

DELAWARE'S FUTURE IN THE NEW ECONOMY

*A REVIEW OF THE KAUFFMAN FOUNDATION'S 2012
NEW ECONOMY INDEX REPORT*

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***It is not the strongest of the species that survive,
nor the most intelligent,
but the ones most responsive to change.***

- Charles Darwin -

SO WHAT IS THE NEW ECONOMY?

- Refers to a set of *fundamental changes* in the *structure* and the operation of the economy
- New Economy...Global, entrepreneurial and knowledge based....*keys to success...*

extent to ***which knowledge technology and innovation are embedded in products and services.***

THE INDEX

- Builds on five prior State New Economy Indexes; 1999, 2002, 2007, 2008 and 2010
- *Report focuses narrowly on **one question**:*

To what degree does the structure of the state economies match the ideal structure of the New Economy?

EVIDENCE OF A COMPETITIVE DECLINE

- The manufacturing sector....most dramatically felt
- U.S. manufacturing employment...declined 33 percent between 2000 and 2011
- *There is no sector more important to the vitality of the 50 state economies than manufacturing.*

NOTEWORTHY HIGHLIGHTS IN THE REPORT

*“ For the United States to be competitive, one key will be to compete more on the basis of **innovation and entrepreneurship**, and less on cost. With a **globalized economy** enabling easy access to low cost production systems in nations like Mexico and China, U.S. **competitive advantage will continue to be found in making things and providing trading services that other nations are unable to make or provide as easily or as efficiently.”***

The 2012 New Economy Index Report

NOTEWORTHY HIGHLIGHTS IN THE REPORT

- Obtaining this competitive advantage requires a workforce and jobs based:
 - ✓ *upon higher skills;*
 - ✓ *robust global connections;*
 - ✓ *dynamic firms, including strong, high-growth start ups;*
 - ✓ *industries and individuals embracing digital technologies;*
 - ✓ *and strong capabilities in technological innovation.*

NOTEWORTHY HIGHLIGHTS IN THE REPORT

*The report suggest that the keys
for the U.S. economy are the
same for state economies.*

THE IMPORTANCE OF MANUFACTURING NATIONALLY AND IN DELAWARE

“...manufacturing is still the key enabler of most state’s traded-sector strength... there is no traded sector more important to the vitality of the 50 state economies than manufacturing, in particular, advanced, technology-based manufacturing.”

IMPORTANCE OF MANUFACTURING NATIONALLY AND IN DELAWARE

- Manufacturing establishments are “anchors” for the economy
- Manufacturing jobs tend to pay 21 percent more than the avg. hourly compensation in private sector industries
- Each manufacturing job supports as many as 2.9 other jobs in the rest of the economy

IMPORTANCE OF MEP'S AND DEMEP

- Report suggest states best technology policy....fully fund state's MEP's.....DEMEP in Delaware
- MEP's help boot competitiveness, productivity and innovation potential of America's SME's
- Connect innovation and delivery aspects of MEP's to state's broader strategic initiatives

COUNTY UNEMPLOYMENT RATES

- The county unemployment rates are shown below. These are for July 2013 since the rates for August 2013 had not be compiled at the time of this writing:

- Kent	8.1%
- New Castle	7.8%
- Sussex	6.4%

Delaware Unemployment Rate: 7.4%

National Average August 2013: 7.3%

THE INDEX

- Uses **26 indicators**, divided into **five categories** that best capture what is new about the New Economy:
 - ✓ *Knowledge Jobs*
 - ✓ *Globalization*
 - ✓ *Economic Dynamism*
 - ✓ *The Digital Economy*
 - ✓ *Innovation Capacity*

FIVE CATEGORIES/INDICATORS

Knowledge Jobs	Globalization	Economic Dynamism	Digital Economy	Innovation Capacity
Info Tech Jobs	Foreign Direct Investment	Job Churning	Online Population	High- Tech Jobs
Managerial, Professional and Tech Jobs	Ex. Focus of Manufacturing and Services	Fast Growing Firms	E-Government	Scientists and Engineers
Workforce Education		Initial Public Offerings	Online Agriculture	Patents
Immigration of Know. Workers		Entrepreneurial Activity	Broadband Telecommunications	Industry Investment in R&D
Migration of U.S. Know. Workers		Inventor Patents	Health IT	Non-Industry Investment in R&D
Manufacturing Value Added				Movement Toward a Green Economy
High-Wage Traded Svcs				Venture Capital

HOW IMPORTANT IS THE DIGITAL ECONOMY?

THE DIGITAL ECONOMY

- *“Online retail sales have **increased as a share of total retail sales on average by 5 percent each quarter since 1999.**”*

*Between 2002 and 2011, U.S. retail sales through e-commerce increased by **19.8 percent annually** in comparison to just 3.2 percent for total retail sales...”*

THE DIGITAL ECONOMY

- *In 2010, **80 percent of U.S. households** used the Internet, and 68 percent of households had broadband access.*
- *The number of rural households with Internet access has **increased by over 50 percent since 2000.***
- *In 2011, **62 percent of farms** had access to the Internet, compared to 51 percent in 2005 and 29 percent in 1999*



So Where Did Delaware Rank Nationally In The Index?

DELAWARE'S RANKING IN FIVE MAJOR CATEGORIES

- **Knowledge Jobs-** Rank No. 11
- **Globalization-** Rank No. 1
- **Economic Dynamism-** Rank No. 18 *
- **The Digital Economy-** Rank No. 7 *
- **Innovation Capacity-** Rank No. 4

* Critically important areas as we move forward

DELAWARE'S MOST FAVORABLE INDICATORS

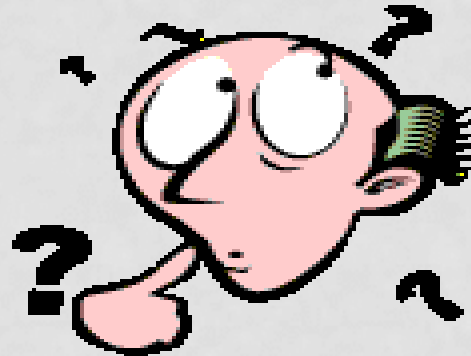
- Patents- ***Ranked No. 2***
- Information Technology Jobs- ***Ranked No. 3***
- High-Wage Traded Services- ***Ranked No. 1***
- Export Focus of Manufacturing and Services- ***Ranked No. 2***
- Foreign Direct Investment- ***Ranked No. 2***
- Fast Growing Firms- ***Ranked No. 7***
- Scientists and Engineers- ***Ranked No. 9***
- Broadband Telecommunications- ***Ranked No. 1***
- Industry Investment in R&D- ***Ranked No. 1***

DELAWARE'S MOST CHALLENGED INDICATORS

- **Entrepreneurial Activity**- Ranked No. 38 (was 50 in 2007)
- **Venture Capital**- Ranked No. 25 (closely linked to Entrepreneurial Activity)
- **Online Agriculture**- Ranked No. 34
- **Online Population**- Ranked No. 33
- **Immigration of Knowledge Workers**- Ranked No. 40

DELAWARE'S OVERALL RANKING

SO AFTER AN EVALUATION OF ALL 26 INDICATORS OF DELAWARE'S ECONOMIC STRUCTURE WHAT DELAWARE'S OVERALL RANKING IN THE INDEX ?



THE INDEX, OVERALL RANKING

2011 Rank	2012 Score	State	1999 Rank	2002 Rank	2007 Rank	2010 Rank	2007	2010
1	92.4	Mass.	1	1	1	1	+0	+0
2	82.1	DE	9	9	7	6	+5	+4
3	79.5	Wash	4	4	4	2	+1	-1
4	79.1	CA	2	2	5	7	+1	+3
5	79.1	MD	11	5	3	3	-2	-2

GOOD NEWS FOR THE ECONOMIC STRUCTURE OF DELAWARE IN THE NEW ECONOMY

“Delaware is perhaps the most globalized of states, with business-friendly corporation law that attracts both domestic and foreign companies and supports a high-wage traded service sector. The state has moved up four ranks from 2010, driven by big improvements in entrepreneurship levels, R&D investment, and movement toward a green economy.”

Summary of Results, Page 16
2012 State New Economy Index

NEW ECONOMY ENTREPRENEURIAL AND SMALL BUSINESS STRATEGIES

- *Innovate, Innovate, Innovate*
- Federal Level and other funding resources will be tied to those who think and act innovatively
- Enhance technical skills of existing workforce to align with New Economy skills in demand by *traded sector customers*
- Embrace digital technologies; develop capability in technological innovation
- Aspire to transition from the non traded sector to the traded sector

NEW ECONOMY ENTREPRENEURIAL AND SMALL BUSINESS STRATEGIES

- *Are You An Entrepreneur or a Small Business Owner?*
- Traded or a non-traded business?
- Incorporate Technology Tools in your business that are right for you?
- Position Yourself and Your Business to Survive and thrive... in the New, Global Economy!

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THANK YOU!

- Questions

