



PROSPER
PORTLAND
Building an Equitable Economy

DATE: February 12, 2020
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 20-10
Update on Cluster Action Plans

BRIEF DESCRIPTION OF INFORMATION ITEM

No action is requested; information only.

At the February 12, 2020 Prosper Portland Board of Commissioners (Board) meeting, staff will provide an overview of the recently updated Cluster Action Plans for the agency's traded sector work (see an executive summary in Attachment A and the full report in Attachment B). As Prosper Portland's industry cluster work has evolved over the past ten years, staff has consistently innovated, gradually introducing more substantial inclusive economic development practices into its work. The Cluster Action Plans build on this multi-year innovation and reinforce the agency's commitment to building an equitable economy through its traded sector work.

Prosper Portland will continue to focus business development, retention, and expansion efforts on the following four industry clusters: Technology and Media, Athletic and Outdoor, Metals and Machinery, and Green Cities. These four industries provide the best opportunity for the agency to partner with the business community, harness economic growth, and increase middle-wage job opportunities for Portlanders.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Prosper Portland's traded sector economic development work delivers on key objectives of the agency's Strategic Plan, particularly by supporting quality job growth and collaborating with partners for an equitable economy.

BACKGROUND AND CONTEXT

Prosper Portland has served as the City of Portland's economic development agency since 1981 and has focused on traded sector industry growth for many years. The 2009 adoption of the Economic Development Strategy: A Five-Year Plan for Promoting Job Creation and Economic Growth heralded a new phase of Prosper Portland's work. By prioritizing four industry clusters and devoting a staff member to each, Prosper Portland has improved its ability to understand industry needs, build relationships, and tailor programs and initiatives in ways that grow quality jobs for the benefit of the industry and the Portland community at large.

With the Prosper Portland Board's adoption of the Strategic Plan in 2015, the emphasis of the agency's economic development work shifted from a traditional growth mindset toward one focused on inclusive and equitable outcomes. Since then, staff has launched several new programs that use more rigorous metrics and center on equitable outcomes. Through groundbreaking initiatives such as the NY Now

Trade Show Assistance program, TechTown, and the Enterprise Zone Public Benefit Agreements, Prosper Portland has built a foundation for the strategic refinement represented in the Cluster Action Plans.

Strategic Framework. As staff began to update the Cluster Action Plans to focus on equitable processes and outcomes, a common strategic framework was critical in connecting the agency’s Strategic Plan to the tactics implemented at a staff level. The four industry clusters exhibit wide differences in terms of firm composition, industry mix, job growth, and access to quality jobs. As a result, the strategic framework needed to be flexible enough to encompass a range of interventions while maintaining a cohesive approach that ties the work together. The strategic framework includes the following four components that guide staff’s work: i.) a mission statement, ii.) a set of operating principles, iii.) a theory of change, and iv.) an equity lens that supports program design and evaluation.

Mission Statement. The Cluster Action Plans’ two-fold mission statement is to “Help Traded Sector Companies Become More Inclusive” and “Help Inclusive Traded Sector Companies Grow.” This dual mission has great operational significance.

Helping companies become more inclusive requires the creation of an entirely new infrastructure for driving culture change within traded sector businesses of all sizes. Activities include creating shared learning opportunities, pooling resources for equity training, and designing technical assistance programming around Diversity, Equity, and Inclusion work, particularly for smaller businesses that may appreciate the importance of culture change but lack the means or knowledge to address their challenges.

Helping inclusive companies grow also required significant shifts in staff’s approach. In developing the strategic framework, staff created an equity lens that utilizes targeted universalism concepts to prioritize direct assistance according to likelihood of equitable outcomes. Program design and evaluation will be based on staff’s ability to reach and support firms with these characteristics, organized in order of importance:

1. Businesses owned by people of color
2. Companies or industries with a high percentage of people of color in the workforce
3. Woman-owned businesses
4. Companies or industries that support a high number of middle-wage jobs
5. Companies located in historically under-resourced parts of the city (particularly East Portland, North/Northeast Portland, Old Town/Chinatown)
6. Companies that provide other community access opportunities (e.g., participation in TechTown Diversity Pledge, Portland Means Progress, Inspiring Diversity Grant, Enterprise Zone and/or engagement in environmental justice work or other initiatives leading to equitable outcomes)

Operating Principles. The second component of the strategic framework is the Cluster Action Plans’ operating principles, which state that Prosper Portland’s cluster-focused work:

- Is pro-growth – equitable outcomes depend on a growing economy and competitive firms
- Asks who benefits from that growth – and adjust the work accordingly
- Succeeds through partnerships – inside and outside the organization
- Is data-driven, using qualitative and quantitative research
- Commits to intervention at the firm level

Theory of Change. Prosper Portland believes that inclusive traded sector growth occurs when firms that create good jobs are competitive and equitable, leading to access to employment and advancement opportunities.

The simplicity of this formula masks the complex, self-reinforcing process that must be functioning properly for inclusive growth to occur. Prosper Portland staff intervenes at specific points to catalyze

and support this process. For example, staff supports the relocation and expansion of traded-sector firms from outside the region and provides services to make established traded-sector firms more competitive, focusing on firms that already provide quality jobs or have the potential to create them. Staff then works to ensure equitable access to the resulting job opportunities (as well as advancement in both existing and new jobs). Firms offering equitable access can tap into a broader and more diverse set of talents, making them more competitive. Giving people work experience and wealth opportunities builds capacity for entrepreneurship.

However, merely providing growth services in a different way is insufficient in addressing equity challenges in the traded sectors. Therefore, staff is beginning to build out an infrastructure of programming and services that focus on inclusion and culture change. The TechTown initiative, for example, is a data-informed, industry-led pledge seeking to create a more diverse, inclusive and equitable environment in the Portland Tech industry. Staff have also launched Portland Means Progress and the Inspiring Diversity Grant, but much more is needed, as there is significant private sector demand for for inclusion programming.

Equity Lens. The fourth component of the strategic framework the consistent application of an equity lens to the Cluster Action Plans. For example, within the Athletic and Outdoor cluster, Prosper Portland has organized booth space, technical assistance, and trade show promotion for 10 local firms, 90 percent of whom identify as owned by people of color. Likewise, staff are developing a mechanism for tracking culture change within firms.

Cluster Action Plans. The investigations detailed in the Cluster Action Plans make it clear that the four clusters require customized approaches: each cluster displays a different mix of firms, workforce and ownership diversity, competitive challenges, and opportunities. Following is a summary of the key strategic approaches detailed in each Cluster Action Plan:

Green Cities

- Help large, established firms become more inclusive, particularly by supporting more diverse hiring
- Focus growth services on three emerging sub-clusters: mobility, digitization, convergence of technologies

Athletic and Outdoor

- Support inclusion work in midsized, “core” Athletic and Outdoor firms where there is a significant need and demand for culture change
- Focus growth services on People of Color-owned businesses in “craft consumer” industries (e.g., accessories and home goods that are often spinouts from the large anchors as designers start their own ventures)

Technology and Media

- Drive inclusion within high-growth technology firms, as job growth is occurring without public intervention
- Investigate opportunities to support minority technology entrepreneurship

Metals and Machinery

- Retain and grow firms providing middle-wage jobs held by People of Color
- Foster manufacturing/maker entrepreneurship among manufacturing workers of color to create long-term wealth within these communities

EQUITY IMPACT

The Cluster Action Plans’ premise and foundational core is that Prosper Portland’s work must ensure that traded sector job growth is inclusive and will help close equity gaps across disadvantaged communities.

ATTACHMENTS

- A. Cluster Action Plans Executive Summary
- B. Strategic Framework and Cluster Action Plans