

# Performance Measures Report

*Innovation Partnership Zones & Innovation Research Teams*



Washington Economic  
Development Commission  
June 30, 2009

*The Washington Economic Development Commission would like to acknowledge the work done in preparing this report by the Washington Technology Center, Department of Community, Trade, and Economic Development, the Higher Education Coordinating Board, the University of Washington and Washington State University.*

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Prepared by: Washington Economic Development Commission

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### **Purpose of this Report**

RCW 43.330.280 states that the Washington Economic Development Commission (WEDC) “with the advice of an innovation partnership advisory group” selected by the commission should provide a report to the legislature and the governor on performance measures to be used in evaluating the performance of innovation research teams (IRT), the implementation of the plan and programs and the performance of innovation partnership zone (IPZ) grant recipients, including but not limited to private investment measures, business initiation measures, job creation measures, and measures of innovation such as licensing of ideas in research institutions, patents, or other recognized measures of innovation. The performance measures developed shall be consistent with the economic development commission's comprehensive plan for economic development and its standards and metrics for program evaluation.

### **Innovation Partnership Advisory Committee**

In order to fulfill the above and other mandates supporting the IRT and IPZ programs, the WEDC has established the Innovation Partnership Advisory Committee. The Advisory Committee is chaired by the co-chairs of the standing WEDC working group on Innovation and Entrepreneurship. The majority representation on the Innovation Partnership Advisory is from the private sector including representation from the private sector investment community, research organizations and universities, research-intensive private industry and small business, entrepreneurial assistance organizations, and economic development organizations. The Advisory Committee held an initial kick-off meeting May 20, 2009 and a second meeting June 26, 2009. The performance measures described in this report are the initial set of measures proposed by the program administrators and are currently being reviewed by the Advisory Committee.

### **Innovation Research Teams (IRT) Performance Measures**

The Innovation Research Teams (IRT) program, authorized in 2007 by state statute, provides funding to support the recruitment of entrepreneurial researchers to Washington, individuals with the knowledge, skills and ability to generate research products and innovations with direct commercial applications. The program is meant to foster both product innovation and longer-term statewide economic development. The IRT (also known as the Star Researchers program), follows a model in place in many other states. It is administered by the Washington Economic Development Commission (WDEC) with the support and assistance of the Washington Higher Education Coordinating Board (HECB).

The IRT program also is designed to enhance entrepreneurial assistance programs targeted at research universities, key research-dependent industries and small businesses. The Entrepreneur-in-Residence (EIR) program funded by IRT, has been initiated at the University of Washington and is in

the planning stages at Washington State University. An EIR consists of a leading local executive from life science, high tech, gaming, bio-medical devices, or alternative energy sectors. These individuals are housed directly at the university and meet with university researchers, providing mentoring and advice. In addition, the majority of EIRs work to identify compelling projects at the university for their next business opportunities thus expediting successful technology transfer from the research centers to market. The EIRs are also an expert resource for the university's other initiatives which foster entrepreneurship and industry relations. At the University of Washington the impact of the EIR program has been expanded by complementing it with a group of volunteer LaunchPad Entrepreneur Advisors, who also serve as business mentors to the startup teams.

The IRT program received an initial appropriation of \$2.37 million in 2007 and a supplemental appropriation of \$265,000 in 2008 for a total of \$2.64 million for the biennium ending June 30, 2009. For the upcoming 2010-2011 biennium the program is appropriated \$4.2 million.

The table below presents the performance measures currently utilized by the HECB in assessing IRT implementation progress to date.

<b>IRT Program Performance Metrics</b>
<b><i>Recruiting</i></b>
<i># of IRT researchers recruited</i>
<i># of IRT researchers hired</i>
<i>Size of IRT teams</i>
<b><i>Activity</i></b>
<i># of scholarly publications</i>
<i># of inter-institutional collaborations</i>
<i># of Entrepreneurs in Residence</i>
<b><i>Impact</i></b>
<i>Research dollars from federal sources and foundations</i>
<i>Research dollars from industry</i>
<i>Tech startups based on IRT technology</i>
<i>First-round investment in tech startups</i>
<i>Total investment in tech startups</i>
<i>Licenses of IRT technology to third parties</i>
<b><i>Review</i></b>
<i>Satisfaction survey</i>
<i># of jobs created</i>

## Innovation Partnership Zones Performance Measures

The Innovation Partnership Zones (IPZ) program was created in 2007 by Gov. Gregoire and the Washington State Legislature, through SHB 1091. IPZs are part of the state’s efforts to stimulate growth of industry clusters within specific geographic areas, much like a research park environment. The IPZ legislation requires the Department of Commerce’s director to make bi-annual designations by October 1<sup>st</sup> on odd numbered years. To qualify for designation, applicants must partner research, workforce training and - globally competitive companies in close geographic proximity for a cooperative, research-based effort that will lead to new commercially viable products and jobs. Applicants (aka The Zone Administrator) must be an economic development council, port, workforce development council, city or county. Designations carry for four years and then a designee must reapply. At present there are 11 IPZs designated and five have received capital funds. For the coming biennium the program is funded at \$1.5 million for capital grants. The table below is the current portfolio of IPZs and detailed descriptions of IPZs are available from the Department of Commerce.

<b>Designated Innovation Partnership Zones</b>
• <b>Bellingham Innovation Zone</b>
• <b>Aerospace Convergence Zone</b>
• <b>Sequim, North Olympic Innovation Partnership Zone</b>
• <b>Tri-Cities Research District</b>
• <b>South Lake Union Life Science Innovation Partnership Zone</b>
• <b>Spokane University District Innovation Partnership Zone</b>
• <b>Bothell Biomedical Manufacturing Corridor</b>
• <b>Grays Harbor Sustainable Industries</b>
• <b>Pullman Innovation Partnership Zone</b>
• <b>Discovery Corridor Innovation Zone: Steinmueller Innovation Park</b>
• <b>Walla Walla Innovation Partnership Zone</b>

The next table presents the current performance metrics being utilized by the IPZ program administrators the Department of Commerce.

<b>Innovation Partnership Zones Performance Metrics</b>
<b><i>Additional investment</i></b>
<i>Private sector investment</i>
<i>Investment from outside the zone</i>
<b><i>Job creation / retention</i></b>
<i># of jobs created</i>
<i># of jobs retained within wage range</i>
<b><i>Increased commercialization activity</i></b>
<i>\$ increase in sales or sales orders associated with IPZ research</i>
<i># of licenses, patents, applications for innovation research</i>
<b><i>Increased collaboration and/or community partnerships</i></b>
<i>Zone-hosted conferences, creation of incubator, visiting scholars</i>
<b><i>Unique criteria</i></b>
<i>Formation of an advisory board</i>
<i>Incorporation as a non-profit</i>
<i>Launching and IPZ website</i>
<b><i>Creation of tailored curriculum</i></b>

## **Next Steps**

Over the next few months, the Advisory Committee and WEDC, in close cooperation with the Department of Commerce and the Higher Education Coordinating Board (HECB), will refine the accountability and performance measurement framework for the IRT and IPZ programs. This framework will be integrated into the comprehensive innovation strategy and metrics dashboard advanced by the WEDC. It is expected this task will be completed during 2009.

In addition, the WEDC and the Advisory Committee will:

1. Provide information and advice to the Department of Commerce to assist in the implementation of the innovation partnership zone program, including criteria to be used in the selection of grant applicants for funding.
2. Provide strategic recruitment guidance to the Higher Education Coordinating Board by documenting industry and employment clusters throughout the state that have comparative competitive advantage or the potential for comparative competitive advantage, using the process and criteria for identifying strategic clusters.
3. Prepare a plan to build on existing and develop new, intellectual assets and innovation research teams in the state in research areas where there is high potential to commercialize technologies. The Washington Economic Development Commission shall present the plan to the governor and legislature by December 31, 2009.