketing materials, which speak directly to the intended audience about the opportunities in the Columbus region.
 - Proactively pursue targeted leads for the region
 - Undertake investment missions to key U.S. cities
 - Develop a significant site-selection consultant marketing and outreach initiative
 - Develop a virtual familiarization program
 - Leverage key national events in Columbus for “red carpet” site selection visitations, e.g., Memorial Tournament
 - Deploy a marketing campaign targeting key domestic site-location consultants
 - Develop consultant-based international site selection and multiplier communication program

- Develop a best-in-class Web presence to provide site selectors and key decision makers with deep data to evaluate the Columbus region
 - Employ the latest Web technologies
 - Embrace social media
 - Develop mobile technologies
 - Develop foreign language materials
 - Build national and international recognition of the market via earned and paid media strategies
 - Contract with national earned and paid media consultant
 - Selectively advertise the Columbus region message in print and other media
 - Involve private companies with key marketing activities
2. Position Columbus2020! as the single point of entry for attraction projects, leverage a team of economic development professionals to cultivate and foster all qualified opportunities and execute a best-in-class lead management process to ensure the best probability of success
 - Employ top economic-development professionals
 - Deploy best-in-class lead management and prospect management tools and systems
 - Engage and leverage regional economic-development capacity utilizing the Mid-Ohio Development Exchange (MODE)
 3. Engage and empower public and private sector partners to ensure the best probability of success
 - Develop and cultivate “ambassadors” for lead identification during corporate travel and supplier meetings
 - Engage Columbus’ corporate leaders to meet as peers with prospective corporate site selectors
 - Align regional resources (e.g., city, county, business) to meet prospects’ needs

Pillar 3: Create and translate – The leading businesses of tomorrow will come from the innovations of today

Better commercializing our incredible research capabilities and innovation – and translating that into new companies – is one of our region’s greatest opportunities. With our capabilities – at The Ohio State University, Battelle, CAS and regional medical organizations – no one could be in a better position to win the innovation war. Yet we are behind. What do we need to do to win? Two things: increase the flow of ideas in our institutions and increase the flow of capital to support not only innovation but also the process of turning it into something companies can sell (i.e., commercialization).

In addition to commercialization of new and innovative technologies, we must ensure that new enterprises created by local large businesses stay in Columbus. Finally, we cannot forget the hundreds, if not thousands, of businesses that are part of the fabric of our community – coffee shops, independent retailers, etc. – that will provide tens of thousands of new jobs by 2020. The Columbus 2020! creation strategies focus on creating the culture and capabilities that foster innovation, support entrepreneurs and provide access to available sources of capital. Initiatives and tactics include:

1. **Build a robust entrepreneurial ecosystem**
 - **Foster and shape the Third Frontier initiative**
 - Ensure the renewal of the Third Frontier Program
 - Redesign to emphasize commercialization and innovation as well as basic research
 - **Increase access to capital**
 - Increase angel and early stage capital availability
 - Market, recruit and attract VCs and other capital sources to locate and invest in the Columbus region
 - Raise support for and organize Fund to Funds program
 - **Foster incubation and start-up activities**
 - Ensure the continuation of the Third Frontier ESP Program
 - Support and expand local business incubation programs
 - **Grow entrepreneurial talent**
 - Facilitate relationships among entrepreneurs, researchers and businesses, (e.g., boost the connections between OSU and Battelle)
 - Support the expansion of the Center for Entrepreneurship at OSU and ensure strong links to Tech Columbus and the region's tech community
 - Expand existing base of new venture companies by building from connections with the Chamber's small-business council, Tech Columbus and the Center for Entrepreneurship
2. **Transform technology transfer at Ohio State**
 - **Grow existing base of researchers and entrepreneurs**
 - **Increase the number and help manage the pipeline of inventions and patents**
 - **Market commercialization ideas to target audiences – don't stop at innovation**
3. **Increase Ohio State/Battelle collaboration**
 - **Develop the OSU Research and Development Campus for co-location research facilities**
4. **Develop a science and technology research park**

Pillar 4: Build the foundation - the civic infrastructure and the community's involvement will make or break Columbus2020!'s success

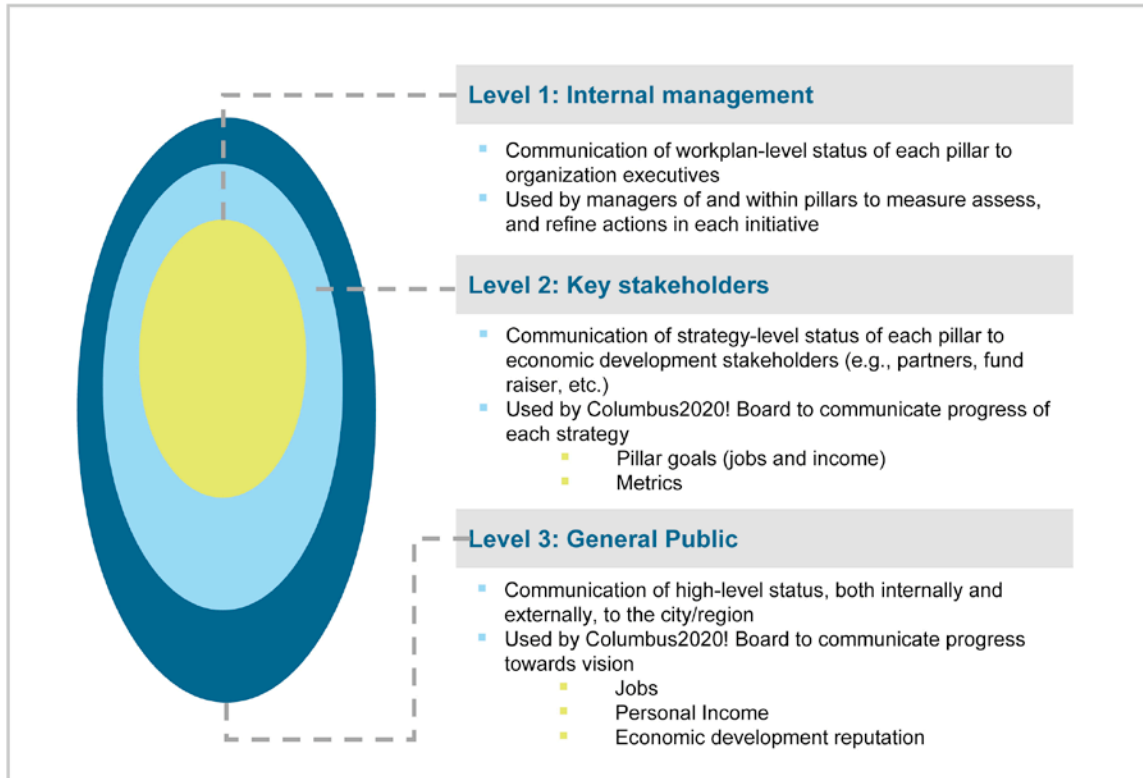
Economic development will not happen without a sustained quality of life in our community. We need life-long learning, civic and environment assets, attractive arts and culture, strong social services and an excellent infrastructure (e.g., roads, fiber optics and air traffic). Without these, we will fail.

We believe that our ability to deliver on Columbus2020!'s goals depends on building an attractive community environment and addressing business issues that directly affect economic-development capabilities. Given the range of activities, many people will own the strategies and initiatives in this area. However, our comprehensive economic-development strategies will link efforts and collaborate closely together. We will examine other factors that will affect this work (e.g., tax environment, health-care concerns, labor relations and downtown development efforts).

The funding required for this necessary increase in personnel and programming must come from a variety of sources within the private sector. Our largest companies will contribute a significant portion of it. But to deepen the level of community responsibility, we believe that our region's small to mid-sized businesses also need to provide a meaningful portion. Additionally, we believe that the public sector, specifically the city of Columbus and Franklin County, must invest directly. Finally, we can augment these public funds with opportunistic grants and other economic development funds from the state of Ohio.

Tracking Our Progress

We are committed to increasing the level of accountability and transparency in our economic-development efforts – and making it easy for people to track our progress. We designed a performance management system that allows the public, key stakeholders and internal management to actively monitor our progress, hold us accountable to our goals and make effective decisions.



Given this desired functionality, the metrics were chosen using several key design principles:

- Metrics should be simple, measurable and actionable
- Metrics should be outcome-driven
- Metrics should tie directly to the final (year 2020) job, income and capital investment goals
- No individual in Columbus2020! should be directly accountable for more than 5 to 7 metrics

Along these lines, we have created three levels of metrics, which provide insight into our progress at the top level (regarding job creation, income growth, capital investment and economic-development reputation), the pillar level and the tactic level within each of the pillar strategies. Our performance measured by each of these metrics will be made available to the public annually.

Examples of specific metrics include:

Overarching metrics

1. Job growth, as measured by the number of net new high-paying jobs created in the Columbus MSA
2. Personal income growth, as measured by the net change in average personal income per capita in the Columbus MSA
3. Capital investment, as measured by the dollars invested in capital within the Columbus MSA
4. Business reputation, as measured by major reporting organizations (business publications, trade magazines, independent surveys)
5. Mean annual wage, as measured by the estimated total annual wages in the Columbus MSA divided by the estimated employment
6. Total business investment (Economic Impact), as measured by the sum of all capital investment and value of the increase in estimated annual payroll
7. Private sector return on investment, calculated by total economic impact divided by total investment
8. Public sector return on investment, calculated by total economic impact divided by total investment
9. Customer satisfaction, measured by a survey of all Columbus2020! 'customers'
10. Stakeholder satisfaction, measured by a survey of all Columbus2020! stakeholders

In addition to measuring ourselves year after year, we will also benchmark ourselves against our peer cities comparing net new-jobs growth, per-capita income growth, mean-annual wage growth, and capital investment dollars, to make sure that we're not just getting better, but beating our competition.

Key metrics for specific strategies

The retention and expansion of existing businesses will be reported using the following metrics:

1. Number of direct and indirect jobs retained
2. Number of direct and indirect jobs expanded
3. Number of direct and indirect jobs lost
4. Number of interviews
5. Number of service requests
6. Number of referrals to Attract/MODE
7. Percent of level-three engagement
8. Number of inbound calls

Regarding attraction, we will report the following metrics:

1. Number of direct and indirect jobs attracted, as measured by the number direct jobs attracted multiplied by a factor of 2.9 to capture indirect impact.
2. Leads, as measured by the number of established relationships with key companies
3. Prospects, as measured by the number of companies who considered Columbus as a potential business location
4. Visits, as measured by the number of site consultants and companies visiting the Columbus region
5. Relocations, as measured by the number of companies and corresponding jobs that relocate to the Columbus MSA
6. Conversion rate, as measured by the percentage of leads that ultimately relocate to the Columbus MSA
7. Site-selection ranking, as measured by the MSA's rank in Site Selection magazine and scoring on independently conducted surveys with site selectors
8. Business reputation, as measured by business leaders, peer communities, reporting organizations, site-selection consultants, and other informed parties outside of Columbus via independent survey.
9. Media impressions, as measured by the number of mentions of Columbus in the local, national and international media
10. Qualified inquiries, as measured by the number of inquiries that are qualified as having potential as a lead
11. Ambassador program participants, as measured by the number of participants in the Ambassador program
12. Multipliers engaged, as measured by
13. On creation, we will report the following metrics:
14. Number of direct and indirect jobs created, as measured by the number of direct jobs created multiplied by a factor of 2.9 to capture indirect impact.
15. Change in venture capital funding
16. Number of new-company starts including tech and non-tech companies
17. Number of patent applications
18. Number of patents, inventions and disclosures per research dollar
19. Number of patents, inventions and disclosures in incubation
20. Number of IPOs
21. Average funding size
22. Third Frontier money in Columbus MSA
23. Number of entrepreneur networking opportunities

Columbus2020! Leadership

Not a formal “organization,” Columbus 2020! should become the rallying point for the community’s economic-development aspirations. It is the strategy that guides the economic- development system. Its function is to 1) set and guide the strategy for the region’s economic development, 2) set meaningful targets and metrics of success, 3) drive the accountability and transparency of the strategies and initiatives and 4) ensure that needed resources are present for strong and aggressive execution.

Many have argued that we should simply consolidate all economic-development organizations into one centralized group. While this is a tempting model in theory, it does not reflect the history and evolution of economic development in our community. To help us with the question of how to organize, we developed a set of guiding principles that reflected our insights from other communities and a critical self-analysis of our own organizational challenges and unique requirements. Our roundtable discussions with more than 600 community stakeholders provided valuable, consistent input about the effort’s potential organizational requirements. We incorporated all of this information into our principles and the proposed structure, governance and resources outlined below.

The guiding principles for the organization of Columbus2020! include:

- Committed leadership with unity of purpose and strong execution muscle
- Sufficient authority to execute against the four key pillars of economic development – Existing business, Attraction, Creation and Civic Infrastructure
- Ability to influence funding and prioritize objectives throughout the effort
- Ability to minimize redundancies and streamline roles and responsibilities, without disrupting aspects that already function well
- Strong connections among academic, business, public sectors and the community
- A design that is independent of the people involved and strong enough to operate for years
- Accountability and performance updates to stakeholders

Leadership structure

Today Columbus lacks a “quarterback” who is responsible for guiding and coordinating its economic development.

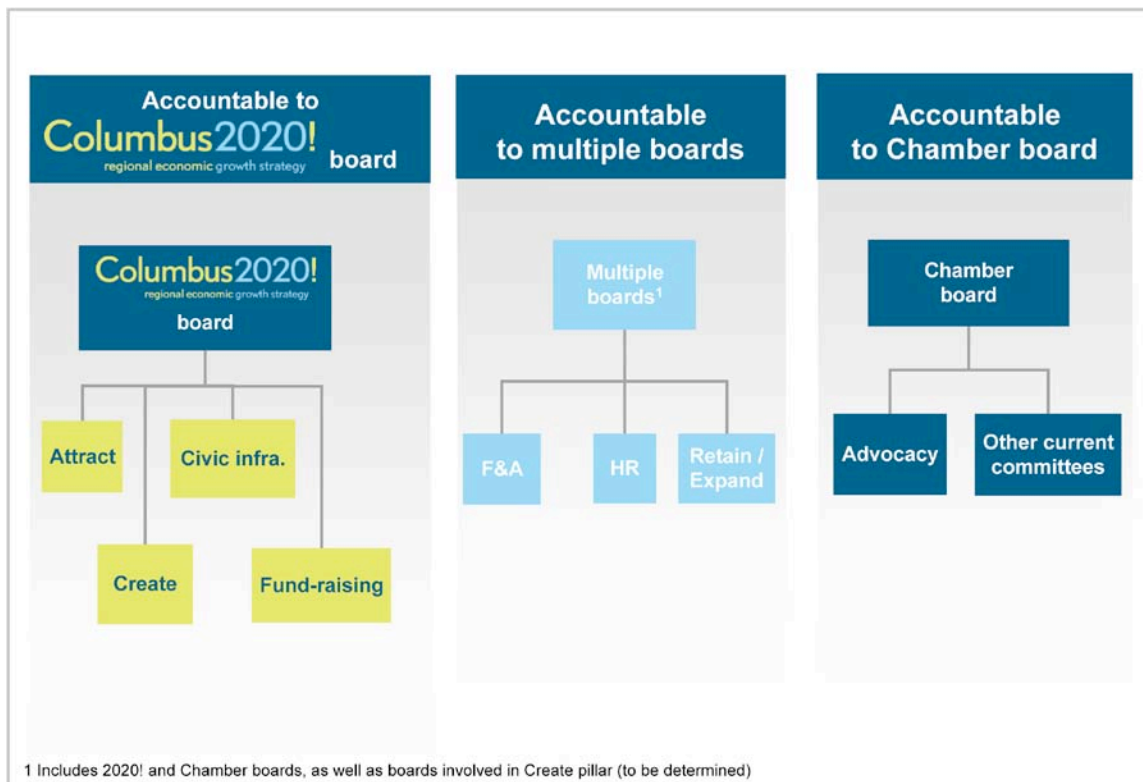
We suggest that Columbus2020! become our region’s economic-development quarterback. It will be a new public-private partnership that is responsible for defining a comprehensive economic-development strategy for the region. It will lead the region’s many assets and better coordinate, collaborate and execute as they pursue economic development. We recognize that no single organization can attempt to “do it all,” but that better collaboration and coordination are the keys to optimizing this community effort. This type of approach is very dependent on the commitment of various partners’ operations throughout economic development.

Columbus2020! advocates the consolidation of funding for the operational activities of economic development in the three pillars of Existing business, Attract, and Create. It will also advocate for investment in other economic-development activities for capital creation, angel funding and the foundation of civic infrastructure.

To accomplish all of this, Columbus2020! will have a public-private board of directors and a chief economic officer, who will be responsible for integrating and aligning the partner organizations' existing resources and activities of the Columbus2020! strategy.

Through the strategy is new, Columbus2020! will build upon the strengths of the many entities that are already deeply engaged in our most important strategic priorities (e.g. Columbus Chamber, The Ohio State University, Battelle, Tech Columbus, Columbus Partnership). Columbus2020! will be the federation of these organizations, each of which will have to clearly define their roles, responsibilities, accountabilities and actions as part of the new strategy.

Each strategic pillar (Existing business, Attraction, Creation, and Civic Infrastructure) will be tightly linked and accountable to Columbus2020!, which is accountable to the community. Each pillar has a CEO "champion" and a community-based committee that will guide the pillar during the effort. A full-time chief economic officer will help execute the work. Pillars will be held clearly accountable for investments that they receive from Columbus2020!.



The Columbus Chamber will lead the 'Existing business' pillar for Columbus2020!. It is best positioned to advance this critical strategy as it can leverage its broad membership base, use established CRM tools and relationships with the region's economic-development practitioners and expand upon its current industry-development efforts. The Chamber of Commerce will assume many of the key cluster efforts of Compete Columbus, which focus on enhancing the competitiveness of key industries. In accordance with this, Compete Columbus has begun the process of winding down its operations. In a similar vein, Columbus Chamber will transition its attraction and regional marketing functions to The Columbus Partnership, so that it can focus on existing business. The Chamber will also house the

majority of shared services for Columbus2020!, including advocacy, government relations, public relations, marketing, research, finance and human-resources capabilities. These changes will enable the Columbus Chamber to significantly increase its ability to help existing businesses grow. The current Chamber of Commerce board will govern these existing business efforts.

The Columbus Partnership will directly implement the attraction and marketing functions for economic development in strong collaboration with MODE. New attraction resources will greatly enhance the community's efforts in this area, significantly enhancing staffing and activities to market the region. Strong linkages to existing efforts aimed at arts, entertainment and tourism will ensure better leverage of the community's overall message. To ensure regional collaboration, the MODE membership creed will be adopted as policy. The membership creed outlines the appropriate conduct in the case of competition among communities in the region for projects.

The creation strategic pillar will be comprised of several critical organizations. The committee, CEO champion, and staff leader will share oversight for: start-up activities (led by Tech Columbus with small business support), commercialization (partnership and technology-transfer capabilities of The Ohio State University and Battelle Memorial Institute with stronger linkages to Tech Columbus) and investment funding (e.g. a Fund of Funds and other VC). For Tech Columbus in particular, we hope to enhance its great efforts by creating greater visibility and collaboration within the community economic-development effort, broadening fundraising support and enhancing its ability to leverage OSU, Battelle and others.

Across all three of these pillars, it is critical that we create horizontal linkages to ensure that we no longer operate as silos of activity. This will be accomplished by the Columbus 2020! board and executive committee, which will oversee the activities of each pillar committee. At the day-to-day operation and execution level, this will be carried out by the Senior Vice President of Economic Development, who will be responsible for influencing and integrating across organizational lines. This person will formally reside with the Columbus Partnership, but be accountable to the Columbus 2020! board. To further encourage cross-organizational collaboration and strategic integration, we plan to co-locate the Columbus Partnership and the Columbus Chamber of Commerce with the City of Columbus, Franklin County and Downtown Group in a common space in the Lazarus Building on Front and Town streets. This will serve to ease communications among the groups and eliminate artificial organizational boundaries, as well as create efficiencies in shared building services.

Organizational governance

In late 2010, the interim board will give way to the long-term governing body for Columbus2020!. This will be a 10 to 12-member board of directors with public-private-academic representation. Members will come from key existing organizations such as the Columbus Chamber, Columbus Partnership, TechColumbus, MODE, MORPC, The Ohio State University, media, research institutions and civic and government entities.

These individuals will be high-profile leaders with a passion for economic development and the capacity to engage in this effort at a strategic level on a consistent basis. We will use clear selection criteria for potential members, which will include a track record of excellence in economic development or a relevant field, as well as characteristics such as strong leadership experience, fundraising experience, public-policy expertise, strong management skills and good board-development skills.

These officers will serve three-year terms to ensure consistency; a two-term limit will allow for membership change and turnover. The terms will be staggered at the beginning of Columbus 2020! to allow for stability as board member's transition. Board elections and transitions will be highly structured, with a formal orientation process for new members that fully educates them about the mission, activities and fiduciary responsibilities of board members.

Each pillar will have a community-based committee that is a broad, representative group with key expertise in its area. These committees will identify and prioritize initiatives to pursue, monitor performance and coordinate the work of task forces as needed. They will function as a "quasi-board" for the specified pillar.

The Columbus 2020! board and committees will not be passive, but active in governance. We will create formal expectations for board-member leaders and develop clear work plans for pillar committees.

To hold the board and committees accountable and ensure that our community is getting the most from its leaders, we will provide structured feedback to board members on an annual basis. This review will be tightly linked with Columbus 2020!'s annual and periodic report of progress against our goals. These reports will be shared at annual stakeholder meetings where the board will report directly to the community and engage in an open forum where opportunities and criticisms can be discussed constructively. The board will ultimately be held accountable to the community for its performance through these reports and meetings. In the early years, the board and committees of Columbus 2020! will hold monthly meetings, which will be administered by a formal process (e.g., Robert's Rules of Order) with a crisp agenda, effective voting procedures, meeting minutes and voting results.

Columbus 2020! Transition Team

In the interim before the formal board is established, we have established a team of professionals representing public, private and academic institutions that are completing day-to-day work necessary to transition to the Columbus 2020! strategy. This includes executing a fundraising campaign to support five years of operations, adding additional detail to the pillar strategies, establishing an impactful marketing- communications strategy and recruiting a nationally recognized economic-development practitioner for the position of Senior Vice President of Economic Development. The team meets once a week and dedicates significant individual time and effort to pushing the Columbus 2020! initiative forward. The team will meet for the majority of 2010 to ensure that Columbus 2020! is able to "hit the ground running" in 2011.

Resource requirements

Focused strategies, performance management, and organizational design only get us so far. To meet our economic-development goals, we must make enough of an investment that we can execute our plan. The resources we are discussing are the hands, feet and minds of talented and energetic economic- development professionals across a variety of disciplines.

We took a "bottoms-up" approach to our resource requirements, taking into account our existing economic-development resources, both financial and personnel. To make this effort succeed, we believe that our community must increase the number of FTEs, in order to give us the execution muscle that we currently lack.

These numbers are still a bit in flux; we will provide more detail as we are able to lock down the final numbers and positions.

- Regarding retention, we currently estimate that we will need a total of eight FTEs, increased from three to four FTEs today. These additional retention-personnel resources will be supported by \$1.1 million in total annual funding. Funding breaks into \$0.7 million for labor and benefits and \$0.4 million for programs and services and overhead.
- Considering attraction, we currently estimate that we will need a total of six FTEs, increased from three to four FTEs today. These additional attraction personnel resources, plus planned programming, will be supported using \$1.8 million in total annual funding.

Key areas of shared services will be enhanced to support these additional economic-development activities. A major focus of the new attract and existing-business strategies is research. To support this, we plan to expand the research group from a single individual to a team of three, led by a director of business intelligence. Similarly in marketing, we will hire one additional FTE in 2010 to support our increased efforts, which will be focused on internet marketing. It was deemed that all other shared services have sufficient resources to meet the short-term needs of the initiative.

It should be noted here that we will address the Civic Infrastructure resource requirements for Columbus 2020! at a later date as we continue to assess the broader set of resources that already exist in the community.

In aggregate, we aspire to increase our roughly \$5.3 million annual-aggregate-operating budget to \$10 million. This would be a net incremental funding need of \$20 to 30 million over the next five years. Increasing to this level would place Central Ohio among the best resourced economic-development systems compared to our peer regions. If we are serious about making Central Ohio the leading economic-development program in the country, we need to act like a leader and make the investments to turn our programs and region into leading examples.

The funding required for this necessary increase in personnel can come from a variety of sources within the private sector. Our largest companies will contribute a significant portion of it. But to deepen the level of community responsibility, we believe that our region's small- to mid-sized businesses also need to provide a meaningful portion. Additionally, we believe that the public sector, specifically the city of Columbus, Franklin County and MODE, must invest directly. Finally, we can augment these public funds with opportunistic grants and other economic-development funds from the state of Ohio. We will be launching a campaign to raise these funds in August of 2010.



Conclusion

Those who call Central Ohio 'home' already know that they live in one of the finest communities in America. While we are privileged to live in such a great community with so many assets and strengths, we face real and present challenges. Now is the time to face these challenges and pursue an aggressive economic-development program. This is no small challenge. It is a decade-long journey that requires the commitment of the entire region.

Our community has aspirational goals for 2020. We will fall short if we continue "business as usual". The stability of our local economy that has largely shielded us from this and other recessions has made us complacent. Past economic- development efforts have been fragmented and relatively narrow in engagement and thus ineffective. At the same time, competing regions, hungrier for economic development, are tightening their belts and sharpening their strategies. If we do not act now, Columbus may find itself marginalized in the national economy that emerges from the current crisis.

Fortunately, we have great strengths to build on: dynamic companies, a vibrant and talented workforce and a rich set of private, government and civic organizations. Most importantly, we know that the leaders of Columbus are passionate about their community; more than 500 have already made their voices heard in support of this effort and in many cases have contributed directly to the design of Columbus 2020!

We are ready to move forward with our strategy and achieve our vision of becoming the fastest growing economy in the country and one of the nation's leaders in economic development. It is clear our region has all of the ingredients for success – we only have to act with unity and commitment to achieve it.

- 1 Forbes
- 2 US News and World Report
- 3 Fortune about Ohio health as best place to work
- 4 Money Magazine for best place to live
- 5 Development Counselors International
- 6 Bureau of Labor Statistics
- 7 www.census.gov/population/www/metroareas/metroarea.htm