

OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT

Annual Performance Progress Report (APPR) for Fiscal Year 2005-06

2007-09 Budget Form 107BF04c

Due: September 30, 2006

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Agency Mission

Sustainable Quality Jobs For All Oregonians At Least Cost

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Purpose of Report

The purpose of this report is to summarize the agency's performance for the reporting period, how performance data are used and to analyze agency performance for each key performance measure legislatively approved for the 2005-07 biennium. The intended audience includes agency managers, legislators, fiscal and budget analysts and interested citizens.

1. PART I: EXECUTIVE SUMMARY defines the scope of work addressed by this report and summarizes agency progress, challenges and resources used.
2. PART II: USING PERFORMANCE DATA identifies who was included in the agency's performance measure development process and how the agency is managing for results, training staff and communicating performance data.
3. PART III: KEY MEASURE ANALYSIS analyzes agency progress in achieving each performance measure target and any corrective action that will be taken. This section, the bulk of the report, shows performance data in table and chart form.

KPM = Key Performance Measure

The acronym "KPM" is used throughout to indicate **Key Performance Measures. Key performance measures are those highest-level, most outcome-oriented performance measures that are used to report externally to the legislature and interested citizens. Key performance measures communicate in quantitative terms how well the agency is achieving its mission and goals. Agencies may have additional, more detailed measures for internal management.**

Consistency of Measures and Methods

Unless noted otherwise, performance measures and their method of measurement are consistent for all time periods reported.

2005-07 KPM#	2005-07 Key Performance Measures (KPMs)	Page #
1	Total jobs created (est.)	5
2	Total jobs retained (est.)	5
3	New sales of assisted clients	8
4	Number of new industrial sites/acres certified "project ready"	10
5	Number of community capital projects assisted for construction (infrastructure & community development)	12
6	Number of community capital projects assisted for planning (infrastructure, community & organizational)	14
7	Number of identified traded sector industry clusters with active business development plans	15
8	Number of patents per 10,000 Oregon businesses	17
9	Overall customer survey score on a 1-4 scale with 4 being highest possible	19

Contact: Lynn Beaton	Phone: 503-986-0201
Alternate: Jeanne Arana	Phone: 503-986-0039

1. SCOPE OF REPORT

The agency work addressed by the performance measures in this report relates to three high-level goals: Advance Business Opportunities; Assist Communities to Build Capacity to Attract, Retain and Expand Businesses; and Increase Innovation and Competitiveness of Traded Sector Industries. The priorities and initiatives of the Director and the policy priorities of the Economic and Community Development Commission are embedded within these goals, and in part, drive the work of the OECDD. The OECDD performance measures reflect these priorities and the agency work pertaining to Oregon’s economic advancement and the operation and efficiency of the agency.

2. THE OREGON CONTEXT

The Economic and Community Development Department plays a vital role in achieving the *Oregon Shines Vision* of 1) Quality jobs for all Oregonians, 2) Engaged, caring and safe communities, and; 3) Healthy, sustained surroundings. All KPMs relate directly to the 2005 benchmarks.

Related Oregon Benchmarks (OBM) or High-Level Outcomes (HLO): OBM11: Per Capita Income, OBM12: Pay Per Worker, OBM13: Income Disparity; OBM14: Workers at 150% or More of Poverty, OBM15: Unemployment, OBM7: Research and Development , OBM 8: Venture Capital, OBM9: Cost of Doing Business; OBM10: On-time Permits, OBM16: Exports.

Societal or High-Level Needs and Outcomes Aligned with OECDD’s Key Performance Measures:

OBM1: Employment in Rural Oregon - OECDD KPM 1 & 2, **OBM2: Trade Outside Oregon** – OECDD KPM 3, **OBM3: New Employers** – OECDD KPM 1, **OBM4: New Job Growth** - OECDD KPM 1 & 2, **OBM5: Professional Services** – OECDD KPM3 & 7, **OBM 6: Economic Diversification** – OECDD KPM 1, 2, 3, 8.

Agency Partners in Related Work: Employment Department, Community Colleges and Workforce Development, Department of State Lands, Department of Land Conservation and Development, Department of Transportation, and Department of Environmental Quality.

3. PERFORMANCE SUMMARY

The Economic and Community Development Department (OECDD) annual performance progress report includes areas historically measured such as: estimating job creation and retention (KPM 1 & 2); promoting a strong business climate to advance business opportunities (KPM #1, 2, & 8); marketing Oregon products and services internationally (KPM 3); assisting communities to build capacity to attract, retain and expand business (KPM 4, 5, & 6). The key performance measures align with the agency’s strategic objectives.

OECDD’s KPM 1 & 2 currently tracks projected job creation and retention by businesses receiving direct financial or technical assistance from the department. The agency will bring forward a performance measure modification that adds “actual” job creation and retention data. We believe that actual jobs created and/or retained data has more value than estimated numbers in performance of our programs. The agency will propose a modification to KPM 7, Number of identified traded sector industry cluster with active business development plans, to reflect the total amount of Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) funding received by Oregon companies; compared to the total U.S. SBIR and STTR

funding. Also being proposed for 2007-09 will be two new measures that will focus on the amount of estimated personal income tax generated by the jobs the department’s investment helps to create and the percentage of small businesses assisted by department small business funds that remain in business at least four years after receiving assistance. We believe that the two proposed new measures will further demonstrate the economic value of our programs.

KPM Progress Summary	Key Performance Measures (KPMs) with Page References	# of KPMs
KPMs MAKING PROGRESS at or trending toward target achievement	Total Jobs Created (page 5), Total Jobs Retained (page 5), Number of Community Capital Projects Assisted for Construction (infrastructure & community development)(page 12), Number of Community Capital Projects Assisted for Planning (infrastructure, community, and Organizational),(page 14) Number of Identified Traded Sector Industry Clusters with Active Business Development Plans (page 15)	5
KPMs NOT MAKING PROGRESS not at or trending toward target achievement	New Sales of Assisted Clients (page 8) and Number of new industrial sites/acres certified “project ready”(page 10)	2
KPMs - PROGRESS UNCLEAR target not yet set	Number of Patents per 10,000 businesses (page 17) and Overall Customer Survey Score on Customer Satisfaction Survey (page 19)	2
Total Number of Key Performance Measures (KPMs)		9

4. CHALLENGES

Performance targets set were ambitious and intended to drive high achievement during the past biennium. However, many programs were new and no historical data exists. Adjustments to the target are based on the experience with that program to date.

Data management, collection, validation, and analysis should be coordinated with partner agencies.

It’s important for all economic development partners to understand that many of OECD’s performance measures are not entirely within the department’s control. For example, although state government can certainly influence the number of jobs created or retained across the state, ultimately it is Oregon businesses themselves who create and retain the jobs. OECD seeks to employ the tools of government to improve Oregon’s business climate so companies may easily grow and hire within our state.

5. RESOURCES USED AND EFFICIENCY

Economic and Community Development Department’s allocated budget for fiscal year 2006 is \$244,168,365. KPM 4 directly ensures that state permits, funds, and services are delivered in a streamlined, coordinated and objective manner. KPMs 5 & 6 provide efficiency in providing the needed infrastructure to address many land supply issues.

II. USING PERFORMANCE DATA

Contact: Lynn Beaton	Phone: 503-986-0201
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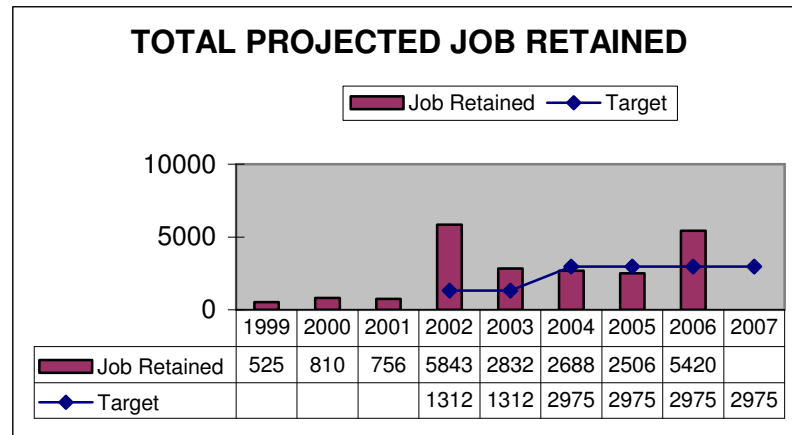
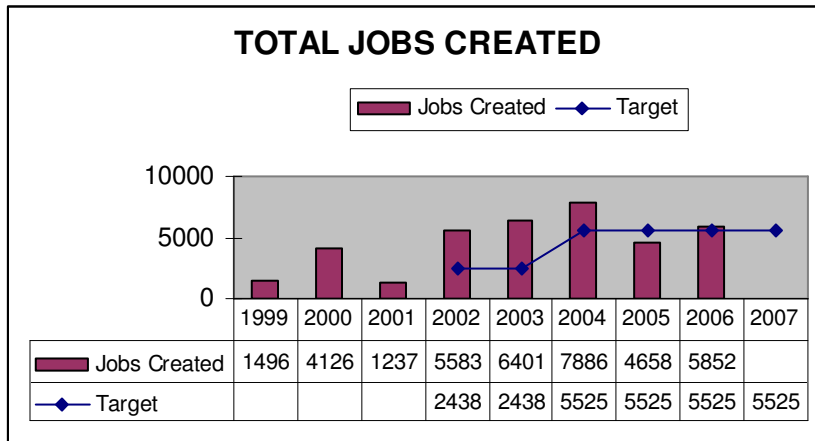
The following questions indicate how performance measures and data are used for management and accountability purposes.	
<p>1 INCLUSIVITY Describe the involvement of the following groups in the development of the agency's performance measures.</p>	<p>We worked collaboratively with the Economic and Community Development Commission, division managers and staff as appropriate, plus other key partners and stakeholders to help revise our performance measures.</p>
<p>2 MANAGING FOR RESULTS How are performance measures used for management of the agency? What changes have been made in the past year?</p>	<p>The importance of the performance measures and their influence on management of the agency has become important to the Management Team, the Director and staff. Continuing to develop more clear and concise performance measurements is an agency priority. The goal is to provide better data to inform management decisions.</p>
<p>3 STAFF TRAINING What training has staff had in the past year on the practical value and use of performance measures?</p>	<p>Staff has received training in the department's performance measurement system. There is also a database reference manual that is utilized by department staff.</p>
<p>4 COMMUNICATING RESULTS How does the agency communicate performance results to each of the following audiences and for what purpose?</p>	<p>Every three months the division managers review performance data and make recommendations for changes in focus, process, or other actions as necessary. Every six months, the Economic and Community Development Commission reviews the department's performance report. These reviews provide commissioners with the opportunity to comment and provide direction.</p>

III. KEY MEASURE ANALYSIS

KPM #1	TOTAL JOBS CREATED (EST.)	Measure since: 2004
Goal	Advance Business Opportunities. Assist businesses, both large and small, to create, retain, and expand jobs. Improve the state's business climate. Market Oregon.	
Oregon Context	Benchmark 4 - Total net job growth (in thousands), 31,500 net jobs were created in 2004. Benchmark 15 - Oregon unemployment rate as a percent of the US rate. Although Oregon's unemployment rate continues to drop steadily since 2003, it is still higher than the US unemployment rate. Oregon's current (August 2006) rate (5.2% versus the US at 4.6%) is about 20% higher than the US. Unemployment rate in many regions in Oregon remain higher than the state's average rate.	
Data source	Department database. Business Development, Business Finance, Infrastructure programs: Data is collected from businesses receiving loans or grants from the department. They estimate job creation as a result of the project. Upon project completion, businesses are required to report actual results. Community Assistance programs: Data is collected from Regional Boards and Partnerships and other entities receiving funds. Small Business: Data is collected from an independent survey of businesses using services contracted by the department.	
Owner	OECD - Jeanne Arana (503-986-0039)	

KPM #2	TOTAL JOBS RETAINED (EST.)	Measure since: 2004
Goal	Advance Business Opportunities. Assist businesses, both large and small, to create, retain, and expand jobs. Improve the state's business climate. Market Oregon.	
Oregon Context	Benchmark 4 - Total net job growth (in thousands), 31,500 net jobs were created in 2004. Benchmark 15 - Oregon unemployment rate as a percent of the US rate. Although Oregon's unemployment rate continues to drop steadily since 2003, it is still higher than the US unemployment rate. Oregon's current (August 2006) rate (5.2% versus the US at 4.6%) is about 20% higher than the US. Unemployment rate in many regions in Oregon remain higher than the state's average rate.	
Data source	Department database. Business Development, Business Finance, Infrastructure programs: Data is collected from businesses receiving loans or grants from the department. They estimate job creation as a result of the project. Upon project completion, businesses are required to report actual results. Community Assistance programs: Data is collected from Regional Boards and Partnerships and other entities receiving funds. Small Business: Data is collected from an independent survey of businesses using services contracted by the department.	
Owner	OECD - Jeanne Arana (503-986-0039)	

III. KEY MEASURE ANALYSIS



1. OUR STRATEGY

Increase Innovation and Competitiveness of Traded Sector Industries; Enhance national and international competitiveness of Oregon traded sector industries.

2. ABOUT THE TARGETS

The measure shows projected jobs that will be created and/or retained by businesses receiving direct financial or technical assistance from the department. The current measure aligns projected jobs with the time period in which financial or technical assistance is provided by the department. We will bring forward a performance measure modification that adds actual job creation data. Currently, this information is tracked separately by the department using Employment Department data. We believe that actual jobs created and/or retained data has more value than estimated numbers in the performance of our programs.

3. HOW ARE WE DOING

The data indicates that the OECD is achieving its goals in job creation and retention efforts, however, it is essential that we continue to protect the jobs and companies that are already in the state and recruit new business to the state. Several of the ways we assist businesses with job retention and creation are: meeting systematically with representatives of key businesses across the state to identify issues needing to be addressed; providing grants and loans from various funds to assist businesses to start, relocate, or expand; and administering various tax incentive programs to encourage business development.

4. HOW WE COMPARE

Attracting new business and retaining existing businesses in Oregon has become very competitive post-recession. Seeking to duplicate Oregon’s relatively strong job creation performance despite the recession, other states are now modeling Oregon’s business development tools. Looking at the performance over the last three fiscal years, the department created/retained 17,738, which exceeded the biennial target of 17,000 jobs.

5. FACTORS AFFECTING RESULTS

The current performance measure data includes two data elements that were not included in the data for 2005. The two elements are the regional /rural development program data and the small business development program jobs created/retained data.

6. WHAT NEEDS TO BE DONE

The Senior Management Team and the Commission will review overall performance every six months to assess if strategic changes are needed. The department will modify this performance measure for 2007-09 to add the actual job creation /retention data.

7. ABOUT THE DATA

The above data is covering our activities within the fiscal year of 2005-2006. The data is collected from business receiving loans or grants from the department database. They estimate job retention as result of the project. Upon project completion, businesses are required to report actual results. For Community Assistance programs, data is collected from the Regional Boards and Partnerships and other entities receiving funds. For Small Businesses, data is collected from an independent survey of business using services contracted by the department.

III. KEY MEASURE ANALYSIS

KPM #3	NEW SALES OF ASSISTED CLIENTS	Measure since: 2004
Goal	Increase Innovation and Competitiveness of Traded Sector Industries. Our strategies include enhancing national and international competitiveness of Oregon traded sector industries; enhancing the state’s capacity for innovation and technology development and product creation; and increasing international opportunities for Oregon industries.	
Oregon Context	Benchmark 16 – Percentage of total exports traded with non-primary partners. (Primary partners are Canada, Japan and South Korea.) Oregon has made steady progress in diversifying its trading partners.	
Data source	Companies report sales data to International Development Staff	
Owner	International Development Division, Karen Goddin (503) 229 6054	

1. **OUR STRATEGY**

Marketing Oregon products and services internationally.

2. **ABOUT THE TARGETS**

“Assisted sales” refers to export sales reported by Oregon company clients of OECD’s International Division. The measure targets growth of revenues to the state via international trade.

3. **HOW WE ARE DOING**

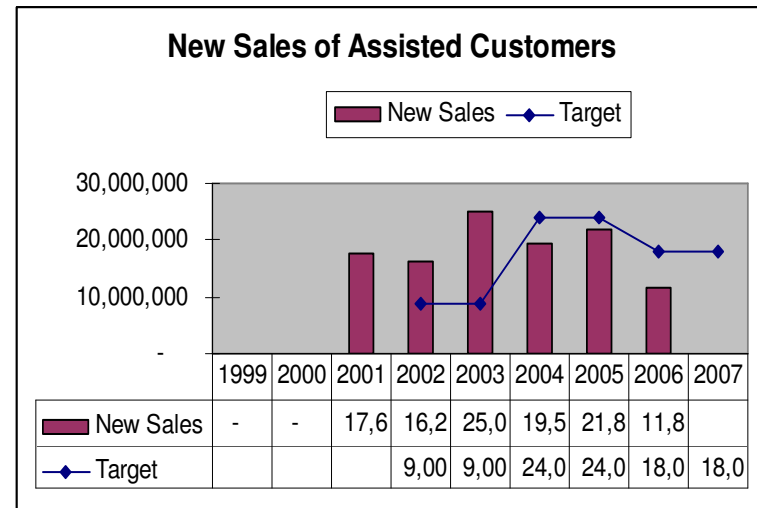
While targets were not achieved, the division was able to mitigate some of the impact of the funding cuts via a large export sale of aviation equipment which is reflected in the overall performance-to-target measure.

4. **HOW WE COMPARE**

The metrics in this area are not standardized. A summary review of other public trade agencies in the region show that a range of measures are used to measure performance including the number of client companies, number of requests for service from foreign offices, number of domestic assists e.g. one-on-one counseling, domestic seminars; overseas representatives or joint ventures signed.

5. **FACTORS AFFECTING RESULTS**

The 2003-05 biennial target of \$48M was based on the assumption that the International Division’s 2001-03 budget level would be maintained. However, budget cuts necessitated a 45 percent reduction in overseas office contracts in Europe, Mexico, and Korea. This action resulted in fewer Oregon companies being able to receive in-country assistance in completing exports sales. In addition, between 45-50 fewer Oregon companies were able to participate in the Oregon Trade Promotion Program (OTPP) due to budget realignments.



III. KEY MEASURE ANALYSIS

6. **WHAT NEEDS TO BE DONE**

We will continue to evaluate the performance measure to ensure that it adequately captures true performance of the International Division, its activities and investment.

7. **ABOUT THE DATA**

The data is based on the reported annual sales of businesses receiving assistance from our programs.

III. KEY MEASURE ANALYSIS

KPM #4	NUMBER OF NEW INDUSTRIAL SITES/ACRES CERTIFIED "PROJECT READY"	Measure since: 2004
Goal	Assist Communities to Build Capacity to Attract, Retain and Expand Businesses.	
Oregon Context	Developmental Benchmark #2002 - number of new industrial sites/acres certified as project ready	
Data source	Internal Department database	
Owner	Community Development Division, Bev Thacker (503) 986 0071	

1. **OUR STRATEGY**

Assist Communities to build capacity to attract, retain and expand business; Provide market-ready industrial sites.

2. **ABOUT THE TARGETS**

Certifying industrial lands as "project ready" (i.e., providing assurance that a site can be developed in 180 days or less) for specific industry profiles saves prospective companies significant cost, time and risk. In today's economy, project development timelines are shrinking and information technology is allowing many companies the option to locate virtually anywhere in the world. Certification gives Oregon communities the opportunity to compete for businesses they might not otherwise attract.

3. **HOW WE ARE DOING**

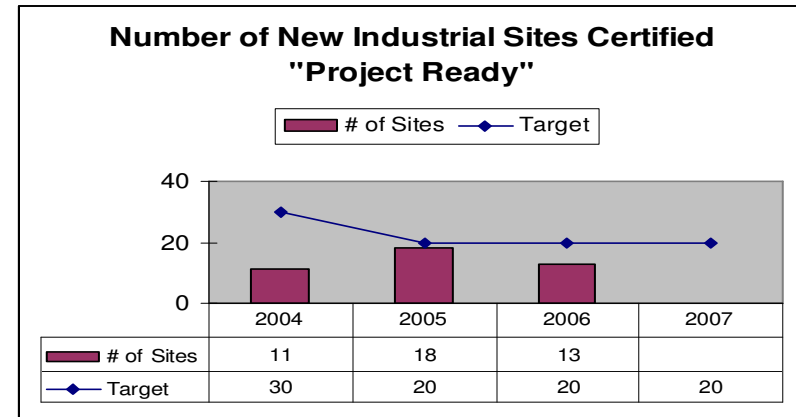
The Oregon Industrial Site Certification program was the third such program nationwide. In order to ensure its credibility, the program requires industrial sites to meet rigorous standards relative to regulatory requirements such as zoning, wetlands and environmental contamination as well as document a variety of other criteria such as utilities, transportation infrastructure and availability. Holding to these market-driven high standards resulted in a longer ramp up time than anticipated as landowners, municipalities and state agencies became familiar with the process and performance is beginning to meet targets.

4. **HOW WE COMPARE**

Industry standards for developable industrial land are very high, with many companies wanting "Shovel Ready" sites where they can break ground in 90 days or less. In Oregon, we are certifying that sites are "Project Ready" which means they can be developed within 180 days of purchase. This delay can be due to the need to, among other things, extend needed infrastructure or complete wetland or environmental mitigation. However, many of the 45 sites certified to date already meet the higher standard. The department is targeting its infrastructure investment funds on highly marketable sites certified as "Project Ready" to help them become "Shovel Ready."

5. **FACTORS AFFECTING RESULTS**

See reply No. 3



6. WHAT NEEDS TO BE DONE

The department will continue to streamline the process to make it easier and less expensive without sacrificing credibility. In addition, we will work with other state agencies to address barriers to certification and industrial land development such as adequate land supply, brownfields redevelopment and the need for wetland mitigation. These are major issues restricting industrial growth. The ERT and OECDD are requesting approval to adjust the target for this measure from 20 to 12 sites a year. The reason for the adjustment is that initial targets for the number of sites and acres were estimates as the program was new and without a track record. The requested adjustment has been presented to JLAC.

7. ABOUT THE DATA

The above data is reflecting all sites certified within fiscal year of 2005-2006. Data is captured in the process of certification. Detail information is available by contacting Industrial Site Certification Program Policy Specialist (Bev Thacker at 503 986 0071)

KPM #5	NUMBER OF COMMUNITY CAPITAL PROJECTS ASSISTED FOR CONSTRUCTION (INFRASTRUCTURE & COMMUNITY DEVELOPMENT)	Measure since: 2004
Goal	Assist Communities to Build Capacity to Attract, Retain and Expand Businesses.	
Oregon Context	Benchmark 1–Percent of Oregonians employed outside the Willamette Valley and the Portland tri-county area. Employment growth in rural Oregon has been relatively strong compared to urban Oregon for seven years. Benchmark 69 – Percentage of Oregonians served by public drinking water systems that meet health-based standards. In 2003, the state was at 94%.	
Data source	Department Database	
Owner	Community Development Division, Susan Aldrich (503) 986 0117	

1. **OUR STRATEGY**

Assist Communities to build capacity to attract, retain and expand businesses; Provide public infrastructure on a timely basis.

2. **ABOUT THE TARGETS**

The benchmarks noted above demonstrate the agency’s progress in providing public infrastructure (e.g., water, sewer, roads, telecommunication, etc.) that supports economic growth and healthy communities.

3. **HOW WE ARE DOING**

Due to increased demand for municipal infrastructure, the department has exceeded its targets the past three years.

4. **HOW WE COMPARE**

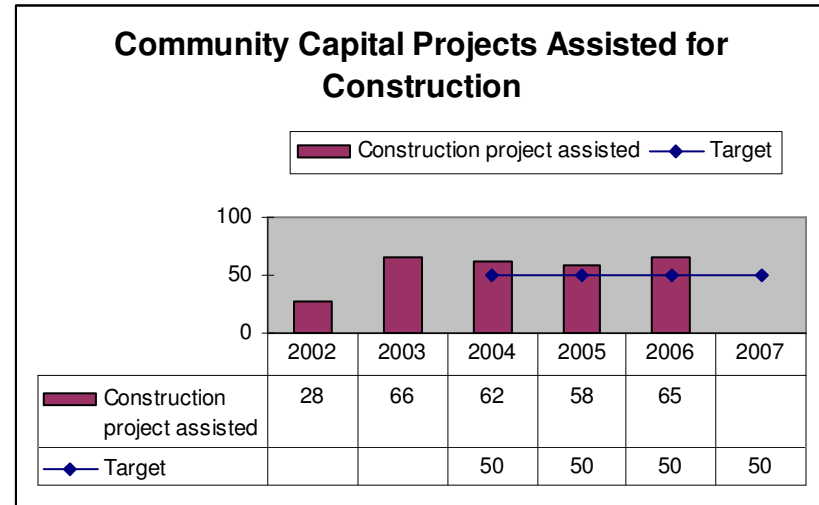
None identified.

5. **FACTORS AFFECTING RESULTS**

Demand in municipal infrastructure for both construction and Technical Assistance Projects has been consistently high. During the fiscal year of 2005-2006 we have invested over \$100 million which mostly fund the construction/ improvement of water system, sewer system and community facilities.

6. **WHAT NEEDS TO BE DONE**

Since we have exceeded our targets for the past three years, we will continue to monitor trends and identify practices that could be applied to improve other programs. A recently commissioned study assessed the return on investment for the department’s infrastructure programs estimated that each \$1 million of OECD funds leverages over \$1.3 million in other funds for the development of public infrastructure projects. On average, \$1 million of OECD funds generates 64 construction jobs and 150 permanent jobs. New income tax revenue to the state as a result of these jobs, with an average wage in 1997 of \$26,500, results in repaying the state investment in less than five years



7. ABOUT THE DATA

The above data is covering our activities within the fiscal year of 2005-2006. Projects are entered into the database upon funding commitment. Coordinators conduct final monitoring when projects are complete and note so in the database

III. KEY MEASURE ANALYSIS

KPM #6	NUMBER OF COMMUNITY CAPITAL PROJECTS ASSISTED FOR PLANNING (INFRASTRUCTURE, COMMUNITY & ORGANIZATIONAL)	Measure since: 2004
Goal	Assist Communities to Build Capacity to Attract, Retain and Expand Businesses.	
Oregon Context	Benchmark 1 – Percent of Oregonians employed outside the Willamette Valley and the Portland tri-county area. Employment growth in rural Oregon has been relatively strong compared to urban Oregon for seven years.	
Data source	Department Database	
Owner	Community Development Division, Susan Aldrich (503) 986 0117	

1. **OUR STRATEGY**

Assist Communities to build capacity to attract, retain and expand businesses; Provide public infrastructure on a timely basis.

2. **ABOUT THE TARGETS**

This measure includes all OECD funded planning projects, including those associated with preparing industrial lands for development and capital projects supporting community infrastructure such as wastewater treatment and safe drinking water. Highly marketable industrial sites receive additional planning assistance so they can be developed within 180 days and become certified as “project ready.”

3. **HOW WE ARE DOING**

The department has been able to meet the demand for planning assistance. This demand fell just short of the department’s target

4. **HOW WE COMPARE**

None identified.

5. **FACTORS AFFECTING RESULTS**

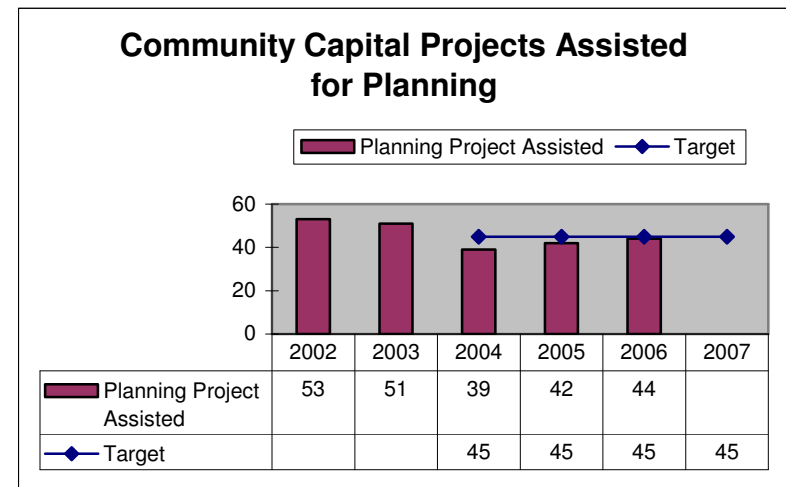
Demand in municipal infrastructure for both construction and Technical Assistance Projects has been consistently high. During the fiscal year of 2005-2006 we have invested over \$1million which mostly fund the Technical Assistance for Industrial Site Certification and improvement of water system, sewer system.

6. **WHAT NEEDS TO BE DONE**

The department will continue to meet the demands for technical assistance for infrastructure development and industrial site certification to help the entire state be more competitive in the economic development arena and help to address the demands of the growing population.

7. **ABOUT THE DATA**

The above data is covering our activities within the fiscal year of 2005-2006. Projects are entered into the database upon funding commitment. Coordinators conduct final monitoring when projects are complete and note so in the database.



III. KEY MEASURE ANALYSIS

KPM #7	NUMBER OF IDENTIFIED TRADED SECTOR INDUSTRY CLUSTERS WITH ACTIVE BUSINESS DEVELOPMENT PLANS	Measure since: 2004
Goal	Advance Business Opportunities, Increase Innovation and Competitiveness of Traded Sector Industries.	
Oregon Context	Benchmark 2 – Oregon’s national rank in traded sector strength. A focus on traded sector strength and competitiveness is a key component of the agency, especially in terms of business retention and attraction activities. OECD is working in collaboration with the Oregon Business Plan, workforce development initiatives and other economic development efforts underway to better focus efforts and leverage resources.	
Data source	Employment Department & Business plan on actual result	
Owner	Innovation and Economic Strategic Division, Amy Keiter (503) 229 5113	

1. **OUR STRATEGY**

Increase Innovation and Competitiveness of Traded Sector Industries; Enhance national and international competitiveness of Oregon traded sector industries.

2. **ABOUT THE TARGETS**

Understanding the opportunities and issues facing Oregon’s traded sector industries is necessary to strengthening the state’s economy as well as charting a course for future growth. Business development plans outline the areas where the agency may assist these industries. Currently, thirteen industry clusters have active business development plans: Metals Manufacturing; Recreational Vehicle Manufacturing; Display Systems; Food Processing; Open Technology; Micro/Nanotechnology; Biosciences; Forestry; Beer; Wine; Nursery; Wave Energy; and Software.

3. **HOW WE ARE DOING**

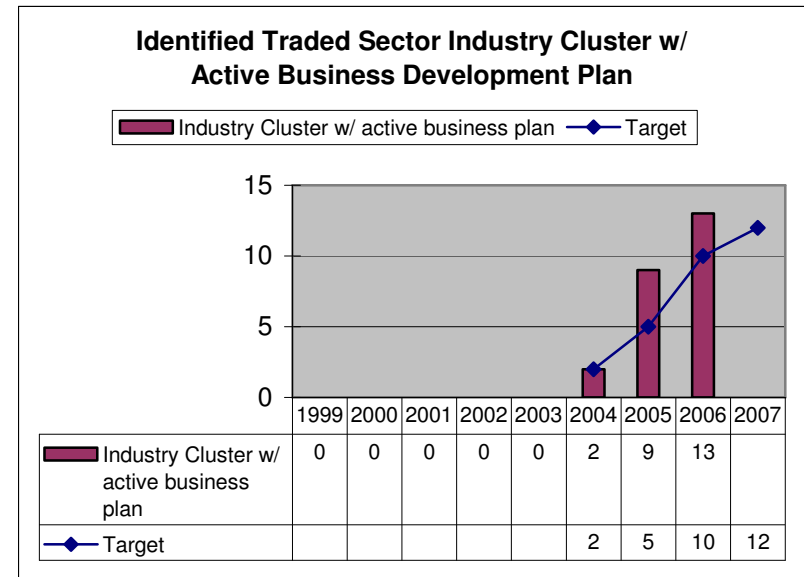
Assisting traded sector industry clusters is a strategic focus for the agency. Oregon has been selected to host *The Competitiveness Institute’s 2007 Annual Conference*. This event will further strengthen and promote our cluster development work.

4. **HOW WE COMPARE**

OECD recognizes the importance of supporting Oregon’s industry clusters: businesses of one industry, working contiguously, benefit from a shared and experienced workforce, mutual suppliers, and a stronger market share that single businesses could not capture on their own. It is an innovative economic development strategy for which standards and baseline data are not yet available. Oregon has the opportunity to lead the nation in demonstrating the value of this approach.

5. **FACTORS AFFECTING RESULTS**

OECD undertook the development of economic roadmaps to better understand two emerging clusters: open technology and innovations in natural resources and sustainable technologies. The roadmaps analyzed the strengths and opportunities in each sector, identified the assets in place as well as actions that need to be taken for continued success in Oregon.



6. WHAT NEEDS TO BE DONE

OECD will continue to foster this effort by developing best practices to build our network of cluster development practitioners and consultants, effectively collecting work plan information, and making this information available to partners that stand to benefit.

7. ABOUT THE DATA

Data is reflecting the achievement within the fiscal year of 2005-2006. Data is collected by the department staff from the Employment Department and the Business plan on actual result.

III. KEY MEASURE ANALYSIS

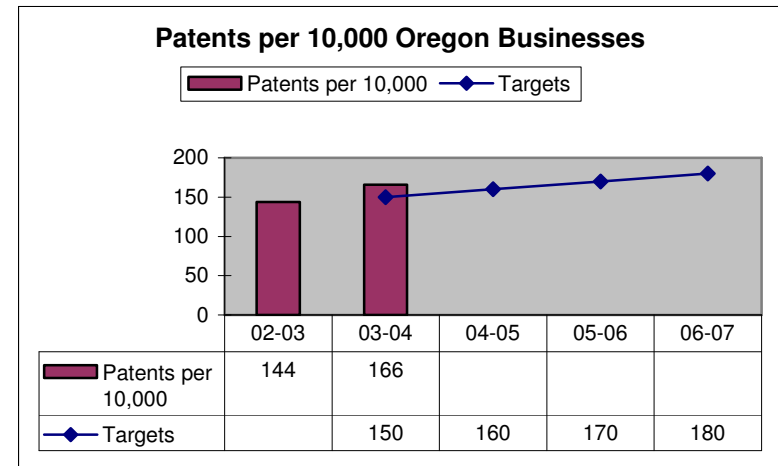
KPM #8	NUMBER OF PATENTS PER 10,000 OREGON BUSINESSES	Measure since: 2004
Goal	Advance Business Opportunities, Increase Innovation and Competitiveness of Traded Sector Industries.	
Oregon Context	Benchmark 15 measures Oregon unemployment rate as a percent of the US rate. As a state agency, OECDD has the opportunity to reach across industry, university and government, in providing workshops and training opportunities, making connections between the private and public sectors of the economy to better facilitate technology transfer activities and generate patents.	
Data source	Employment Department & Business Development plans on actual results.	
Owner	Innovation and Economic Strategic Division, Amy Keiter (503) 229 5113	

1. **OUR STRATEGY**

Advance Business Opportunities; Assist business, both large and small, to create, retain and expand jobs.

2. **ABOUT THE TARGETS**

Innovation and competitiveness is a continuum of research, development, business startup and growth. Oregon has programs and policies in place that foster the research and discovery process for new ideas that have potential to develop jobs and increase revenues. There is a “commercialization gap” in the continuum where ideas are turned into products and new businesses. This measure gauges the outcome of agency efforts to bridge that gap by supporting increased commercialization of research from universities. Over the last year OECDD has supported the Oregon Innovation Council to develop a state innovation plan that establishes the foundations for a comprehensive approach to fostering innovation across that state. OECDD will play a key role in the implementation of the plan upon its approval by legislature.



3. **HOW WE ARE DOING**

OECDD relies upon federal fiscal data to evaluate this performance measure; that data is not made available until early 2006, so a comparison cannot be made at this time. The Office of Technology Administration discontinued this report after the 2003-2004 publication.

4. **HOW WE COMPARE**

This measure is commonly used by both industry and higher education in measuring the economic impact of research efforts. It is also one of ten outcome measures tracked by the U.S. Office of Technology Administration in comparing science and technology measures of states. The US Office of Technology Administration is no longer developing this measure. Other possible measures that could replace this one include: venture capital investments per \$1,000,000 of Gross State Product; number of start-ups assisted and their associated employment; number of SBIR/STTR grants received.

5. **FACTORS AFFECTING RESULTS**

In the last year OECDD dedicated most of its resources to assisting the Oregon Innovation Council to develop a state innovation plan. OECDD staff organized and hosted council meetings, provided economic data and evaluated proposals to help various committees of the council reach decisions. These efforts contributed to the successful development of the plan, which have been submitted to the Governor. The implementation of this plan will increase the

productivity and competitiveness of the state in a variety of industries by stimulating private and public investments in R&D to hasten the commercialization of new technologies and the establishments of new companies in technology-producing and high wage industries..

6. WHAT NEEDS TO BE DONE

Continue to build strong working relationships with higher education and work to advance the Governor's innovation agenda, making Oregon "the innovation state." Adjustment to reflect a more relevant performance for Innovation and Economic Strategies is currently in the making.

7. ABOUT THE DATA

The Office of Technology Administration discontinued this report after the 2003-2004 publication. This KPM is proposed to be replaced on the 2007/09 report.

III. KEY MEASURE ANALYSIS

KPM #9	OVERALL CUSTOMER SURVEY SCORE ON A 1-4 SCALE WITH 4 BEING HIGHEST POSSIBLE	Measure since: 2004
Goal	Improve Customer Service and Measure Results	
Oregon Context	Benchmark 35 – Governing magazine’s ranking of public management quality. The public management rating for Oregon rose from a C+ to a B in 2004.	
Data source	Result of Independent survey done every 2 years	
Owner	Central Operations Division, Jeanne Arana (503) 986 0039	

1. **OUR STRATEGY**

Improve customer service and measure results.

2. **ABOUT THE TARGETS**

The department has been measuring customer satisfaction biennially since 1997. In 2005, with guidance from the Progress Board, we reduced the number of survey questions. This year, we have developed two surveys, one survey focuses on municipal customers and the second focuses on small business customers. Both surveys contain the five essential survey questions

3. **HOW WE ARE DOING**

The contractor is in the final stages of the municipal customer survey. We expect the results to be provided the first week of October.

4. **HOW WE COMPARE**

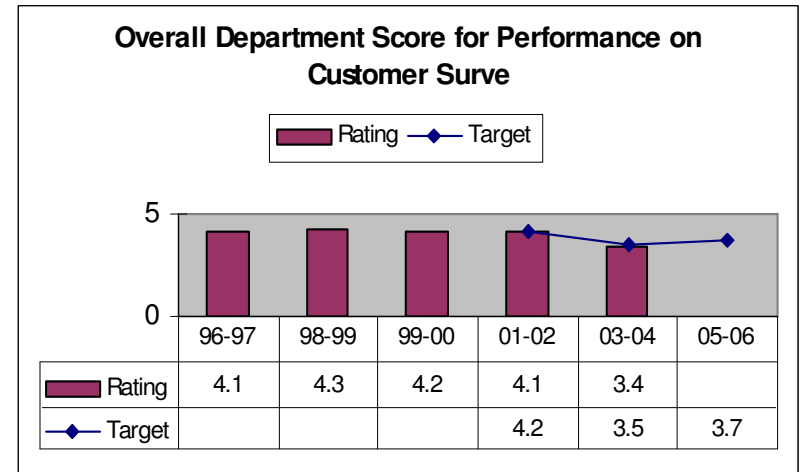
While the department has been performing customer surveys for some time now, the 2005 Legislature is now requiring all departments to perform surveys. While a change in reporting format will prevent comparison to historical data, the Department will be able to compare its performance to other state agencies in the future.

5. **FACTORS AFFECTING RESULTS**

Unfortunately with the departure of key staff members, this project was briefly delayed, however, the agency and contractor are diligently working towards completion. The small business customer survey will be finalized by the first of the year, 2007. Once the survey is complete, we will be looking at the comments that were given to determine specific areas where we can improve on customer service.

6. **WHAT NEEDS TO BE DONE**

As soon as it’s completed, the survey results will be shared with the agency’s commission, pertinent program management and staff as material for improvement.



7. ABOUT THE DATA

This past year was the first year that we changed our scale from a 1-5 scale with one being poor and five being excellent, to a 1-4 scale with one being poor and four being excellent. This year the same questions and rating scale will be used. The survey that is currently being finalized, will reflect if our customers felt that their needs were being met this past year.