

City of Austin

Economic Development Department (EDD)

CIVICSOL

Opportunity and Needs Assessment Executive Summary



Civic Solutions Partnership

Executive Summary

We evaluated Austin's economic development opportunities and programming with a goal to build a more inclusive resilient economy for all residents and enterprises.

INTRODUCTION

Austin, as one of the fastest-growing cities in the U.S. with a thriving tech-driven economy, Austin has become a coveted destination for company relocations, startup expansions, and skilled talent. However, alongside its growth, the city faces challenges such as increasing equity divides, the demand for inclusive destinations, and the necessity for places where everyone can benefit from clustered services and amenities.

To effectively support Austin's growth while addressing these challenges, a thorough assessment is required. This evaluation should analyze the current economic development efforts in the City of Austin, draw insights from best practices in comparable cities, and provide key findings and recommendations regarding potential program gaps and overlaps. The goal is to discern how the City of Austin can distinguish itself through strategic programming and communication efforts in collaboration with economic development partners within the community.

The primary focus of the assessment involved discussions with leadership and staff members in the Economic Development Department (EDD). Through 12 leadership interviews and 10 roundtable discussions with internal department members, community partners, and stakeholders, we sought to gain a comprehensive understanding.

Additionally, a program matrix was created to organize EDD efforts by division and categorize them into grants, incentives, services, and placemaking initiatives. A similar process was conducted with five peer cities, involving interviews with each department and the construction of a program matrix.

DISCOVERY INSIGHTS

Here are twelve insights derived from the discovery work:

- 1. Enterprise Collaboration and Strategy:**
While EDD has made progress in fostering collaboration, a transformative approach involves reimagining initiatives and programs around enterprise pillars and overarching strategies, transcending divisional boundaries.
- 2. Refined Target Sectors:**
Clarity on Austin's key industry sectors is crucial for business attraction, investment, and expansion. The process should include identifying value propositions, evaluating necessary tools and programs, and devising strategies to engage industry leaders.

- 3. Cultural and Creative Economic Development:**
Streamlining administrative challenges and expanding business support services for grant recipients in the creative community can enhance the impact of EDD's Cultural Arts, Heritage Tourism, and Music and Entertainment Divisions.
- 4. Exporting Music and Entertainment:**
A strategic approach, inspired by successful models in other cities, can tap into Austin's Music and Entertainment sector's economic potential by promoting industry engagement and aligning technological advancements with innovative approaches.
- 5. International Business Development:**
Austin's global events provide an opportunity for an international business development strategy, requiring innovation and collaboration with city and regional partners, drawing inspiration from successful practices in cities like San Antonio and Denver.
- 6. Growing Sector-Led Workforce Development:**
Adopting a sector-driven approach for workforce development involves active collaboration among job creators, trainers, and talent pipelines, aligning resources with the diverse needs of Austin's businesses.
- 7. Matching Redevelopment with Business Development:**
An enterprise-wide strategy for redevelopment initiatives, fostering collaboration among different divisions, can synchronize city-wide property repositioning opportunities with economic development opportunities.
- 8. Building a BRE Initiative:**
Developing a comprehensive business retention and expansion program involving all staff members is crucial for identifying expansion opportunities and policy changes, drawing inspiration from Phoenix and Denver's business concierge services.
- 9. An Anchor for Growing Small Businesses:**
Expanding the City's MBWE certification and procurement initiatives can involve more underserved small businesses, taking inspiration from the anchor pledge in Newark, NJ.
- 10. Defining Clear Roles for EDD Partners:**
Holding EDD partners accountable for contributing to department objectives through established metrics and support roles, with MOUs subject to annual review, ensures transparency and effectiveness.
- 11. Improving Tools for Equitable Community Engagement:**
While EDD demonstrates commitment to equitable community engagement, a more intentional approach and the development of culturally diverse materials and support services can enhance inclusivity.
- 12. Needed: A Framework for Program Evaluation:**
A comprehensive assessment framework is essential for determining the effectiveness, alignment, and resource efficiency of EDD programs, ensuring consensus and buy-in from the entire department.

PEER CITIES: BEST PRACTICES

In addition to the discovery work conducted with the EDD, we conducted best practice research with five peer cities. These cities were chosen based on their strengths and expertise in various areas of economic development. The insights gained from conversations with San Antonio, Dallas, Seattle, Phoenix, and Denver revolve around six key themes:

- 1. Cross-Enterprise Alignment:**
Breaking down silos strengthens departments and partnerships. For the Phoenix Economic and Community Development team, this involves hosting weekly management meetings and bimonthly sessions with the regional group. These gatherings align division goals and ensure partners support outcomes outlined in the department's strategic plan. The Denver Economic Development and Opportunity Office achieved similar success by aligning efforts around a target sector strategy, providing clarity on businesses to attract and retain.
- 2. Specialization and Partnerships:**
The Dallas Office of Economic Development focuses on traditional economic development, emphasizing incentive deals and business attraction. This specialization allows the office to integrate equity into incentive plans, ensuring business attraction goals align with and contribute to improved community outcomes.
- 3. Targeted International Efforts:**
The San Antonio Economic Development Department excels at connecting international relationships with economic development opportunities. In their model, global engagement and development divisions have overlapping staff, enabling both divisions to participate in international business attraction efforts. San Antonio has established relationships with new cities to support economic development, such as a sister city connection with Darmstadt, Germany, to enhance initiatives around cybersecurity.
- 4. Supporting BRE Initiatives:**
The sentiment to "take care of what we have in our backyard" is at the heart of Phoenix's BRE efforts. While Phoenix's Business Retention and Expansion division sets the direction for BRE efforts, everyone in the department participates in company visits, making it an enterprise-wide initiative. In Seattle, economic development officials have partnered to develop a comprehensive guide for how existing and new businesses can navigate city services.
- 5. Equity-Focused Programs:**
Equity is at the heart of modern economic development initiatives. Just as Austin EDD has made this a priority, so have its peer communities. In Denver, officials rely on diversity chambers to help retain diverse local businesses and attract international businesses. They are viewed as partners in direct service delivery for small businesses and are the conduit to local communities. Equally, they play a critical role in international target market identification.

6. Promoting the City:

Storytelling and marketing are essential components of economic development. Of Austin's peers, Phoenix has been one of the most successful in establishing a brand, storyline, and platform for supporting economic development. The Phoenix Economic and Community Development website is hosted outside of the main City website. Through this, the department promotes its brand through the motto "Phoenix is Hot," hosts benchmarking information about the region and clusters, and shares information about economic development programs.

OPPORTUNITIES FOR CROSS-ENTERPRISE ENGAGEMENT

Cross-enterprise engagement is a strategy aimed at fostering coordination among divisions, establishing alignment on common goals, and forging partnerships. Rather than focusing on divisions, the primary boundaries should revolve around goals and pillars. The EDD should concentrate on two or three of these pillars to consolidate efforts:

1. Target Sector Framework:

The EDD ought to develop a target sector approach and framework throughout the department to synchronize programs, approaches, funding, and impact metrics across divisions. A robust target sector framework will enhance the department's value proposition and facilitate the alignment of partner initiatives with those target sector goals.

2. Workforce Development:

Sector-driven workforce development represents the present and future of talent and skill enhancement. The EDD should envision workforce development as a comprehensive department-wide offering, necessitating a reassessment of planning, program development, and contracts. To support this initiative, the EDD must evaluate its resources to ensure sufficient support.

3. International Business Development:

The EDD should leverage existing international partnerships and signature city-wide events, such as SxSW, to launch a department-wide international business development program. Collaborating with Austin's diversity chambers and other partners should be a fundamental aspect of the strategic plan.

4. Business Retention and Expansion:

Positioning Business Retention and Expansion as the core of EDD requires a systematic approach involving all staff. The EDD needs to identify the necessary tools to support this initiative across the department and explore how insights gained from engagement can inform policy and program enhancements.

5. Program Evaluation:

The EDD should craft a comprehensive assessment framework to determine the economic development initiatives to pursue, continue, or phase out. As the framework takes shape, staff should consider its application across the department and how programs will be reviewed spanning various divisions.

6. Communications and Positioning:

The EDD can refine and communicate Austin's value proposition, along with the city's economic development efforts and programming. An enhanced marketing message and communication platform will strengthen Austin's economic development initiatives and program outreach.