

Regional Economic Development Council of the Southern Tier
Promoting the Southern Tier's Innovative Culture ...
A Magnet to Attract Entrepreneurs, Talent, and Investment

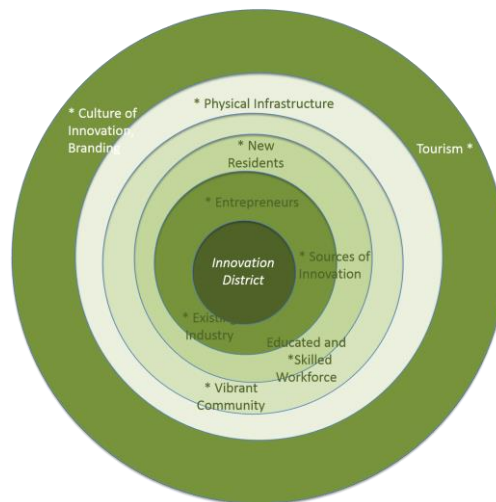
Overall Goal: To make the Southern Tier a well-recognized and highly desirable place to visit, live, and grow a business.

Objectives:

- Strengthen the tourism infrastructure and position it as a key economic development enabler
- Promote the region's increasingly vibrant communities and quality of life
- Promote the region's rich capacity for innovation, particularly its academic institutions and surrounding ecosystems
- Increase the "stay rate" of local graduates of the higher education institutions
- Recruit talent and develop a critical mass of entrepreneurs
- Ignite fierce community pride that compels residents to be regional ambassadors

How?

1. Improve the tourist experience by leveraging the assets of the region as attractions
2. Leverage the region's world-class academic institutions
3. Promote Southern Tier's innovative culture and quality of life to key target groups with a focus on college and university students transitioning from student residency to permanent residency, natives who left the area and are interested in returning, and Millennials in large metropolitan areas seeking the quality of life available in the Southern Tier
4. Supporting the infrastructure for starting and growing new businesses – places (incubator spaces), services (incubation mentoring, workshops, advice), and resources (seed capital fund)
5. Identifying and promoting Southern Tier's global connections through time and trade



Significant Assumptions:

Importance of Attracting Talent and Building the Entrepreneurial Pool

Young professionals and entrepreneurs play a critical role in driving the future of economic development within their communities. Regardless of the business sector, the power of a thriving pool of entrepreneurs is profound. While technology-related entrepreneurs tend to gain the most publicity, the entrepreneurs operating within the tourism and agriculture industries also have a larger capacity to significantly catalyze the local economy.

The importance of growing this segment of the region's population will become even more urgent in the near future as the region's population and workforce continue to age. Since 2000 the Southern Tier's population has fallen slightly (< -1%). Most importantly, the gap between young adults and retiring workers is substantial.

According to the Southern Tier LMI update prepared in May 2015, the number of prime working-age individuals (ages 25-54) in the Southern Tier has decreased by 30,030, or 11.2% between 2000 and 2013. In contrast, the number of individuals aged 55+ increased by 40,438, or 25.4% over the same period. As the current workforce is nearing retirement, an investment in our native Millennials will be necessary to ensure they have the skill sets to meet the job requirements of the region's key innovative industries. Additionally, a strategy that can recruit back to the Southern Tier, the native sons and daughters who are using their talent elsewhere can pay huge dividends.

The need to nurture entrepreneurship is particularly important, and the Southern Tier has the innovation assets upon which a vibrant entrepreneurial ecosystem can be built. Over \$1.5 billion is collectively spent on research by such leading institutions as Cornell University and Binghamton University, the Ceramics Corridor Innovation Center and Corning Incorporated. Over 4,100 faculty at regional colleges and universities educate over 51,000 undergraduate and 10,000 graduate students annually, and according to the 2010 Census, over 76,000 of the region's 658,000 residents hold a bachelor's degree. In addition, the Southern Tier has a disproportionately high number of college and graduate students in relationship to the base population. We should fight to keep them.

The need for further incubation resources in the region is acute as well. A 2011 study funded by the Economic Development Administration concluded that the region "has a modest amount of High Potential Startup deal flow, and an opportunity to increase this number dramatically." That study specifically noted a lack of "access to support resources sufficient to capture the potential of current or anticipated deal flow from research and technology commercialization activities." The critical gap is in the oft-cited "Valley of Death" – the period nascent companies experience in the incubation phase before market entry. The study states: "angel networks typically invest in companies in the late Demonstrating or Market Entry phases of commercialization to avoid significant technology and product market risk. However, angels in Upstate New York occasionally invest in companies in Imagining and Incubating when they believe they have access to information that helps them mitigate these risks."

The National Business Incubator Association's statistics show that 87% of incubator graduates in their study remain in business, compared to the 50 – 60% failure rate nationally for startups in their first five years. 84% of incubator graduates stay in the community where they were incubated, and every \$1 in incubator investment produces \$30 of lifetime tax revenue.

Innovation alone cannot advance the region's economy. As Jim Clifton, Chairman and CEO of Gallup, Chairman and CEO of Gallup "an innovation is worthless until an entrepreneur creates a business model for it and turns that innovative idea in something customers will buy."

Opportunities:

- ✓ Capture more of the region's large pool of new college graduates. The region's colleges and universities attract and graduate over 17,500 students each year. Of the 17,000 degrees granted in 2013, nearly half were in five broad disciplines. Over 8,400 degrees were granted in the fields of business, engineering, education, health, social sciences, and liberal arts. These graduates fuel the workforce pipeline for many of the region's top industries that are related to health, administration and education. The Southern Tier's share of engineering graduates is higher than any other Upstate region—a comparative strength for the region. These graduates can support industries with a high potential for STEM employment, such as those in advanced manufacturing; especially Electronic Instrument Manufacturing that more than doubled in jobs from 2009 to 2013. However, as employment in STEM-intensive industries declined by 10% overall from 2009 to 2013, it will be important to focus on the Advanced Manufacturing Initiative to create the jobs needed to retain these STEM graduates in the region. Retaining this young talent and aligning them with local employers will be a key to future economic prosperity in the region.
- ✓ Attract and nurture entrepreneurs. The region has outstanding sources of innovation and industry. Entrepreneurship has the capacity to contribute to the reshaping of the Southern Tier's economy, with the potential to generate jobs, introduce new products and services, and promote greater upstream and downstream value-chain activities. There is the opportunity to build on the Southern Tier Startup Alliance, a collaboration between Binghamton University, Cornell University, Corning Incorporated, and the Ceramics Corridor Innovation Center to combine the region's strengths with cutting-edge business incubation, acceleration, and entrepreneurship. There is the opportunity to continue the synergism between this initiative and the Greater Binghamton Innovation Ecosystem with the High-tech Incubator being built in downtown Binghamton, the pilot "Southern Tier Hardware Accelerator" program at Rev: Ithaca Startup Works, and Incubator Works as an anchor in the I-86 Corridor Innovation Project.

Tourism as an Effective Tool to Promote the Region to Visitors, Prospective Talent and Investors

Tourism is an expression of the region's culture and brand, and most importantly it is a key enabler of economic development. It can be an effective tool to promote the Southern Tier's highly desirable quality of life in an effort to attract talent, build the pool of entrepreneurs and attract investment (particularly foreign direct investment).

Tourism has been a growth industry in the Southern Tier in recent years, fostered by unique natural assets, top performing cultural attractions, and the region's strategic location. Research demonstrates that young talented professionals and entrepreneurs consider quality of life among the top priorities in making decisions about careers, and tourism is an important tool in introducing them to the region's assets. Continued promotion of the region to visitors, especially Millennials and international markets, could both boost the industry's growth and result in reversing the region's "brain drain."

While tourism accounts for a comparatively low share of all jobs in the region, employment growth in tourism has outpaced Upstate trends, supported by county level spending on culture and recreation that is nearly on par with the Upstate average. Tourism has been both a business and a job creating industry for the region, adding 87 establishments and 700 new jobs (8,700 in 2009 to 9,400 in 2013); however, it represents only 4.4% of all jobs and the average annual wage is only \$21,000 as compared to \$42,235 among all employment sectors in the region. Between 2009 and 2013, regional jobs in tourism grew 8%, exceeding Upstate growth but lagging behind the statewide increase of 11%.

While Travel & Tourism is one of the region's fastest growing export-related sectors, export levels are proportionately lower than others when compared to benchmark areas. According to the U.S. Travel Association, on average, overseas visitors spend \$4,455 per person when they visit the U.S. and stay 18 nights. Tourism related exports grew 21% between 2009 and 2012, just slightly under the 22% growth in U.S. exports overall. While quickly growing, tourism exports are a comparatively smaller piece of the Southern Tier's export picture, accounting for 6%

of total exports, notably less than Upstate and New York State where tourism exports comprise between 9% and 11% of the total.

In New York State, visitor spending on lodging, food services, transportation, recreation and retail reached \$87 million in 2011, representing an 18% rise from the previous two years. This is more than the 12% increase reported across Upstate NY, and on par with NYS's 18% increase in overall visitor spending. While the Southern Tier outperformed all other Upstate regions in growing visitor spending over this period, total visitor spending in the region represents a relatively small 6% of total visitor spending across Upstate and an even smaller 2% of the statewide total. Visitor spending in the Southern Tier represents net new dollars to the regional economy, supporting and growing jobs, firms and the local tax base, while adding to the quality of life for residents.

Trends among travelers also are changing. The Travel Industry Association (TIA), in partnership with Gourmet and the International Culinary Tourism Association conducted a study of leisure travelers in the U.S. The study found that a growing number of American leisure travelers engage in learning, interactive and culinary activities while traveling. Culinary travelers are younger, more affluent and better educated than non-culinary travelers and are motivated by a desire for unique experiences. This reinforces tourism and place-making research findings that emphasize unique assets and experiential opportunities as key components of successful community tourism development.

Opportunities:

- ✓ With an abundance of natural resources, visitors seek out some of NY's most picturesque assets in the Southern Tier. The region is home to miles of hiking trails and scenic views, which are anchored by distinguished lakes, rivers, and waterfalls. Tourism attractions range from agri-tourism, wine trails, world class auto racing, and museums, to gliding, fishing and other outdoor recreational activities. Each of these regional assets can be drawn together to build a synergy among destination communities spanning from Steuben to Delaware County. By knitting together these local cultures and experiences into one brand, the Southern Tier will become a premier destination for multi-generational families, international visitors, and millennials.
- ✓ Entrepreneurs are likely to be influenced by a community's quality of life, which can be exemplified by their tourism experience. Tourism is an enabler for entrepreneurs and visitors who are captured by an experience and choose to start and locate their businesses within the community. As a result, tourism works in concert with other entrepreneurial enablers – such as incubators, broadband infrastructure, financing, peer groups and mentors – to create a thriving entrepreneurial ecosystem.
- ✓ The colleges and universities are magnets for attracting among the best academic talent in the US and globally, and also serve as gateways to exposing more than 50,000 domestic and foreign students and their families to the region on an on-going basis.

Game Changing Investments

1. Brand and Promote the Southern Tier's Innovation Culture ... Visit, Love It, Live It

Sample Project: Engage a consulting firm to undertake development of a regional brand with a focus on target markets including local residents, tourists, international travelers, young professionals and entrepreneurs. Key elements should include development of multiple itineraries, foreign languages, training, wayfinding and interpretative signage, and singularly unique experiences and assets that set the Southern Tier apart.

2. Strengthen Tourism Infrastructure

Sample projects:

- Incentivize (grants and low interest loan fund) entrepreneurs investing in tourism venues, including Main Street destinations and assets to increase the length of stay
- Enhance and promote both our "college" communities and local Main Streets that connect the region and provide an "Authentic Americana and Southern Tier" experience
- Upgrade tourism destinations. Examples: performing arts, wineries, breweries and distilleries; agri-tourism; museums; sports facilities; hiking/biking trails; major waterfront development projects.
- Expand transportation and fueling options; i.e., zip cars, bicycle rentals, PEVs and Hydrogen, etc.
- Establish the ST Tourism Institute to provide specialized training programs (for hospitality workers, business & civic leaders and the community) and offer an "International Ready" Certificate
- Improve physical infrastructure necessary to build new high-value add tourism products (attractions, sites, information centers, incubators, production and educational facilities)

3. Promote Southern Tier's Innovation Culture and Quality of Life to Talent and Entrepreneurs

Sample projects:

- Develop and implement a Talent Attraction and Retention Campaign modeled after the Global Entrepreneur in Residence Program at UMass that sponsors entrepreneurs for H1-B visas
- Increase financial resources in support of entrepreneurship: *Southern Tier Seed Venture Fund*
- Develop and promote entrepreneurial communities that catalyze connections between entrepreneurs
 - Promote the innovation atmospheres of the "college" town environments to be vibrant and attractive to talent and supportive of an entrepreneurial attitude
 - Create community development and homesteading program for young talent (focus on distressed communities)
 - Develop a Master /Entrepreneur Main Street and Neighborhood Campus Program in partnership with colleges and universities. Link vacant storefronts with college alums for retail development.
 - Enhance innovation infrastructure. Examples: makerspaces and passion centers with invent space and community centers affiliated with the network of Southern Tier Startup Alliance incubator sites
 - Extend "Big Gig" gigabit to residential areas to enhance marketability of region

4. Identify and Promote Southern Tier's Global Connections Through Time & Trade

Sample projects:

- Develop and implement a program to promote the existing Southern Tier globally relevant assets to high-value add visitors
- Create infrastructure and programming to stimulate new foreign direct investment in businesses that appeal to the foreign traveler
- Create a strategy that leverages the ethnicity and culture of our local and regional community's founders with their country of origin. Leverage the genealogy of both: regional families (former & existing) and nascent businesses in a campaign for global attention and Foreign Direct Investment