Cuyahoga Innovation Zones

Vision
Cuyahoga Innovation Zones is a network of individuals and organizations dedicated to the creation of self-sustaining innovation zones for attracting people and businesses that will advance the city-county region’s economic competitiveness.

Mission
The mission of a Cuyahoga Innovation Zones community is to integrate the business, research, educational, and cultural assets of the region and launch, develop, and brand an innovation zones that will fuel innovation.

Strategies
Designated physical area as a Cuyahoga Innovation Zone must work to:

- Align state, county, and local resources to the individual strategy of each zone.
- Encourage the private sector to provide incentives to each zone – such as providing low cost professional services, free or discounted healthcare, and/or university tuition subsidies/buyouts to companies locating in the zones.¹
- Encourage the private sector to invest in innovation clusters within the zones (e.g., companies that provide incubation services and market access to clusters and/or new startups get matching funds) – this strategy needs coordination with North Coast Opportunity.
- Create a district of high quality urban life through innovative combinations of tax, zoning, and regulatory incentives to attract and retain the entrepreneur and creative classes.

¹ For example, New Mexico has the private Biotechnology Partnership (BioTeP) initiative. Providers of legal, banking, Internet, marketing, and accounting services will help young biotech companies save money, increase their appeal to investors, and make it easier to recruit new companies to the state. See: “Discounts could help grow state’s biotech development initiative,” New Mexico Business Weekly, July 31, 2005 at: http://msnbc.msn.com/id/8783210/
Primary Activities
The purpose of Cuyahoga Innovation Zones (CIZ) is to accelerate the rate of innovation in the economy across the city-county region. The initiative is designed to “leverage” the economic development capacity of the region’s institutional and industrial strengths and tie them together through a strategic place-based economic development plan.

A minimum of two anchor partners are required to establish an innovation zone. The anchor partnership provides initial leadership, resources, and funding, to develop an Innovation Zone Business Plan, necessary to launch the zone. The anchor partners together guide the development of the zone and evaluate progress with a consistent set of metrics. Cuyahoga Innovation Zone must include the following elements:

- **Zone Business Plan** is required to demonstrate a market relevant approach to physical development. The business plan provides the value adding proposition to companies for becoming affiliated with the zone.

- **Zone Development Plan** is required to identify “HotSpots” within the zone. HotSpots are geographic places where the anchor partners will concentrate physical development. The physical development plan will designate HotSpots and demonstrate the economic benefit to the targeted industry sector.

- A **Business Development Network** of member businesses is required to connect businesses and to identify and provide focus to specific market relevant innovations which will form the nucleus of the zone. This network should include, but is not limited to, angel investors, later-stage investors, business development professionals, experienced entrepreneurs, professional service providers, and others who understand specific, market feasible innovations and how to translate innovations into successful businesses quickly.

- A **Zone Incentive Pack (ZIP)** of in-kind support services and inducements is required to develop and solidify a cohesive business development network. A ZIP will draw people and business into, and then support those people and businesses located in the zone.

- A **Workforce Development Plan** is required to identify and map entrepreneurship education and career pathways that will emerge and grow zone’s activities and networks. Mapping entrepreneurship education and career pathways can help align resources and insure a tight fit between colleges and universities and the career requirements and opportunities in a zone and the region.

- A **Performance Measure Plan** is required to gauge the success of the zones according to established indicators.

- A **Branding and Marketing Plan** is required to promote the zone network and further leverage the zone through promotion and the creation of stories around zone activities and accomplishments.
**Phased Implementation**

The implementation process follows a basic three-phase formula. CNa will modify the basic formula based on the specific characteristics of the transformative initiative.

- **Phase One – Proof-of-Concept** – objective is to experiment, prove concepts quickly, and learn early, with a specific result as a phase one outcome. The key characteristics of phase one include testing the ability and commitment of those involved in the effort, community formation around the idea, and developing plans for achieving self-sufficiency. Seed funding will be needed for up to one year as long as the project shows progress. Depending on the initiative, CNa may require matching funds from another financier.

- **Phase Two – Development** – objective is to capitalize on what worked in phase one, continue to build the community implementing the project, and gauge the degree of interest from the private sector by requiring matching funds. Throughout phase two, the community implementing the project must continue to improve in its ability to produce deliverables, attract members, and achieve goals.

- **Phase Three – Stability and Transition to the Private Sector** – primary objective is to demonstrate tangible contribution to economic growth (jobs creation, an increase in per capita wages, and/or an increase in productivity). Secondary objectives are to capitalize on what worked in phase two, stabilize the community that is implementing the project, and transition the community to private sector sponsorship. Throughout phase three, the community implementing the project must continue to improve in its ability to produce deliverables, attract members, and achieve goals.

**Success Indicators**

To define success, Cuyahoga Innovation Zones must first decide what it means to be an “attractive area in which to locate emerging and thriving business operations, and research facilities.”

Metrics to measure performance could follow the example of Pennsylvania. Cuyahoga Innovation Zones will develop metrics in parallel with the physical planning. Although all zones should share a common set of metrics, the relative importance of each and their target levels of performance will vary by zone and by districts within a zone. For example the metrics for a potential Euclid Avenue Innovation Zone, might be different from the zone surrounding a NASA Glenn/Baldwin Wallace Univeristy zone, or a Case Western Reserve University campus district might vary from the Cleveland State University or Metro Health campus districts.

In addition to the economic development indicators of private-to-public capital investment ratio (leverage), and the net present value of economic development investments, zones would include more traditional indicators such as:

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2 See Keystone Innovation Zone Program Guidelines
• number of employees per zone,
• property values,
• number of high growth companies per zone (high growth needs a consistent metric), and
• capital invested in businesses per zone.