

Is the Devil in the Details? A Thought Experiment

A presentation at the

REMI Annual Users Meeting
October 25th, 2024

Jim Robey, PhD
Principal
Robey Analytics



Caveats to Today's Presentation

- This is a thought-based experiment
- The estimates are based on (sort of) real data
- This is **not** a test of the REMI model
 - But rather a test of time and investment in harvesting project data
- So far, this is only a test of data for headquarters activities
 - This may or may not apply to other sectors and industries
 - This may or may not apply to places with different industry compositions

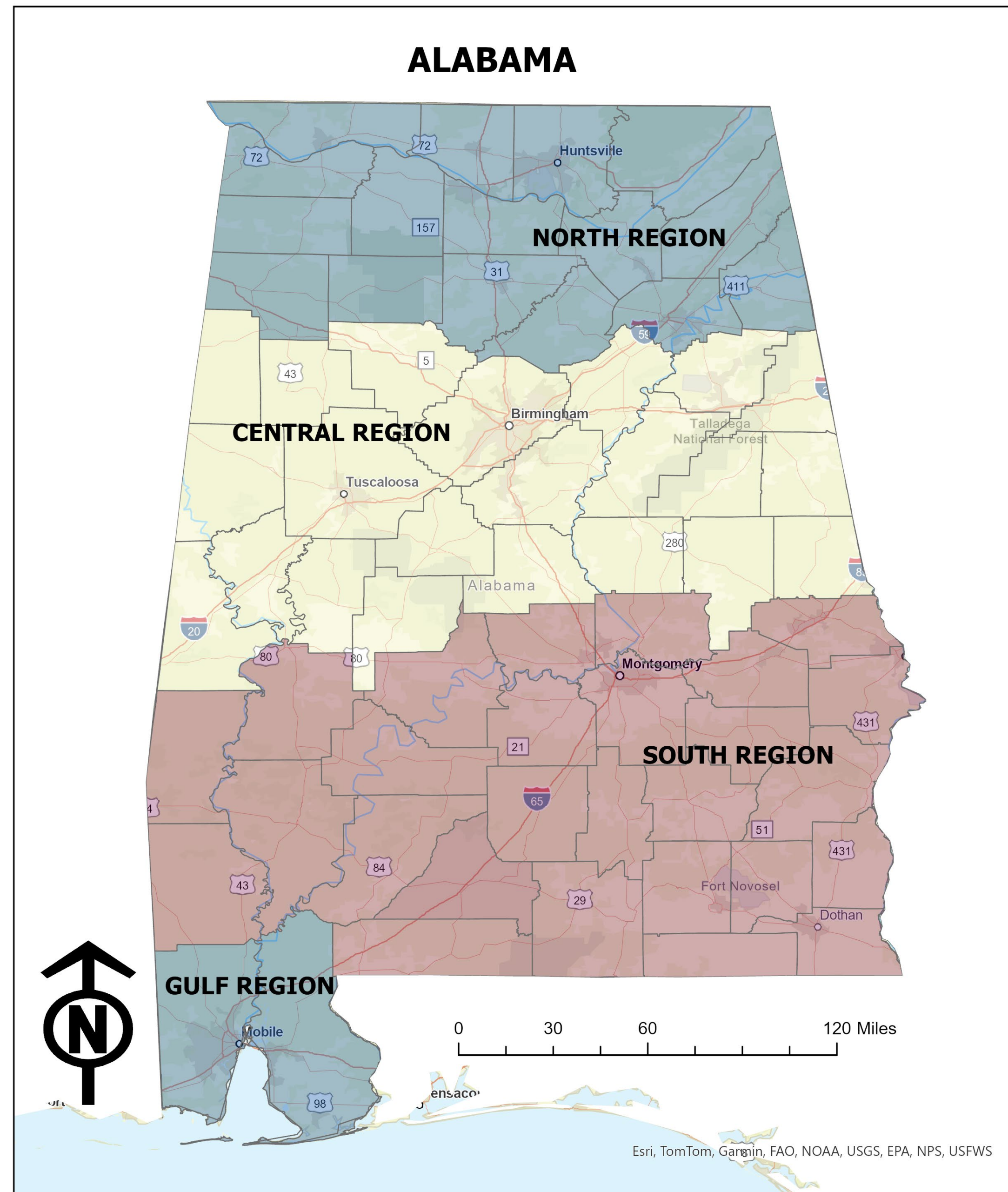
The Question: Is it Worth Diving Deep into the Functions of an Economic Development Project?

- The sector under study is a headquarters location
- While the data are real, the size and location of the project have been changed to meet the needs of an NDA and to protect the innocent
- The experiment will use the Alabama model, which is:
 - 70 Sectors
 - 4 Regions

The Data

- We are doing a study for a client that is in the “manufacturing” sector with both production locations as well as a headquarters location
- Using their data:
 - Job activity done at the HQ were converted into industry sectors
 - Example: lawyers and paralegals were put into Legal Services
 - To make it scalable, the reported jobs were converted into shares (%)
 - And then applied to 100 jobs

The Regions



REMI

- REMI has three ways of applying employment inputs into a 70-Sector model:
 - As a single industry, in this case “Management of Companies and Enterprises” or NAICS 55
 - Into the component industries (70 sectors) that provide services/functions at the HQ location
 - Into Detailed Industries

The Inputs

- Single input in Management of Companies and Enterprises: 100 jobs
- Component inputs:
 - Wholesale Trade: 10 jobs
 - Professional, Scientific, & Technical: 67 jobs
 - Management of Companies & Enterprises: 14 jobs
 - Administrative & Support Services: 6 jobs
 - Religious, Grantmaking, Civic, Professional.... 3 jobs

The Inputs: Part Two

- Detailed inputs
 - Wholesale: 10 jobs
 - Legal: 8 jobs
 - Accounting Services: 14 jobs
 - Architectural, Engineering, & Related Services: 6 jobs
 - Management Consulting: 27 jobs
 - Advertising, Public Relations, & Advertising: 2 jobs
 - All other Miscellaneous PS&T: 9 jobs
 - Management of Companies & Enterprises: 15 jobs
 - Office Administrative Services: 2 jobs
 - Employment Services: 4 jobs
 - Grantmaking, Giving, & Social Advocacy: 3 jobs

The Findings

	NAICS 55 Baseline	Client Mix	30-50-20 mix	Detailed inputs
Category				
North				
Total Employment	260			
Private Non-Farm Employment	239			
Central				
Total Employment	315			
Private Non-Farm Employment	287			
South				
Total Employment	230			
Private Non-Farm Employment	208			
Gulf Shore				
Total Employment	323			
Private Non-Farm Employment	301			

The Findings

	NAICS 55 Baseline	Client Mix	30-50-20 mix	Detailed inputs
Category				
North				
Total Employment	260	250		
Private Non-Farm Employment	239	230		
Central				
Total Employment	315	281		
Private Non-Farm Employment	287	258		
South				
Total Employment	230	211		
Private Non-Farm Employment	208	191		
Gulf Shore				
Total Employment	323	239		
Private Non-Farm Employment	301	226		

The Findings

	NAICS 55 Baseline	Client Mix	30-50-20 mix	Detailed inputs
Category				
North				
Total Employment	260	250	239	
Private Non-Farm Employment	239	230	221	
Central				
Total Employment	315	281	275	
Private Non-Farm Employment	287	258	252	
South				
Total Employment	230	211	205	
Private Non-Farm Employment	208	191	188	
Gulf Shore				
Total Employment	323	239	260	
Private Non-Farm Employment	301	226	244	

The Findings

	NAICS 55 Baseline	Client Mix	30-50-20 mix	Detailed inputs
Category				
North				
Total Employment	260	250	239	243
Private Non-Farm Employment	239	230	221	222
Central				
Total Employment	315	281	275	274
Private Non-Farm Employment	287	258	252	251
South				
Total Employment	230	211	205	208
Private Non-Farm Employment	208	191	188	188
Gulf Shore				
Total Employment	323	239	260	235
Private Non-Farm Employment	301	226	244	221

Conclusions

- Is it worth taking the time and effort to dive into the data?
 - Short answer is: *A Very Solid Maybe*
- Taking a deep dive takes:
 - Time and money
 - And could delay or derail a project
 - A “champion” in the organization that can connect the dots and the actors
 - A rational assessment of the ROI for both the client and consultant
 - In some cases, where the standard I/O doesn't fit, it may HAVE to be done

Next Steps

- Next steps include testing the experiment using:
 - A standard “manufacturing-based” industry set of data
 - Depending on the client this may be easy or hard
 - One path we tried was using the location’s org chart
 - To identify functional areas
 - And work with HR to identify employment levels & wage bill by area
 - A renovation of facilities that doesn’t fit a standard I/O
- Depending on the other tests, we are likely to use the standard measure:
 - When time and budget force the issue
 - But in complex and non-standard situations where the client is amenable and the data are available in a timely fashion, try to break down the inputs into components



Contact information

Jim Robey, PhD

jim@robeyanalytics.com

440-666-0641

Robeyanalytics.com