

2.3 Build Community Strength Tracker

Instructions:

- **What:** Create a spreadsheet or other model to assess and track the strength of your community's economy in the ways suggested in the box "How Does Your Community Measure Up" in this chapter.
 - **Why:** This will be an integral part of the visioning exercise in Chapter 3.
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Community Strength Tracker Scope:

The following are recommended orders-of-operation to build a community strength tracker.

1. Planning:

- Find a suitable local person or persons (committee) to build, operate and update the model and issue reports to the local officials and the public.
- Decide on the measures to be tracked (economic, demographic, social well-being and other desired measures).

2. Compiling

- Identify and report trends in key measures, positive or negative
- Sort sheet by Growth Factor
- Classify Category

Example:

The spreadsheet samples introduces a useful metric - the Growth Factor - to track regarding the health of your local economy and how it is changing. The table columns are:

1. 2-digit [NAICS codes](#)
2. 2-digit [NAICS industry descriptions](#)
3. The number of local jobs in the community (2021)
4. The share of total jobs accounted for by each industry
5. Growth in the 2-digit industry at the state or national level (in this case, 2001 to 2021)
6. The Growth Factor

See "Growth Factors for Smithville, USA" in the separate Community Strength Tracker download.

The Growth Factor is calculated for each industry in the fictional town of Smithville, USA, in this case at the 2-digit level, simply by multiplying the industry share of total local employment (column 4) by the industry's state growth rate (column 5). More detailed 4-digit NAICS industries would be even more revealing for analysis and planning purposes.

How to explain the Growth Factor? Simply put, a community may appear to be sitting fat and happy with a low unemployment rate and a local economy supported by several key industries. But are the key industries sunrise (growing) or sunset (declining) industries? Some of them may have been growing at the community level, but they may be declining at the state or local level, driven at the aggregate level by national economic trends, changing demand patterns, etc. that aren't obvious at the local level. Industries with a high share of local employment may be growing (sunrise) or declining (sunset) at the state or national level. Each industry in the community can be classified in one of four ways:

Category 1: High share, sunrise. A good key industry to support local economic growth in the future.

Category 2: Low share, sunrise. If this is a desirable industry for the community (in tune with its vision and strategic plan), how can we increase its share to help future economic growth?

Category 3: Low share, sunset. Not an industry to build on for the future, but the share is low, so nothing to be too concerned about.

Category 4: High share, sunset. Warning - a key industry in your community may be likely to decline and disrupt your local economy.

Category 1 industries in Smithville that have a high share of local employment and that are sunrise industries have corresponding high growth factor numbers and float to the top of the table. The top two are Health Care (NAICS 62) and Accommodation and Food Services (NAICS 72). In Smithville, there would appear to be no Red Light Warning sunset industries that have a large local employment share. Construction (NAICS 23), however, has a high share of local employment (9.7%) and negative growth.. It is technically a Category 4 industry, but doesn't merit any alarm bells because the state growth is only slightly negative.

Overall, most of Smithville's industries have a positive growth factor, meaning that they are growing at the state level. The sum of the individual growth factors is 16.27. This aggregate number doesn't mean much in isolation, but it can be tracked every year to determine the overall trend of the local economy, and compared to other communities.

Of course, sorting local industries by growth factor (and category) is only a first step in analyzing a community's local economy and planning for the future. These are only rough numbers and analysis should be undertaken to see why local industries are classified like they are. For example, historical local growth rates should be examined as well.

You can vary several parameters in the Growth Factor, including the external geographical area for measuring overall industry growth. If a community believes that its state is a bellwether for the future, then it can use its state as the external geographical area instead of the nation. Time intervals to measure growth can also be varied, depending on what the community believes is more representative.