Alberta McCrory, mayor of Hobson City, Alabama, collaborates with a colleague at Mayors Conference on Entrepreneurship in Kansas City, Missouri, July 2018

NOW READING

Better ways to measure the new
economy

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Better ways to measure the new economy

Traditional economic indicators aren't enough to help communities make data-driven decisions that help foster a vibrant entrepreneurial ecosystem. Here are three ways to better measure the grassroots economy.

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Three ways to better measure the grassroots economy: utilizing

Three ways to better measure the grassroots economy: utilizing national / local datasets and private / public data, and establishing new metrics. #mayorsconf #eshipsummit

The old measure of "jobs numbers" as an economic indicator is shifting to new metrics to measure a new economy.

With more communities embracing inclusive entrepreneurial ecosystems as the new model of economic development, entrepreneurs, ecosystem builders, and government agencies – at all levels – need to work together on data-driven initiatives. While established measures still have a place, new metrics have the potential to deliver the timely and granular information that is more useful at the local level.

"We want to be able to use data to make decisions," said Julia Lane, professor at Center for Urban Science and Progress at New York University, to policymakers from across the country this summer at the Mayors Conference on Entrepreneurship in Kansas City, Missouri. "So how are we going to do it? We have to think. We have to work together – and then we get to do our job better."

Three better ways to measure the new economy:

1. National and local datasets: Numbers used to discuss the economy are national level and usually not very timely. These numbers are useful to understand large trends, but fail to capture local realities. One way to better measure local economies is to use local administrative datasets. There are many obstacles with this approach, but the idea is gaining interest. Data infrastructure, policies, and projects are building connections between local and national agencies. Joining different levels of government data will provide national scale and local specificity.

2. Private and public data: The words private and public typically reflect privacy issues, but there is another public and private dimension. Public institutions possess vast amounts of data, but so do private companies. For instance, sites like PayPal, Square, Amazon, and Etsy possess data that could provide real-time assessment of an individual company's financial health. The concept of credit and risk could be expanded to benefit those currently underserved, if combined with local administrative information like tax, wage, and banking data. Fair and open use of private data could open credit to currently underfunded entrepreneurs.

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> **If your city, if your community, only knew what it knows, it could do its job better.**
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> **—Julia Lane**

3. New metrics: Developing connections between different datasets will result in new metrics of entrepreneurial activity: metrics that measure human connection, social capital, community creativity, and quality of life. Metrics that capture economic activity at the community level and in real time. For example, the Kauffman Foundation has funded research that uses labor data from private job-listing sites to better understand the match between the workforce entrepreneurs need and the workforce available within the immediate community. But new metrics are not enough, they must connect to the final goal of economic independence. Using new metrics to help ecosystems understand how

policies and programs impact entrepreneurship is the final step to measuring local economies.
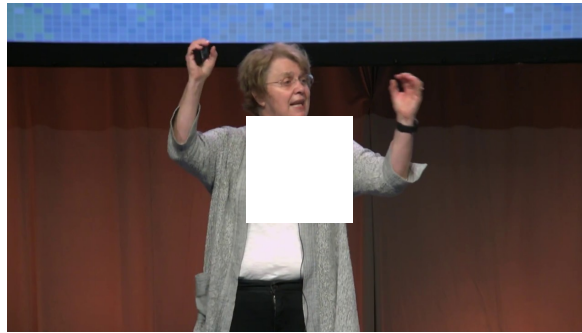
Measures, measures, everywhere

JULIA LANE, MAYORS CONFERENCE ON ENTREPRENEURSHIP

Becoming metrics masters

Lane says cities already collect more data than they may realize. But turning that data into something useful requires that ecosystem stakeholders stop and think.

"If your city, if your community, only knew what it knows, it could do its job better," Lane said.

At the Mayors Conference, participants broke into small workgroups to discuss how old measures were updated and how data was used to better inform ecosystem builders and serve communities.

Lane led a discussion on her experiences working with the Kauffman Foundation to move away from dependence on survey data. Though surveys have been used for years, other measures built from data such as local business registers may be more specific, updated, and reliable. For instance, Lane explained how old data uses codes from 20 years ago to identify which kinds of businesses were coming to a city. But, these codes are limiting in today's economy.

"There is no code for green energy. There is no code for gig industries. There is no code for data production," Lane said.

Lane also urged participants to turn the taps on their creativity. Instead of using surveys or other data sources to determine what new businesses come in, she suggested looking at utility data. By looking at businesses' utility information, Lane said communities can see not only when a startup turned on its

lights for business, but where it opened and potentially when it moved or closed its doors.

Building capacity for new measurement

While Lane, and other presenters at the Mayors Conference, had significant insight for what's worked in their experience, mayors also had the opportunity to explore what challenges they faced in adopting new measurement tactics.

One of the biggest obstacles is building human capacity for understanding data. Ensuring there's enough city staff to take on new initiatives may require hiring new employees or building new roles, said Milissa Holland, mayor of Palm Coast, Florida.

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Lane said building the human capacity to understand how data is generated and then how it can be

used either on its own or in combination with other data sets is key.

"It doesn't do any good at all to have lots of data if no one in your office can work with it," she said.

"We do have a good amount of employees that work in our city hall," Holland said. "But they're there to run the day-to-day operations – not really to look at the long-term scope and vision of our community."

Nonetheless, Holland believes data-driven initiatives are key to reaching some of her city's goals. When it comes to solving issues like homelessness or crime rates that are "directly tied to opportunities in the community," data can help in several ways.

"The measuring and the metrics are really critical," Holland said. "Otherwise, we're just out there throwing solutions at things we don't really understand fully."

Watch Lane's entire presentation from the 2018 Mayors Conference on Entrepreneurship.

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