



Evaluating Your Economic Development Project

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Introduction

If one has participated in strategic planning, goal-setting, or visioning process, then he or she is familiar with some of the terminology shown in Attachment 1, such as "community assessment" or "strategic plan." Attachment 1 demonstrates "Ten Steps To Your Community's Future" and is essentially an outline for strategic planning for community economic development.

When communities, businesses, and organizations realize they need a vision for the future and a roadmap for how to get there, a typical response is to initiate the process of strategic planning (See Woods, Frye, and Ralstin, 1999.) Many groups complete steps 5 and 6 by creating a strategic plan. Some will implement their plans by completing projects; some will not. Even fewer will evaluate their projects.

One of the reasons people or organizations fail to evaluate their projects is because the process can sometimes be quite mystifying. Definitions of terms like outcome, objective, or strategy get confused with each other and various publications will use the terms differently. Attachment 2 was designed to help the reader sort through the definitions of various terms and phrases often used in the evaluation literature. For example, the term "outcome" and the term "goal" are both used to describe the "end state that the community wants to achieve." This particular fact sheet is going to use "outcome," but do not get confused if someone else uses "goal" instead. Please read Attachment 2 carefully.

Another reason that organizations skip the evaluation is because successful completion of a project is "good enough," and very little attention is paid to questioning whether or not the activity actually pushed the community closer to its desired outcomes. It can be very costly for a community to keep pouring time and money into projects that are making no progress toward these goals (or outcomes). The only way to know for sure is to evaluate the project. A thoughtful evaluation will measure progress toward outcomes and lead community leaders to update and revise their desired outcomes.

Community Outcomes

The North Central Regional Center for Rural Development (NCRCRD) defines evaluation as the measurement of progress toward community-determined outcomes. Desired outcomes are often suggested through the process of community visioning. For instance, most community visions make some reference to having a healthy economy.

According to NCRCRD, there are five desired outcomes reported by most communities.

1. Increased use of skills, knowledge, and ability of local people. For example, leadership skills may need to be developed. In some cases, existing human capital may not be recognized and not used in community efforts.
2. Strengthened relationships and communication. Relationships among diverse groups within the community are beneficial, so too are linkages with other communities and outside agencies.
3. Improved community initiative, responsibility, and adaptability. Communities need to adapt to change. Only through strategic local action can a community turn its vision into reality.
4. Sustainable, healthy ecosystems. The responsible stewardship of natural resources will allow communities to sustain themselves. In addition, humans are part of the ecosystem, and their physical and mental well-being is also important.
5. Appropriately diverse and healthy economies. In healthy economies, community residents move toward self-sufficiency and prosperity, local people invest in the community, and local businesses modernize and find new markets.

Even though many local community groups would not word their desired outcomes in exactly the same way that the NCRCRD does, the intent is generally the same. For example, an outcome that says, "We want a booming Main Street," would fit under outcome #5 listed above. An outcome worded, "Our residents must have access to quality health care," would fit under outcome #4.

As a part of the strategic planning process, activities or projects are often suggested as a means of moving the community toward one of the five outcomes (or some version of them). This fact sheet will focus primarily on outcome #5, "Appropriately diverse and healthy economies" and the measurement of its success.

Measuring Progress Toward Outcomes

How should a community measure an activity's results in terms of making progress toward a desired outcome? The following steps outline the process.

Step 1. What is desired outcome? What condition does the community want to achieve. Answer: “A Healthy Economy.”

Step 2. What will be key indicator(s) of this outcome? In other words, what will have to change or happen before this outcome can be achieved? One answer might be, “Residents must shop with local retailers.” Another example is, “Community needs higher paying jobs.”

Step 3. How should the community measure the status of each indicator? For each indicator there are probably several measures that will be satisfactory. Not everyone will agree that all measures are appropriate, but developing a consensus about what is reasonable is an important part of the process for the community.

For example, if the indicator is “Residents must shop with local retailers,” some members of the community’s evaluation team may suggest the following measurements:

- Number of shoppers on Main Street on Saturday morning.
- City sales tax returns.

While others may prefer other methods of evaluation such as through pictures, words, historical archives, videotapes, etc. A combination of these measurements may prove to work best.

With respect to measurement, keep in mind the following questions.

1. What is the unit? Or what exactly is being counted? (Could be people, inches, dollars, tons, etc.)
2. What is baseline measurement or starting point? Define this value before starting. Otherwise, how will progress be determined?

Measurement Guidelines

The NCRCRD suggests several guidelines to follow when measuring progress toward community outcomes. First of all, be sure to choose the “real” measure of outcome. For example, if a community needs to attract high paying jobs that will keep young professionals from leaving the community, a measurement as simple as total employment is probably not a good indicator. Fifty new jobs for teenagers at local burger joints are fine, but that is not really the desired outcome. Maybe a better measure is number of college graduates working within the community before and after the project.

The NCRCRD also suggests that communities measure “goods” rather than “bads.” In other words, it may be more beneficial to the community to focus on positive outcomes such as “We increased the number of jobs (a good) in our community,” as opposed to “We reduced the unemployment rate (a bad).” Celebrate (and get others to celebrate) accomplishing something good.

Another thing to keep in mind is that communities should measure the progress toward goals—not just activities. For example, in a community that has a goal of maintaining healthy shops on Main Street, it is great that the Chamber of Commerce hosted five educational workshops for local merchants last year. Frankly, it can be a difficult task to produce even one such workshop in a small community. Even so, there are

still a number of questions left to answer after the workshops are over. How many merchants attended the workshops? How many of the merchants “bought into” what was being presented? How many merchants actually implemented some of the strategies that were offered?

The scenario described above suggests another consideration not offered by the NCRCRD. In many cases, intermediate “checks” on goals may be appropriate in the evaluation process. Although the presentation of five merchant workshops is not the final goal for the Chamber of Commerce, each one was an important step and should be celebrated as such. The completion of each workshop provides a good opportunity to stop and do an intermediate check on progress toward ultimate goal. How many merchants attended? Could attendance at the next workshop be increased if held in the morning versus in the evening? Is this really the kind of information the merchants need? What did the merchants say about the workshop?

A final consideration, according to the NCRCRD, is that the community must decide what can and should be measured. For one thing, do not waste people’s time by collecting statistics that have no purpose and provide little information about whether an activity actually moved the community toward an important goal. On the other hand, some measures might be very useful, but be impossible to collect. In this situation, the community might look for a proxy. For example, if a community wanted to measure the indicator “enhanced business-owner understanding of technology,” the most precise way to measure this would probably be to test and score individual business-owners on their level of technological expertise. This, however, is extremely unpractical and would likely be viewed as an invasion of privacy. A simple proxy might be to see if the business has a website.

Either way, the community should attempt to balance the need to know with the ability to find out. For instance, it may be worth the investment to hire a professional consultant who would conduct a scientific survey of local residents, or...maybe not. The community must make this decision based on available resources, including time and money, relative to the value of the information.

The Appropriately Diverse and Healthy Economy

One of the most common outcomes that communities identify for themselves is a vital economy. How “appropriately diverse” and “healthy” are defined is determined by the community in question. There are some common characteristics in most healthy communities.

1. The industry base is diverse.
2. Residents are becoming more prosperous and self-sufficient.
3. Local business are modernizing and finding new markets.
4. There is increased local ownership of homes and businesses.
5. There is increased investment in the community by local people and financial institutions.

The NCRCRD proposes that there are four basic categories of indicators for a vital economy. Each indicator has several possible measurements, and the list of measurements is not exhaustive. A community group may not agree with some of these and will probably be able to come up with more relevant measurements.

1. Reducing poverty. Measures include:
 - a. Number and percent of utility bills paid on time.
 - b. Number of children on free or reduced school lunches.
 - c. Number of food stamp cases.
2. Enhancing business efficiency. Measures include:
 - a. Number of commercial phone lines and frequency of hookups and disconnects.
 - b. Local businesses that have asked for modernization assistance.
 - c. Private dollars invested in the community.
3. Increasing business diversity. (By the way, diversity means whatever the community wants it to mean. Maybe a community wants five new employers, but would prefer them all to be technology-based firms. Maybe a community would prefer the same number of new jobs, but would rather they represent a mix of service, retail, and manufacturing jobs.) Measures of increased business diversity include:
 - a. Total number of employers in the community.
 - b. Percent of local shoppers who purchase retail items locally.
4. Increasing community resident assets. Measures include:
 - a. Percentage of homes that are owner-occupied.
 - b. Number and percentage of homes with more than one phone line.
 - c. Number of building permits issued for existing homes and/or new homes.

Checklist for Measuring Progress Toward the Outcome of a Healthy Economy

- What is an indicator?
- What is a measure related to this indicator?
- What is the baseline measure?
- Will there be opportunities to do intermediate checks?
- What is the unit of measure?
- Where is the information? (Will the library have it? Is it on the Internet? Will the county Extension office have it?)
- How will this information be obtained? (Will the data come from surveys or from secondary sources of data such as the Census?)
- Who will collect the information? (Should a survey be conducted or should a consultant be hired?)
- Will they be paid?
- How many hours will it take?
- When will the information be collected?
- How will progress from the baseline be measured?
- How can this information be used to achieve community's goal?

Notice that the above checklist can be completed before the community has even decided on a project. In reality, most groups have their project or activity in mind before they even begin to think about evaluation. That is probably okay. The fatal error (in terms of successful evaluation) occurs when the group begins the activity before they begin the evaluation. Evaluation should take place BEFORE, DURING, and AFTER the project. Evaluation must begin before the project starts in order to identify a baseline for the measurement.

Consider the town that wants to measure the success of its retailers by collecting sales tax collection data one year after the beginning of an intense shop-at-home campaign. What good will it do for the community to collect this data if they have no idea what sales tax collections totaled one year ago? The measuring needed to begin before the shop-at-home campaign started in order to define a baseline from which growth (and success) could be measured.

Additional Comments

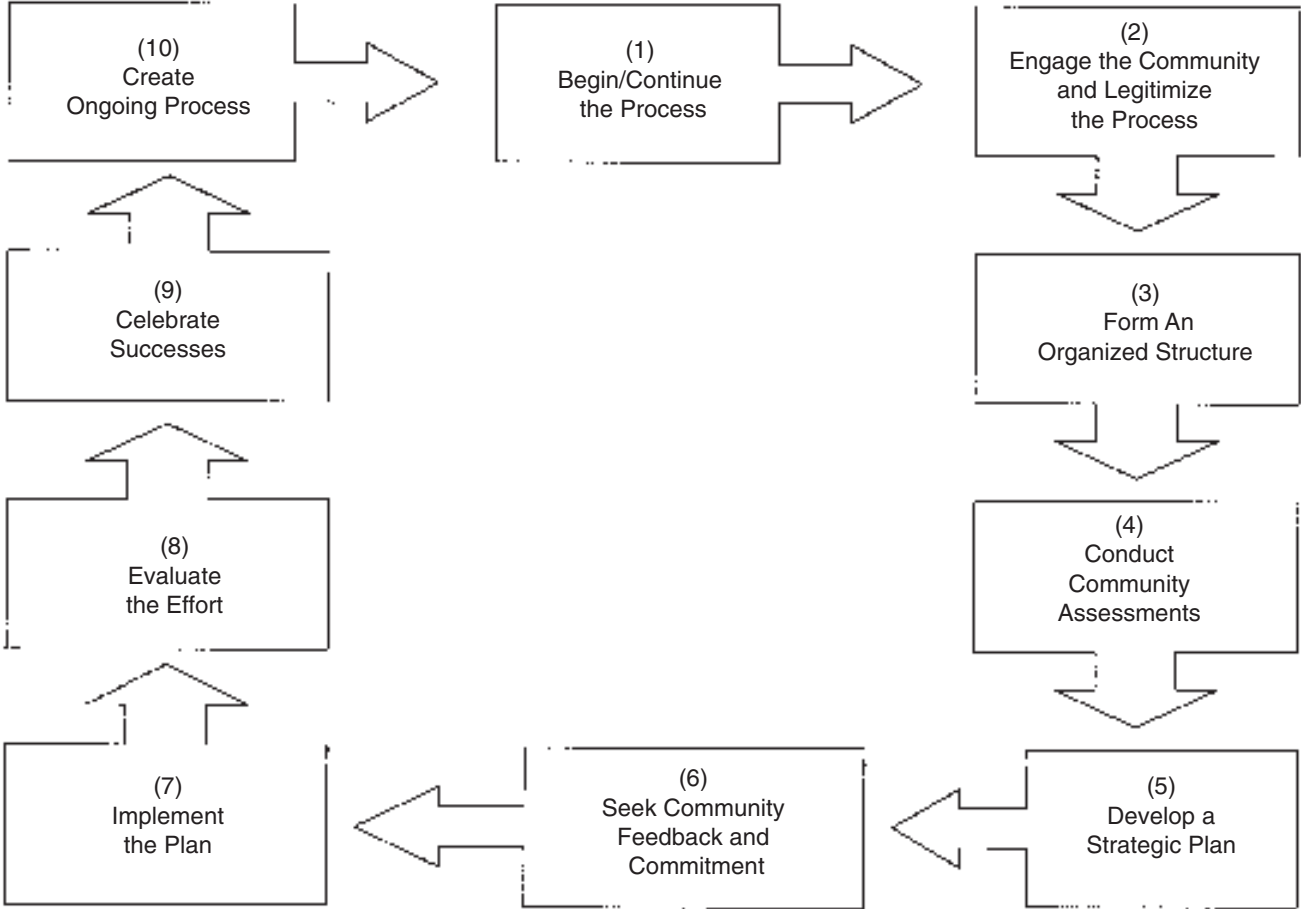
Most communities would like to have a diverse and healthy economy. Specific projects can move communities toward that outcome, but the people involved will never know for sure until they evaluate their projects in that light. This fact sheet has listed some common indicators of a healthy economy and has also listed some measurements for each of those indicators. These are not the only possible measures. In fact, community groups are urged to get creative by choosing measures that are particularly relevant to their own situation.

No matter what the measure, the number one consideration to keep in mind is whether or not the measure provides a good indication of progress toward community's chosen outcomes or goals. Also, keep in mind that evaluation does not just have to prove that a project works; it should improve how it works. Proper evaluation will often find warning signs and spotlight ways to make the project better. Finally, do not forget to celebrate community's successes. Feelings of achievement bolster the courage and stamina required to attempt future, more elaborate, endeavors. To understand more about evaluating an economic development project, contact Rural Development at Oklahoma State University, Oklahoma Cooperative Extension Service.

References

- North Central Regional Center for Rural Development, Measuring Community Success and Sustainability: An Interactive Workbook, Iowa State University, Ames, IA, 1999.
- Woods, Mike, Frye, Jack, and Ralstin, Stan, "Blueprints for Your Community's Future: Creating a Strategic Plan for Local Economic Development," Oklahoma Cooperative Extension Service, Oklahoma State University, Stillwater, OK, WF-916, 1999.

**Attachment 1
Ten Steps to a Community's Future**



Attachment 2
Evaluation Terms and Examples

| Term | Alternative Term | Definition | Example |
|------------|------------------------|--|---|
| Vision | | A vision is broad idea of how a community should look and feel to the people who live there. | We want to have a booming, healthy, diverse economy, with lots of opportunities for our children and our grandchildren. |
| Outcome | Goal | An outcome or goal is the condition the community wants to achieve. End-state or the result to be achieved. They may still be aspirations as opposed to specific targets. | We need healthy retail shops on Main Street. |
| Objectives | Targets | Objectives or targets are the key results to be achieved. They are more specific than outcomes or goals. They tend to be measurable. A single outcome or goal may suggest more than one objective. | <ol style="list-style-type: none"> 1. We must convince our residents to shop locally as much as possible. 2. Our local shopkeepers need to be modernized, efficient, and Internet literate. |
| Activities | Strategies Projects | Activities or strategies are the projects undertaken to accomplish the objective or target. | <ol style="list-style-type: none"> 1a. Prepare a media blitz explaining to our residents why it is important to shop at home. 1b. Publish a local shopping directory. 1c. Organize a major retail promotion, such as a sweepstakes at Christmas. |
| Indicator | | An indicator is something that must be changed or achieved by the activity in order to claim progress toward the outcome or goal. | <ol style="list-style-type: none"> 1a. Residents attitude concerning “shop-at home” must be positive. 1b. Residents must know that certain products and services are available locally. 1c. Residents must shop at local businesses. |
| Measure | | A measure is how to count or value the status of an indicator. | <ol style="list-style-type: none"> 1a. Consumer attitudes are measured before and after with a survey. 1b. Consumer knowledge can be measured before and after with the same survey. 1c. Sales Gap Analysis |
| Unit | | A unit defines what is counted (inches, people, dollars, hours, etc.) | <ol style="list-style-type: none"> 1a. Percent of people with a positive perception of local shopping. 1b. Percent of people who are aware of certain businesses. 1c. Gap Coefficient |
| Baseline | | The baseline defines the value of a measure at the starting point. | The key to establishing any baseline is that these measurements have to take place before any activity has begun. |

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Extension carries out programs in the broad categories of agriculture, natural resources and environment; family and consumer sciences; 4-H and other youth; and community resource development. Extension staff members live and work among the people they serve to help stimulate and educate Americans to plan ahead and cope with their problems.

Some characteristics of the Cooperative Extension system are:

- The federal, state, and local governments cooperatively share in its financial support and program direction.
- It is administered by the land-grant university as designated by the state legislature through an Extension director.
- Extension programs are nonpolitical, objective, and research-based information.
- It provides practical, problem-oriented education for people of all ages. It is designated to take the knowledge of the university to those persons who do not or cannot participate in the formal classroom instruction of the university.
- It utilizes research from university, government, and other sources to help people make their own decisions.
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- It dispenses no funds to the public.
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