



Office of Program Policy Analysis And Government Accountability

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REVIEW OF THE ENTERPRISE FLORIDA INNOVATION PARTNERSHIP

PURPOSE OF REVIEW

The Office of Program Policy Analysis and Government Accountability (OPPAGA) conducted this review of the Enterprise Florida Innovation Partnership (EFIP), as required by s. 288.9517, F.S.

¹ The Innovation Partnership is statutorily required to develop research designs for evaluating each of its programs. OPPAGA is to use these designs in performing its review. The objectives of our review were to: review and evaluate the Innovation Partnership using the research designs it developed pursuant to s. 288.9517, F.S.; and report on the implementation status of Innovation Partnership programs.

¹ The Office of Program Policy Analysis and Government Accountability is a unit of the Office of the Auditor General but operates independently and reports to the Legislature.

BACKGROUND

The Enterprise Florida Innovation Partnership was established by the Florida Legislature in 1993 (s. 288.9510, F.S.) as a public-private partnership charged with fostering the growth of small and mid-sized high technology manufacturers and increasing the number of high technology jobs in Florida.

To achieve its mission, the Innovation Partnership created three programs: (1) the Innovation/Commercialization Program, which is designed to identify products that have commercial potential, and help the products' developers start a business or identify an existing business to manufacture and market the products; (2) the Manufacturing Technology Center Program, which is designed to help small Florida

businesses increase their use of existing and new technologies, and improve their business practices; and (3) the Technology Research Investment Fund, which is presented in a separate report.

The Innovation Partnership was appropriated approximately \$4.3 million, \$6.1 million, and \$3.9 million in general revenue by the Legislature for fiscal years 1993-94, 1994-95, and 1995-96, respectively. The Innovation Partnership reported matching funds from local and federal governments, state educational institutions, and the private sector for the Innovation/ Commercialization Program and the Manufacturing Technology Center Program totaling approximately \$16.2 million for fiscal year 1994-95. We requested data on matching funds for these Programs for fiscal year 1995-96, but this information was not available as of August 30, 1995.

Other states have implemented programs very similar in design to the Innovation/ Commercialization Program and the Manufacturing Technology Center Program.²

² We interviewed program administrators from the following states: Georgia, Illinois, North Carolina, Ohio, Pennsylvania, and Virginia.

RESEARCH DESIGN

The Innovation Partnership's Research Design Does Not Include Performance Measures That Specify Baselines, Expected Levels of Future Performance, or Timeframes for Accomplishment.

The Innovation Partnership adopted its initial research design in August 1993 after receiving

suggestions and recommendations from the Office of the Auditor General as required by s. 288.9616, F.S. The initial research design included measures relevant to the Manufacturing Technology Center Program, such as increasing the profitability and productivity of client businesses. However, the research design did not specify baselines, expected levels of future performance, or timeframes for accomplishment.

In October 1994, the Innovation Partnership revised performance measures for the Manufacturing Technology Center Program and created measures for the Innovation/ Commercialization Program in its Operational Plan for fiscal year 1994-1995 without consulting with OPPAGA. The Operational Plan, however, did not specify any baselines, expected levels of future performance, or timeframes for accomplishment. The Operational Plan also did not specify methodologies to be used for collecting needed data. Furthermore, it did not specify intermediate outcome measures that can be used to assess performance on an interim basis.

In April 1995, the Innovation Partnership requested OPPAGA to review the Operational Plan's performance measures. OPPAGA provided its comments and recommendations on these measures during that same month. The Innovation Partnership is in the process of revising its research design and developing automated data collection systems. It developed performance measures specifying expected levels of performance and timeframes for accomplishment for its Manufacturing Technology Center Program.

PROGRAM IMPLEMENTATION AND RESULTS

The Manufacturing Technology Center Program Assisted 143 Companies, but Has Not Increased Sales or Created Additional Jobs.

The Innovation Partnership established four manufacturing technology centers to serve various regions of the state. The Partnership provided the

centers state funding totaling \$1.1 million in fiscal year 1994-95.

As of August 1995, the manufacturing technology centers were assisting Florida companies in increasing their use of technologies and improving their business practices. The centers reported assisting 143 companies in fiscal year 1994-95. However, the Program has not increased sales for client companies or created any additional manufacturing jobs. The centers had been in operation for one year or less as of August 1995. (See Exhibit 1.)

Exhibit 1: Manufacturing Technology Center Outcomes

Measure	Expected Level of Outcome	Reported Level as of August 1995
Sales increases for client companies	Not specified	None reported
Jobs created	Not specified	None reported
Increased wages	Not specified	None reported

Source: Enterprise Florida Innovation Partnership reports.

The Innovation/Commercialization Program Assisted 105 Companies, Created 53 Jobs, and Saved 85 Jobs.

Under the Innovation/Commercialization Program, the Partnership established six centers to serve various regions of the state. Each center has its own president and board of directors. The Partnership provided the centers state funding totaling \$1.6 million during fiscal year 1994-95.

The centers reported assisting 105 companies, commercializing 17 technologies, creating 53 jobs, and saving an additional 85 jobs in fiscal year 1994-95. However, the Partnership did not establish baselines or expected levels of performance for commercializing technologies

and creating jobs. Therefore, its level of success cannot be readily assessed.

Since the centers have been providing services for one year or less, it is too early to make long-term judgments regarding performance. Technology commercialization programs are long-term in nature. It usually takes a number of years before a client company develops a marketable new product or improves its performance as a result of using new technologies. (See Exhibit 2.)

Exhibit 2: Innovation/Commercialization Outcomes

Measure	Expected Level of Outcome	Reported Level as of August 1995
Technologies commercialized	Not specified	17
Jobs created	Not specified	53
Jobs saved	Not specified	85

Source: Enterprise Florida Innovation Partnership reports.

CONCLUSIONS AND RECOMMENDATIONS

The Innovation Partnership's research design did not include performance measures that specified baselines, expected levels of results, or timeframes for accomplishment. The Innovation Partnership is in the process of revising its research design and performance measures. Development of appropriate research designs and performance measures is a continuous process, and may take several years to complete.

The Partnership has also not developed intermediate outcome measures that can be used to assess its performance on an interim basis. Intermediate outcome measures could be used by the Legislature in deciding whether to continue or eliminate state funding support without having to wait five or ten years to see results of the Partnership. Further, it may be difficult to directly attribute the creation of jobs to Partnership programs, since many other factors could

potentially affect job creation. Intermediate outcome measures would be helpful in linking program services to results.

Technology commercialization and expansion programs, when properly designed and implemented, have the potential to provide economic benefits to the state in terms of increased sales and job creation. The Innovation/Commercialization Program has created some jobs, but its level of success cannot be assessed because the Partnership has not established baselines and expected levels of performance against which accomplishments can be compared.

The Manufacturing Technology Center Program has not increased sales for client companies or created any new manufacturing jobs. However, it is too early to make conclusive judgments regarding performance because the Program's centers have been in operation for one year or less as of August 1995. Center projects typically take two to twelve months to complete.

We recommend that:

- The Legislature continue the Innovation Partnership for the next fiscal year. The Partnership's programs have been in operation for one year or less, and it is too early to make conclusive judgments about their performance. The Legislature should require demonstrable returns in terms of progress in achieving program outputs and interim program outcomes before it considers funding the Partnership in the future; and
- The Innovation Partnership complete revising its research designs. Specifically, the Partnership should develop baselines, expected levels of performance, and timeframes for accomplishment for its Innovation/Commercialization Program. It should also develop methodologies for collecting performance data, and intermediate outcome measures that can be used to assess interim program performance.

**ENTERPRISE FLORIDA
INNOVATION PARTNERSHIP RESPONSE**

The President of Enterprise Florida Innovation Partnership responded that "[i]n cooperation with the Office of Program Policy Analysis and Government Accountability, Office of the Auditor General, Innovation Partnership is in the process of completing revisions to its research designs, including baselines, expected levels of performance, and time frames for accomplishment for its Innovation/ Commercialization Program. Methodologies are being defined for the collection of performance data. The Partnership is also developing intermediate outcome measures which can be used to assess interim program performance."

This review was conducted in accordance with generally accepted government auditing standards and included appropriate performance auditing and evaluation methods. Copies of this report in alternate accessible format may be obtained by contacting Report Production at (904) 488-0021 or FAX (904) 487-3804.

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