What This Challenge Says About This Moment

The Build Back Better Regional Challenge is exposing the disruptive dynamics sweeping the US economy and showing how cities, metros and regions can organize their assets to maximize their opportunities in the face of these challenges.

This is a new model of federal support for local efforts to build a uniquely-American type of industrial & economic policy.
Disruptive Dynamics

The COVID 19 pandemic has reset the context for regional and national competitiveness across domestic manufacturing, remote work, digital commerce, labor supply, and business equity. A run-up in the stock market has increased the volume of private capital seeking investable projects.

Policy changes have opened new possibilities for innovation and regional positioning. These changes and opportunities proliferate in the supply chains for "greening" the economy, distributing goods, and boosting domestic medical material, pharmaceutical, and high-tech manufacturing capacity.

Changes that have been decades-in-the-making are now reaching critical mass. The emergence of new industries (e.g., blue economy & commercial space), the maturation of next gen technologies (e.g., AI & machine learning) are reshaping metros economies battered by deindustrialization. The accelerated geographical concentration of venture capital limits the ability of places to seize this potential.

U.S. competition policy is unfolding in an uneven international context. Many countries are taking an “old school” approach to industrial policy, subsidizing whole industries or sectors where economies of scale have benefits. To remain competitive we must develop a uniquely American industrial policy that spurs our decentralized and entrepreneurial spirit.
The Emerging Competitiveness Strategy

BBBRC Applications Chart a New Path Built From the Bottom-Up

► Market Strengths: What are your fundamentals?

► Problem Statement: What is holding you back?

► Core Solutions: What are you doing to address this problem?

► Equity Throughout: From operations to outcomes, how are you expanding the beneficiaries?

► Networked Governance: How are you making decisions, now & moving forward?
Market Strengths

► Know who you are and do it on purpose (the Dolly Parton principle).

► What are the historical and distinctive market / cluster strengths of your region? E.g., Detroit and autos, Pittsburgh and robotics, Minneapolis and health tech

► How have these industries fared in the face of national market dynamics?

► What initiatives are underway to leverage competitive assets and advantages?

► Implication: capture your regionally distinctive assets and advantages.
Problem Statement

► What are the hurdles holding you back?

► **Two types of problem statement:** those that cover everything and touch nothing; those which cover only the essential points. Be the latter.

► A good problem statement is specific, relevant, and backed up by evidence.

► Applications consistently call out talent gaps, land and capital constraints, governance mechanisms.

► **Implication:** sharpen your narrative by addressing a clear problem.
Core Solutions

► Think like a system and act like an entrepreneur.

► How are you proposing to solve the problem facing your market position?
  ► Funds and products to unlock local capital
  ► Customized company- and cluster-led skills training
  ► Co-location of assets in market-making innovation hubs
  ► New models for network governance that is sustained over time, deploys special expertise and builds trust
  ► Leverage cluster-relevant pre-existing programs (SSBCI, STTR, NIH grants, etc.)

► Is there a clear vision that connects to every project & clear measurable outcomes?

► Implication: projects should logically build off each other to address market problems
Equity Throughout

► You can’t manage what you don’t measure.

► Applications consistently call out:
  ▶ Supplier Diversity
  ▶ Workforce Diversity
  ▶ Founder Diversity
  ▶ Governance Diversity

► Consider who has a voice within decision-making and ensure that community engagement is meaningful.

► Catalyze leadership at the grassroots level.

► Good equity strategies have clear data, tracking, and parties that are accountable for implementation. The devil is in the details of delivery.

► Implication: focus on specific equity strategies and engage coalition members with key delivery targets
Networked Governance

► Be an ecosystem, not an ego-system.

► Good governance is needed dynamism and success over the long term. This is not a “one and done” grant.

► Embed equity into your governance model

► A few guiding principles for organization:
  ► Meet to decide, not to discuss
  ► Task coalition members to tease out solutions within clear time frames
  ► Experiment with multiple revenue sources for sustained funding
  ► Model behavior around goal setting, accountability, support for federal competitions

► Implications: Governance grows from projects, set up structures to help resolve disputes & make big decisions
A Whole Economy Response

► Use BBBRC as seed investment to leverage private & philanthropic funds: EDA money should pull in philanthropic and private investment in clusters to drive the market-making impact.

► Use BBBRC to galvanize anchor commitments: Universities, ports, hospitals and other anchors are involved in proposals; use this moment to establish clear channels of participation.

► Leverage Federal Infrastructure & Rescue Plan funding: New funding through DOT, DOE & EPA can bolster regional competitiveness. States and cities are spending flexible Treasury funds, and the SSBCI is coming on line to spur private investment.

► Leverage Federal R&D Funding: Existing funds through NSF, NIH, DOE, SBA, DOD, and many others can spur the commercialization of research to support regional competitiveness.
A Whole Community

You need the dynamism of the market & the dynamism of communities to make this pop:

- Opportunity for cultural, economic, and community assets to come together within a geography to create positive impact neighborhoods.
- Think about how wealth creation can flow back into communities.
- Think about inclusion as an economic asset. Creating a local workforce and building a pipeline of local firms that can support demand in growing sectors.

Spaces are created or re-purposed to foster innovative and entrepreneurial activities in growing industries.

Density of these spaces foster sharing of ideas between innovators and entrepreneurs.

Educational anchors like universities develop the talent needed in innovative industries.

Wealth creation flows back into community assets focused on regeneration of the neighborhood and housing.

Street design and infrastructure development encourage multiple modes of transit and placemaking activities.

Entrepreneurship  Innovation  Workforce Development  Community Regeneration  Infrastructure
What We’ve Heard From You

The TA Coalition analyzed the self-assessments & needs survey for all finalists gathering 63 responses from 57 finalists.

From your survey responses, we’ve learned the key areas in which you would like additional support from the OA Coalition:

- On building your applications vision and narrative, a greater number of you are feeling less confident about the cohesiveness of your projects (3.8/5.0) and on the use of data and evidence during implementation (3.3/5.0)

- In terms of the industry domains you would like to strengthen the most, Matching Jobs & Skills, Procurement, and Capital Investment appeared as priorities, with a majority of finalists claiming to be interested in receiving additional support in these three areas

- When thinking about developing a strategy for raising and deploying capital, you expressed needing further support to attract outside investment (3.9/5.0) and on deploying specialized capital for distinctive sectors (3.7/5.0)

- On addressing equity-based outcomes, you were most interested in receiving support for projecting outcomes of Historically Excluded Communities (HEC) (4.0/5.0)

Please rate your application’s vision and narrative in the following areas: (1 - requires serious work and refinement, 5 - strong and unlikely to change)

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0% 25% 50% 75% 100%
What Else We’ve Heard From You

Through the survey and nearly 50 one-on-one sessions with finalists, we have heard from and engaged with you on questions and opportunities for strong applications including:

► aligning a **cohesive vision and strategy** related to your competitive advantage and assets and with a clear case for impact, using **data and evidence**, that drives through and across your component projects

► managing the realities of **diverse coalitions**, including in the context of preparing numerous project applications - but trying to align to one north star

► building **equity** throughout your strategy, including equitable outcomes and role of Historically Excluded Communities in coalition

► developing strategies to **leverage other financial sources**, including private capital, other public funding and philanthropy

► **matching skills to jobs** - ensuring diverse pipeline of talent for overall strategy and projects
Driving Questions for TA/Supporting You

1. **CLUSTER COMPETITIVENESS AND ECONOMIC IMPACT**
   *Phase 2 scoring criteria: regional impact, regional assets, jobs and economic growth, EDA investment priorities*
   How compelling is your argument for why this is a realistic, competitive cluster to drive transformational economic growth, innovation, and impact? Are the barriers clearly defined and effectively addressed?

1. **STRATEGIC AND PROJECT ALIGNMENT**
   *Phase 2 scoring criteria: regional impact, regional investment, feasibility*
   How essential, coherent, and aligned is your proposed strategy - and each project – to build the planned cluster? To what degree would the cluster and projects not be possible “but for” EDA’s investment?

1. **EQUITY**
   *Phase 2 scoring criteria: equity, distress, labor standards*
   How substantially will your proposed plan advance equitable economic outcomes? How compelling and integrated are the commitments across all projects to advance equity? How meaningfully are equity-oriented partners involved?

1. **GOVERNANCE AND LEADERSHIP**
   *Phase 2 scoring criteria: industry leadership, sustainability*
   How strong is your coalition’s capacity for strategic leadership and execution? How well does your governance strategy address roles, responsibilities, decision making, and long-term commitments from coalition members? How clearly are your outcomes defined and how will data be used to drive strategy, track progress, determine what works, and adjust as needed?

1. **FINANCIAL, BUDGET, AND STAFFING PLAN**
   *Phase 2 scoring criteria: feasibility, regional investment, sustainability*
   How compelling and specific is your financial strategy - including private, public, and philanthropic financing and building capital stacks? How strong and sustainable is the staffing model? How aligned and specific is the budget?
Bringing This to Life in your Region

► **Strategic/Project Coherence**: aligning everything to “north star” and competitive industry cluster

► **Define north star - be clear/concrete** about your proposed cluster and measurable outcomes

► **Define overall value proposition**: what are barriers to your vision and how will your proposal overcome those

► **Ensure each ingredient/project integrates into recipe** for inclusive economic growth and impact

► **Set pragmatic plan - and include funding** - to organize and support your coalition’s execution
Bringing This to Life in Our TA Support

The Path Forward:

► Today and tomorrow’s sessions, all aligned with our guiding questions and the BBBRC evaluation criteria

► Follow-on support regarding selected topics that arose today and through our 1:1s with you.
  ► We will be in touch in the coming days with a brief follow-up survey and overview of next steps/opportunities for engagement

► Guidance on securing specific, public, and high-impact commitments from coalition partner Federation of American Scientists

► Resource library, case studies, targeted webinars, and other tools

► Office hours with members of the TA Coalition, led by the EDA every Friday at 2:30 pm ET
Discussion
Cluster Competitiveness and Economic Impact

Phase 2 scoring criteria: regional impact, regional assets, jobs and economic growth, EDA investment priorities

How compelling is the argument for why this is a realistic, competitive cluster to drive transformational economic growth, innovation, and impact? Are the barriers clearly defined and effectively addressed?

- **Rethinking Cluster Initiatives** (*Brookings, 2018*): Provides insights to help regional leaders confidently and knowledgeably embrace cluster initiatives. This paper draws on a literature review, interviews with cluster experts, and five in-depth case studies that reflect successful, if exceptional, cluster initiatives. Case studies include Central Indiana (Central Indiana Corporate Partnership), Milwaukee (Water Technology), St. Louis (Agriculture Technology), Syracuse (Unmanned Aerial Systems), and Upstate, South Carolina (Automotive).

- **The New “Cluster Moment”: How Regional Innovation Clusters Can Foster the Next Economy** (*Brookings, 2010*): Offers guiding principles on cluster thinking and effective cluster strategies to accelerate regional economic growth. References multiple case studies to illustrate findings, including examples from Colorado, Indiana, Michigan, Ohio, Washington, South Carolina, Vermont, and Kansas.

- **The case for inclusive growth** (*McKinsey, 2020*): Describes the three-phased approach McKinsey developed working closely with state and local governments, private-sector and civic leaders, and communities across the country. This approach is informed by an understanding that any successful effort will need to bring together technical expertise, adaptive approaches and mindsets, and community engagement to alter adverse dynamics in complex environments.
Appendix 2 of 5: FINALIST TA CASE STUDIES & RESOURCES

**Strategic and Project Alignment**

*Phase 2 scoring criteria:* regional impact, regional investment, feasibility

_How essential, coherent, and aligned is the proposed strategy — and each project — to build the planned cluster? To what degree would the cluster and projects not be possible “but for” EDA’s investment?_

- **Transformative Investments: Remaking American Cities for a New Century** *(Brookings, 2008)*: Explores the rise of transformative investments and what makes an urban investment truly "transformative." This article cites specific examples and describes the shared characteristics of transformative investments, how and where they typically occur, and indicators of successful investment.

- **Top 10 U.S. Biopharma Clusters** *(Genetic Engineering and Biotechnology News, 2021)*: Describes recent activities and strengths of ten leading biopharma clusters, considering funding, patents, lab space, and job growth.

- **Accelerating Rural Prosperity Through Regional Collaboration - National League of Cities** *(National League of Cities, 2021)*: Discusses Sacramento, CA, where economic development leaders, industry and university partners, and policy officials are creating a cohesive and inclusive regional ecosystem to support the life sciences and agricultural biotechnology (ag-tech) industry cluster. This post highlights findings from chapter 13 on collaborative development in the book “Investing in Rural Prosperity.”
**Equity**

*Phase 2 scoring criteria: equity, distress, labor standards*

How substantially will the proposed plan advance equitable economic outcomes? How compelling and integrated are the commitments across all projects to advance equity? How meaningfully are equity-oriented partners involved?

- **Prototyping Equity: Local strategies for a more inclusive innovation economy (Pratt Center for Community Development, 2016):** Discusses four cities — Indianapolis, New York City, Portland, and San Jose — and how to put equity at the core of economic development and growth, specifically for innovation and manufacturing sectors.

- **National Equity Atlas (PolicyLink and USC Equity Research Institute):** Provides metrics and indicators that can support communities in measuring inclusive prosperity. The indicators are designed to track change over time, are comparable across geographies, and are disaggregated by race and other demographics as much as possible.
Governance and Leadership

Phase 2 scoring criteria: industry leadership, sustainability

How strong is the coalition’s capacity for strategic leadership and execution? How well does the governance strategy address roles, responsibilities, decision making, and long-term commitments from coalition members? How clearly are outcomes defined and how will data be used to drive strategy, track progress, determine what works, and adjust as needed?


- Rethinking Governance: Indianapolis Case Study, from “The New Localism: How Cities Can Thrive in the Age of Populism” (Bruce Katz and Jeremy Nowak, 2017): Explores Indianapolis’ economic development as a leading case study for networked local governance, offering critical lessons for how New Localism can work for other cities.
Financial, Budget, and Staffing Plan

Phase 2 scoring criteria: feasibility, regional investment, sustainability

How compelling and specific is the applicant’s financial strategy — including private, public, and philanthropic financing and building capital stacks? How strong and sustainable is the staffing model? How aligned and specific is the budget?

- UK Innovation Strategy (Department for Business, Energy & Industrial Strategy, 2021): Describes the UK’s strategic plan for driving innovation-led growth and boosting private sector investment. Part 3 specially addresses financial considerations, unpacking the strategy to encourage a more connected supply of public and private sector finance.