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**CenterState CEO**

**Brookings Initiative Community Input Report**

*Natural Resources & Innovation*



**CENTERSTATE**  
CORPORATION FOR ECONOMIC OPPORTUNITY

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# Table of Contents

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<b>Research Set-up</b>	<b>03</b>
• Objectives/ Methodology	04
• Methodology	05
<b>Initiatives</b>	
• Innovation	06
• Natural resources	17
<b>Appendix</b>	
• Research Materials	26
• Participant Detail	27

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## RESEARCH SET-UP

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## Research objectives

- **The broad objective was gathering input from ‘thought leaders’ in each of the 12 Counties across each of the key plan components on the overall Brookings Plan strategies (which was communicated primarily in the form of current ‘white papers’) to assess improvements, modifications and potential go/no go decisions on each of those strategies.**
  - **Specific objectives within each of these sessions focused on:**
    - **Determine perceptions regarding the current economic conditions in the region,**
    - **Gauge the response to different initiatives,**
    - **Take a deeper dive into the specifics of the initiative, and**
    - **Assess chances for success for the initiative and determine general feasibility.**

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## Methodology

- **A total of two Online Bulletin Board focus groups with 33 participants were conducted between June 11-15 2012.**
  - **Participants were given the flexibility to reply/ comment on the posted questions throughout the day**
  - **Moderators asked additional probes based on participant responses**
  - **Each participant devoted 30-60 minutes a day over a 3-4 day period**
- **Participants were a mix of CenterState CEO supplied sample and a targeted referral process to garner further invested parties throughout the region.**

	<b>Total # of Participants</b>
<b>Natural Resources</b>	22
<b>Innovation</b>	11

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## Natural Resources

## Current Economic State

The CenterState region's education and medical institutions are most often listed as strengths.

Strengths	Challenges
Educational institutions	High taxes/ Cost of doing business
Medical institutions	Attracting young professionals to the region
Natural resources/ Aesthetic beauty	High cost of energy
Well educated workforce	Lack of regional coordination
Tourism	Fostering innovation
Transportation infrastructure	Lack of investment/ Lack of capital  <i>"We are still recovering from the Great Recession, with tight lending standards and an unwillingness of companies to invest due to an uncertain economic and political environment."</i>
Agriculture manufacturing	Sluggish national and international economy
Relatively low living costs	Weak linkages between academia/R&D assets and regional businesses
High quality of life	General pessimism throughout the population



Quotes.

## Future Economic Trends/ Initial Reaction

Many of the future trends identified are related to the use of the region's natural resources.

- Some of the future economic trends mentioned are...

- Advances agricultural manufacturing/ farming
- Alternative energy sources

💡 *“We have tremendous knowledge at ESF and Cornell, top local engineering firms, an underutilized land base and a portion of the population that puts a high value on “green” living.”*

- Food processing and distribution
- Investment in ‘high tech’ jobs, such as nano-technology, sema-technology, etc.
- Globalization

💡 *World commodity markets are intertwined with national and regional markets and therefore our milk prices depend on the weather in New Zealand and Australia and the value of the Euro. Similarly the economy of the nation is intertwined with that of India, China and Europe and so we cannot and should not isolate ourselves, but rather be more positive in identifying opportunities, including some farther afield.*

- Increased tourism
- Demographic changes (aging population and workforce)
- Continued emphasis on educational institutions

Overall, participants agree that the region should capitalize on its natural resources, while managing the effects it will have on the environment.

- Participants agree that the CenterState region is well positioned to capitalize on the availability of its natural resources.

💡 *“The CenterState region seems to be well-positioned to take advantage of these global trends, since we produce commodities that will be in demand. It helps that we are so near the major urban markets on the East Coast.”*

- There are some fundamental concerns about the effect resource utilization will have on the environment.

💡 *“The question is how will the CenterState region manage and protect these three basic commodities in the future.”*

💡 Quotes.

## Agriculture – Initial Reaction/ Financial Capacity

The ability of agriculture industry to stimulate economic growth is well received among most participants.

- **Most agree that agriculture should be part of the lead initiative to stimulate growth in the CenterState region.**
  - **Several participants mentioned the need for collaborative effort within the agriculture industry.**
    - 💡 *“A comprehensive economic development plan for agribusiness would be welcomed, particularly if it was objective and really helped to promote opportunities.”*
    - 💡 *“There are many efforts to create web groupings of small farms (LocalHarvest is just one). The efforts are fragmented and there seems to be no one “Google” that folks are coalescing around. “*
  - **Dairy is mentioned as one component of the agriculture industry that is particularly well positioned for future success.**
  - **Participants raised concerns about the challenging climate in the region.**
    - 💡 *“We have the resources, population, knowledge and human capital to make this work. Climate is a challenge, however.”*
  - **Also, concerns regarding the amount of employment stimulated as a result of this potential initiative are mentioned.**
    - 💡 *“If farming gets more mechanized here, too, it will employ fewer and fewer people. Already in this country something like 1% feed the other 99%.”*
  - **Government regulations are voiced as a concern as well.**
    - **Overall, there is some ambiguity regarding the Federal pricing policies and the role they play in the agriculture industry.**
    - **There is no clear consensus among participants as to whether these policies benefit or hinder the agriculture industry.**
    - **These pricing policies are cited as having a particularly strong impact on the dairy sector. Again, participants are split on regards to whether these policies are beneficial or not.**

Financial capacity is not a limiting factor in regards to the agriculture industry.

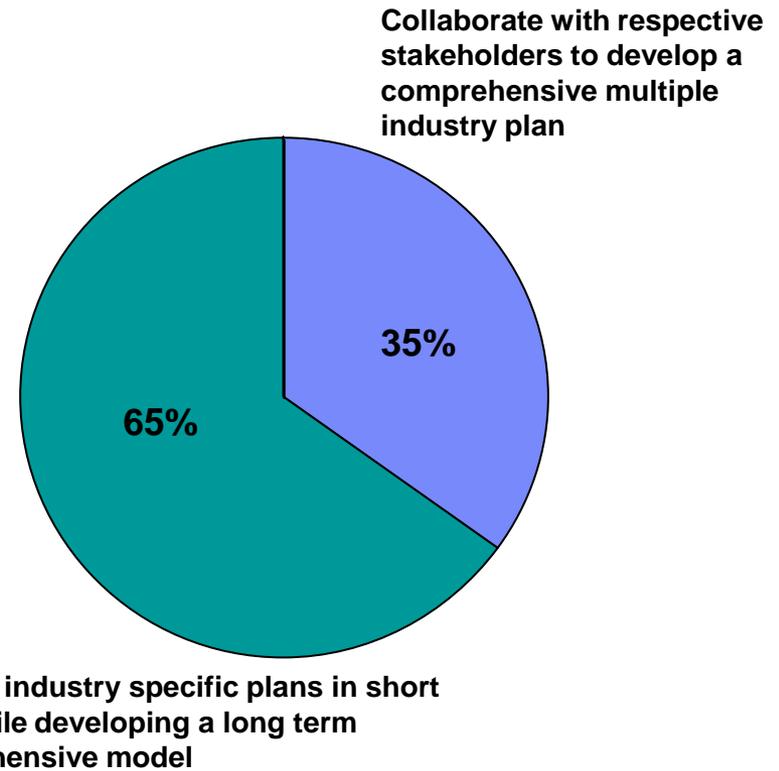
- **The majority of participants agree that the CenterState region does have the financial capacity to support its agriculture industry.**
  - 💡 *“Venture Capital is already playing a role in agricultural investment. Investing will increase as the need arises.”*

## Agriculture – Potential Interventions

Given the two potential interventions, participants voted in favor of developing specific industry plans rather than a comprehensive industry plan.

- The majority of participants agree that **developing an industry specific plan in the short term while developing a long term comprehensive model** is the most compelling in regards to stimulating economic growth.

- *“Some industries - such as dairy processing, are poised to expand - or are expanding, right now. There may be benefits to focusing on an industry specific plan for this sector for example, while developing a long term multiple industry plan.”*
- *“Specific plans would be much more workable and adoptable.”*
- *“There is too much variation among diverse industries to address as a whole.”*



# Agriculture – Potential Areas of Opportunity

Dairy and dairy production are by far the best opportunities for growth according to participants.

- When asked to choose two areas that offer the best opportunity for growth, dairy production and environmental sciences were chosen most often.

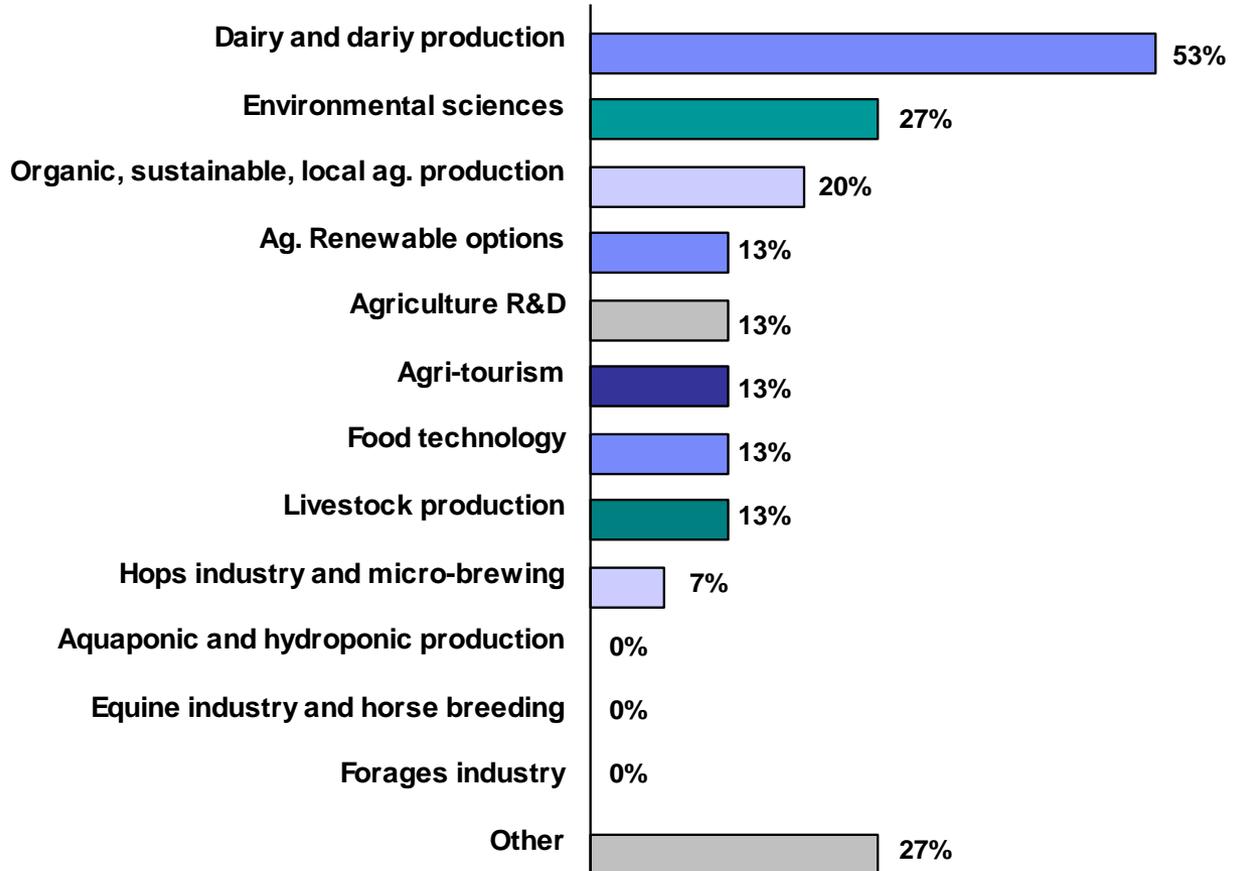
“Dairy and timber are large industries with the scale to compete nationally and globally.

Consequently, they also have the capital, management expertise, and resources available to grow successfully.”

“Dairy production expansion is an opportunity for growth if for no other reason than the sheer number of farms and acre of land devoted to dairy farming.”

- 27% of participants voted Other. Some of these other areas of opportunity are:

- Grain production
- Cellulosic energy production
- Wine-making
- Food manufacturing
- Nano-technology



Quotes.

## Water – Initial Reaction/ Shortage

Participants agree that the region has the capacity and scale to leverage their water supply to stimulate economic growth. Efforts to ensure the protection of this resource need to be addressed.

- **Most agree that the region’s water supply should be leveraged as a way to stimulate economic growth.**
  - 💡 *“A water supply related initiative would work due to the significant advantage that the region has in this area.”*
  - 💡 *“Both as a basis for economic initiatives, as well as its quality of life appeal for residents, it is an asset to be leveraged.”*
- **Concerns about the protection and conservation of this resource were addressed.**
  - **The region needs to find a way to leverage their fresh water supply while still maintaining its purity and abundance.**
    - 💡 *“Since water is such a critical resource a comprehensive water management plan should be developed for the region.”*
    - 💡 *“Tactics and strategy for implementing a water supply initiative must be designed and carried out so as to foster the wise use and conservation of critical water resources over time, given their criticality to human life and societal functioning. “*
    - 💡 *“Coordination and collaboration with respect to water conservation and management and water-related public infrastructure investment is essential to scale up to achieve the promise of a water supply development approach to regional development.”*
- **There is an overwhelming consensus that the CenterState region does have sufficient scale to use their water supply as a way to stimulate economic growth.**

Although many participants agree there is a shortage of water, company relocation as a result of this shortage may not be plausible.

- **The majority of participants agree that there is a global shortage of fresh water.**
  - 💡 *“There is certainly a shortage of water in several regions of the country. ”*
- **However, many feel that this shortage may not be enough to stimulate companies to consider relocating to the region.**
  - 💡 *“Water is only one input out of many, so I don't think it would be at the top of the list for most companies to cause them to relocate.”*

💡 Quotes.

## Water – Effects on the Environment/ Possible Interventions

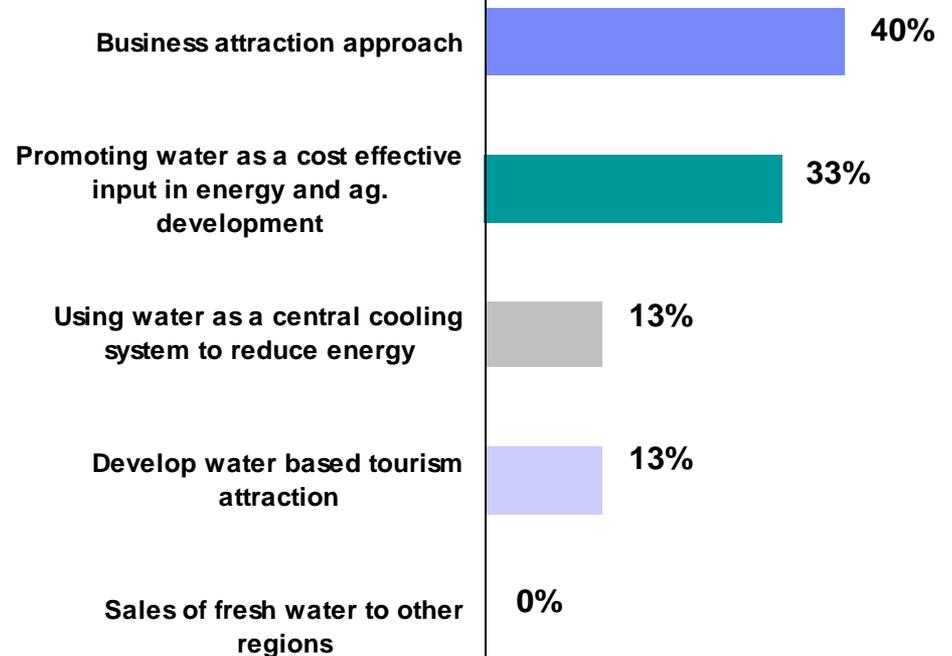
The use of water to stimulate economic growth could have damaging effects on the environment, but this can be avoided given the right management and protection of the resource.

- Most participants agree that the use of water to stimulate economic growth could potentially have negative effects on the environment.
  - However, if managed correctly these negative effects can be avoided.
    - 💡 *“The key, of course, is to manage the impacts so the resource can be sustained, the environment can be made whole again, and the people benefit more than they are harmed.”*
    - 💡 *“The potential for damaging effects on the environment would certainly be there without thoughtful conservation and recycling interventions.”*

Given the potential interventions listed in the thought piece, participants chose the Business Attraction Approach most often.

- The **Business attraction approach** and **Promoting water as a cost effective input in energy and agriculture development** were most often cited as possible interventions.

- 💡 *“Targeting businesses that are significant consumers could be advantageous. Energy and agricultural development are already present, so growth would be incremental.”*
- 💡 *“Cost-effectiveness related to any element of operational expense is attractive to prospective businesses.”*



## Natural Gas – Initial Reaction/ Effects on Environment

The use of natural gas as a way to stimulate economic growth can be successful in the CenterState region. This success may be hindered by the current controversy surrounding the extraction method.

- **Most agree that the CenterState region has the resources to be successful in the natural gas industry.**
  - 💡 *“The region certainly appears to have the resources to be successful.”*
  - 💡 *“I believe the region has the resources to be successful in this industry.”*
- **Current controversy regarding the extraction method is mentioned as a potential impediment to the industry’s ability to stimulate economic growth.**
  - 💡 *“It’s a great resource if the extraction doesn’t have a negative impact on the environment.”*
  - 💡 *“The current controversy limits the expansion of it and could kill it.”*
- **Also, attempts to use this resource in other areas, such as Pennsylvania, Ohio and West Virginia, leave some participants weary of the negative effects on the environment.**

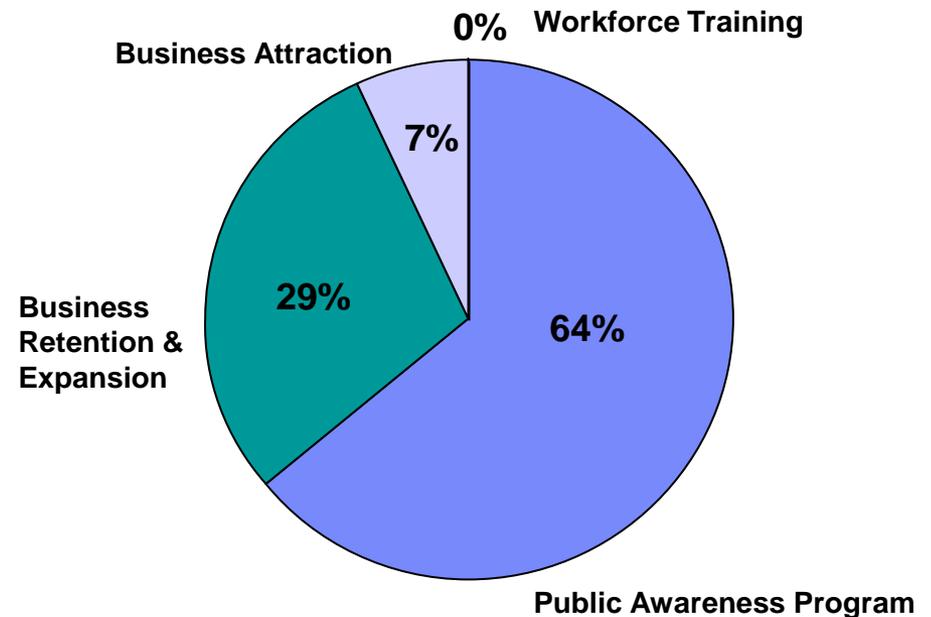
Concerns are raised about the extraction method of natural gas. These concerns can be addressed by keeping the public informed and closely regulating extraction.

- **Many participants are concerned about the impact of natural gas extraction.**
  - **Concerns are more often related to the contamination of the region’s water supply, rather than affecting the agricultural industry.**
- **Several respondents suggested involving credible community and regional leaders in educating the public and regulating extraction.**
  - 💡 *“Without such community and regional leadership and capacity, natural gas extraction will indeed have negative effects on water quantity and quality and the region’s agricultural production.”*

## Natural Gas – Potential Interventions

A public awareness program is voted as the most beneficial intervention in regards to using natural gas as a way to stimulate economic growth.

- The majority of participants responded that a **public awareness program** will be the most beneficial intervention.
  - 💡 *“Public Awareness is the most critical and the most difficult. The natural NIMBY sense needs to be calmed with regulations that can have reasonable opportunities for success while acknowledging that problems will occur and be dealt with effectively.”*
  - 💡 *“Public buy-in is critical before moving ahead with extracting the natural gas.”*
- **Business retention and expansion** is also seen as a critical potential intervention.



## Wrap Up/ Next Steps..

The overall conclusion is that the region has the capability to capitalize on this initiative.

- The majority of participants agree that the CenterState region should pursue the natural resources initiative.
  - The region's resources are cited as a considerable strength that should be capitalized on.
    - 💡 *"Yes, our natural resources are important for growth. Our particular combination of resources gives us a competitive advantage compared to other regions."*
  - Participants agree that conservation efforts in the region need to be addressed in pursuit of this initiative.
    - 💡 *"I believe that natural resource use and conservation is key to the growth of the region. Maintaining quality of life is key and a true strength of the region that must be maintained. This can be done."*
  - When asked to rate the overall chance of success on a scale from 1 to 10 (10 being very likely to succeed and 1 not very likely), the average rating was a 6.4.

### When asked who should lead the initiative...

- Most agreed that a collaboration of organizations will be most beneficial in leading this initiative.
- Other entities mentioned were:
  - CenterState CEO
  - The Regional Economic Development Council
  - Individual entrepreneurs
  - Private businesses

### Next Steps...

- The CenterState should strongly consider pursuing Natural Resources as a way to stimulate growth.
  - While pursuing this initiative, conservation efforts must be addressed.
  - Educating the public is another key piece to the success of this initiative.

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## Innovation

# Current Economic State

Several regional strengths are identified but general feelings of pessimism is often seen as a challenge.

Strengths	Challenges
Educational institutions	Disconnect between available jobs and available workforce
High technology firms	Lack of capital/ Accessing sources of capital
Large amount of research and development dollars	General pessimism throughout the population
Medical institutions	High taxes
Natural Resources (natural gas, etc.)	Uncertainty of global economic conditions
Ideas and talent generator	Cumbersome business regulations
Future Trends	
<b>Innovation/ Entrepreneurship</b>  <i>“Promoting entrepreneurship and working with our major intellectual resources (ie universities) to transfer those ideas out of the academic setting and into businesses.”</i>	
Demographic changes (aging workforce, loss of population)	
Continued growth of educational and medical institutions	
Leveraging the region’s natural resources (natural gas, water, etc.)	
Sensors/ High technology firms	

## Initial Thoughts

Although the CenterState region has a large amount of research and development funding, a lack of connection between this research and subsequent development causes innovation to lag.

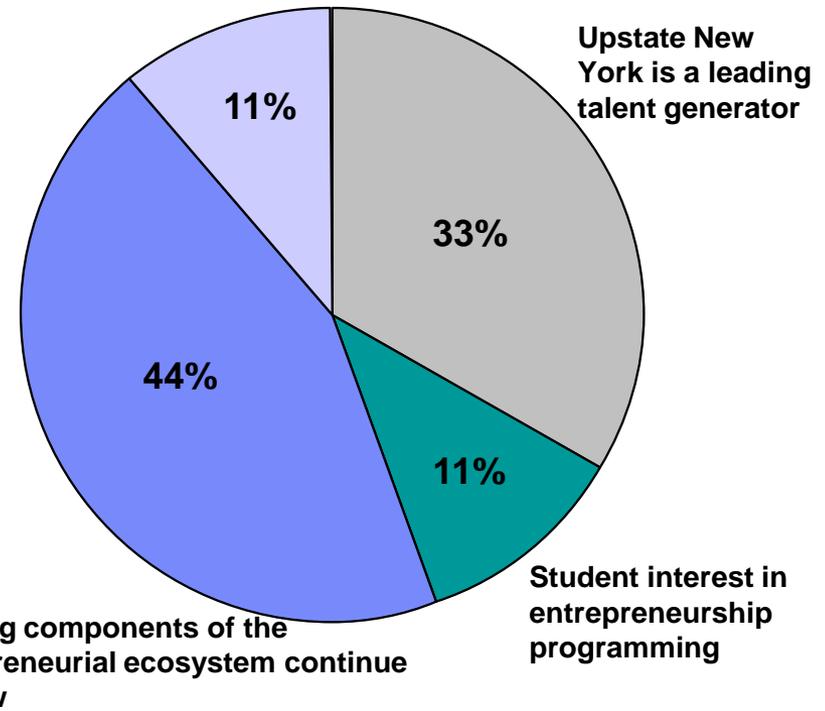
- **Most participants agree that the CenterState region residents have the intellectual skills to be successful innovators.**
  - **Participants stated that the region has a large amount of research and development dollars.**
  - **There is a lack of connections between the conducted research and the development of tangible ideas to stimulate economic growth.**
    - 💡 *“The region is unique in that it has huge R&D monies coming into the region. It needs to develop ways to commercialize this research. We have the R, we lack the D part. Our region has huge potential.”*
- **A few organizations mentioned that successfully stimulate innovation are:**
  - **The Student Sandbox**
  - **The Tech Garden**
- **Some participants indicated that the region has the ability to innovate but lacks the capital and infrastructure to support that innovation.**
  - 💡 *“Innovation is not the issue. We have lots of innovation. We need the talent to drive that innovation, the capital to back it, and the infrastructure to support it/keep it here.”*

# Strengths

The strengths are seen as a good starting point, but are not enough to stimulate innovation.

- Many participants indicated that the identified strengths are a good starting point, but they may not be enough to stimulate innovation.
- 44% of participants think existing components of the Entrepreneurial Ecosystem continue to grow is the single greatest strength that will enable the region to stimulate economic growth.
  - 💡 *"I find that many people are eager to help and need personal invitations and counseling with fellow mentors to be effective."*
  - 💡 *"It's the whole ecosystem that will truly nurture and fertilize the entrepreneurial landscape. We have to have the technical, innovative, financial, entrepreneurial, mentoring resource and culture through-out."*
- Upstate New York is a leading idea generator is also often cited as a strength that will enable economic growth.

Regional strengths and assets present significant entrepreneurial opportunities



## Other Strengths/ Ways to Capitalize

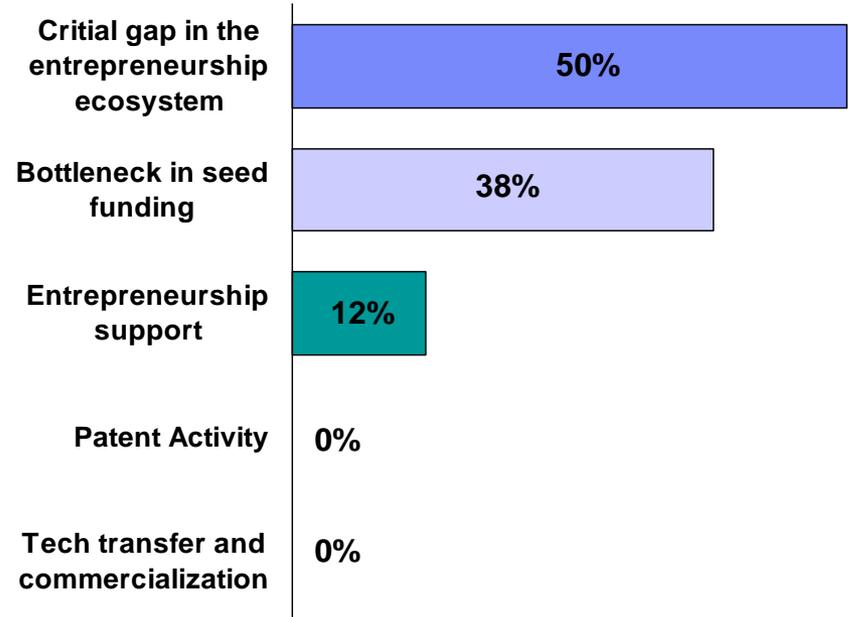
In order to capitalize on its strengths, the region must make a considerable effort to increase collaboration.

- Besides the four strengths identified in the thought piece, participants indicated other strengths including:
  - Student entrepreneurship
  - A resilient workforce
  - Community leaders willing to foster partnerships
  - A general desire to help the region
  - Localized regional success stories
  - General enthusiasm
  
- Collaboration was more often identified as a way to capitalize on these strengths.
  - 💡 *“We need to understand the dynamics of this region. It has become segmented. The weaknesses need to be turned into strengths. We need to understand what segments of the ecosystem are missing and look at creative ways to bridge the gaps.”*
  - 💡 *“Leaders in the region need meet on a regular basis and identify pathways to encourage innovation and collaboration.”*
  
- Other steps needed to be taken to capitalize on these strengths include:
  - Encouraging student entrepreneurs to stay in the area
  - Greater access to capital
  - Change in the culture and attitude
  - Patience
  - Media involvement (sharing success stories)

# Weaknesses

A critical gap in the entrepreneurial ecosystem is seen as the region's greatest weakness.

- There is an overwhelming consensus that the identified weaknesses do hinder the CenterState region's success in innovation.
- 50% of participants feel the critical gap in the entrepreneurship ecosystem is the region's single greatest weakness.
  - 💡 *"It can't be just one thing. It's the whole culture and ecosystem."*
  - 💡 *"The whole critical path of the ecosystem must be functional for any measure of success to occur."*
- Other identified weaknesses include:
  - Culture
  - Lack of capital
  - Transportation infrastructure
- Participants cited several ways to address these weaknesses...
  - Incubator activity
  - Look for partnerships with other regions to build venture capital (including NYC)
  - Improvements to the transportation infrastructure (rail service, airport, etc.)



## Regional Assets/ Potential Interventions

Regional collaboration is again mentioned as a missing link in the attempt to stimulate innovation.

- Participants agree that the listed regional assets represent a good summary of the entrepreneurial support in the region.
- When asked what is causing a lag in innovative activity, participants suggested that it was a lack of:
  - Access to capital
  - Regional collaboration
-  *“From my experience in being a part of some of these initiatives, I know, that no one is coordinating all of these to facilitate a goal.”*
- Investments that will drive innovation...
  - Continued funding of late stage companies
  - Transportation infrastructure
  - Prioritization of regional collaboration
  - Improving and expanding access to venture capital

Although participants think the seed fund proposal will help foster innovation, access to capital in late stages and bridging the critical gap need to be examined.

- Most agree that creating a regional seed fund is a great starting point for developing new companies in the region.
  - Concerns regarding the access to capital beyond the seed fund to ensure continued success are raised.
  -  *“Yes - provided we keep in mind the need to foster access to capital beyond the seed stage.”*
  - Collaboration and examination of the critical path gaps were again raised as other areas of investment that the region should consider.

## Potential Interventions

More information about accessing resources and mentoring are seen as other resources needed to promote entrepreneurial success.

### More Deal Flow

- Participants did not come to a consensus on the idea that several venture capital providers claim that the region has plenty of money but lacks deal flow.
  - Arguments were made that good deals will always attract capital investment.
    - 💡 *“I completely agree. Money will always find good deals.”*
  - Other participants argued that the region lacks the essential money to fund these good deals.
    - 💡 *“I disagree. I think we lack money for funding of some good deals. Then the deals go elsewhere.”*
- Other resources needed for entrepreneurial success are:
  - More information about accessing resources and good business practices
  - Mentorship of successful companies
  - Collaboration
- **Collaboration** was again brought up as the most effective way to balance the region’s resources.
  - 💡 *“Some sort of massive effort towards a more collaborative atmosphere - we need to strengthen with our combined efforts, not divide and focus only on our specific communities.”*
  - 💡 *“Collaboration and building on efforts and resources that already exist. There are a lot of fantastic events and resources in this region but there are still a lot of barriers between/among regions in the upstate.”*

## Wrap Up/ Next Steps..

Overall, participants agree that the region should pursue the innovation initiative.

- All participants agree that the CenterState region should pursue the innovation initiative.
- When asked who should lead the initiative, respondents answered with:
  - Strong private sector investment
  - CenterState CEO
  - Consortium of academic and financial partners
  - Collaborative effort among key stakeholders
- When participants were asked to rate the overall chance of success on a scale from 1 to 10 (10 being very likely to succeed and 1 not very likely), the average rating was a 6.7.

The regional seed fund may not be enough to ensure the success of this initiative, other factors such as collaboration and continued late stage funding should be considered.

- CenterState CEO should consider the innovation initiative to stimulate economic growth.
  - While considering this initiative, efforts to improve collaboration across the region should be considered.
- Participants most often indicated that the region does have the talent and R&D dollars but fails to make the transition from research into development.
  - Participants responded well to the proposed seed fund intervention, but agreed that it should be used in conjunction with other suggested inventions, such as continued funding of late stage companies, transportation infrastructure and improving and expanding venture capital access.

# Research Materials

Discussion Guides



**Natural Resources**



**Innovation**

Group 'Transcripts'



**Natural Resources**



**Innovation**

## Research participant detail

Natural Resources	
Associate Executive Director Cornell Cooperative Extension of Suffolk County, Agricultural Program Director	Director of Customer Care
Professor of Agricultural, Environmental, and Regional Economics	Professor of Agricultural Economics
Chair Forest and Natural Resources, Professor	Manager, Government Relations
Agriculture Program Leader	Leader of regional economic development organization
Senior Director Industry Development	Horticulture -Cornell
Energy Coordinator	Special Assistant
Director of Planning and Economic Development for Cayuga County, Executive Director of Cayuga County Industrial Development Agency (IDA)	Associate Professor
Senior Loan Officer	Executive Director
President and Chief Executive Officer	Marketing Representative
Interim Director	Director Research and Technology Transfer
Seneca County IDA	Professor of Agricultural Economics
Innovation	
Attorney	Executive Director
Chief Executive Officer	Principal
Senior Manager	Professor of Entrepreneurship
Regional Director Small Business Development Center	Senior Director, Corporate Relations & Technical Alliances
Partner	Deputy County Executive
Executive Director	