

# SCENARIO MODELING IN ECONOMIC DEVELOPMENT

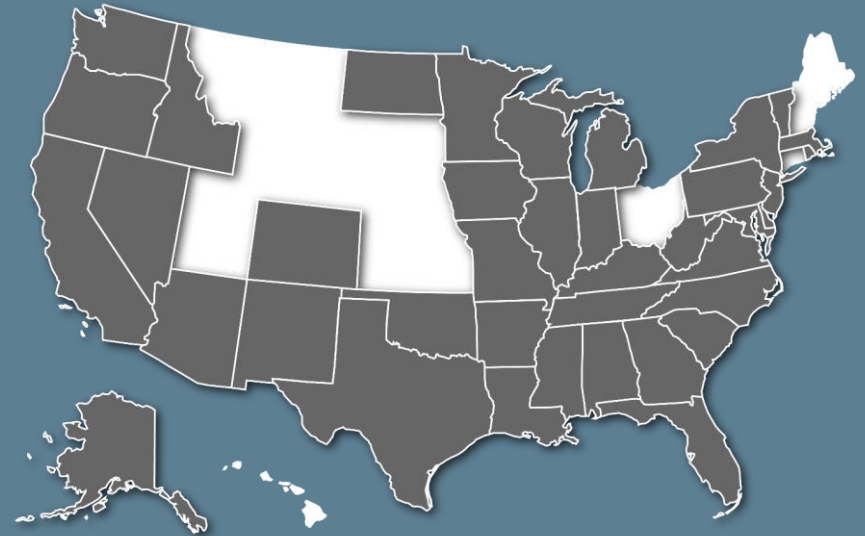
IEDC ANNUAL CONFERENCE, ATLANTA

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WHO IS TIP?

## TIP STRATEGIES

Founded in 1995,  
we have over 20 years  
of experience in over  
300 communities across  
38 states & 4 countries.



Three principals with a total staff of 13.

Committed to holistic thinking & sustainable development.

Austin & Seattle offices with global reach.

# THEORY INTO PRACTICE

we design strategies that will  
support your community's

**vision for the future**

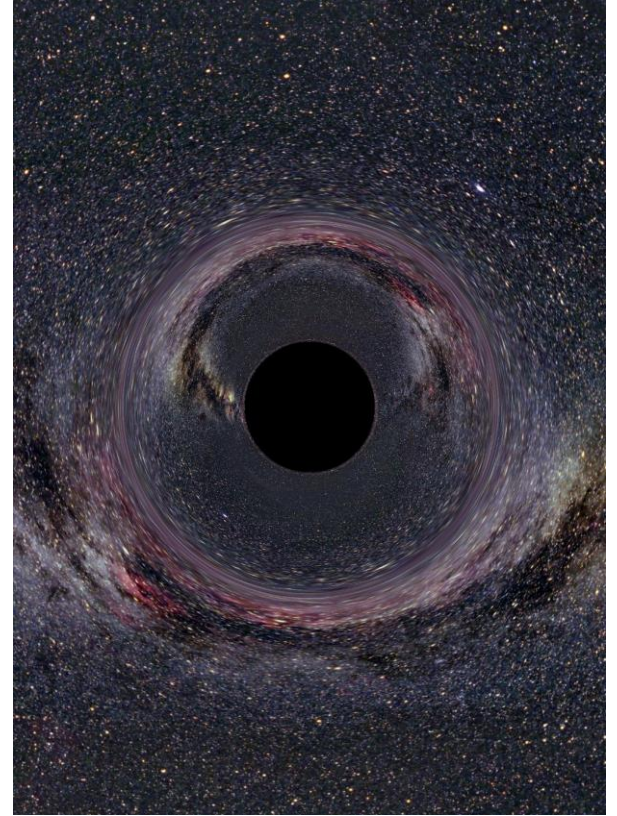
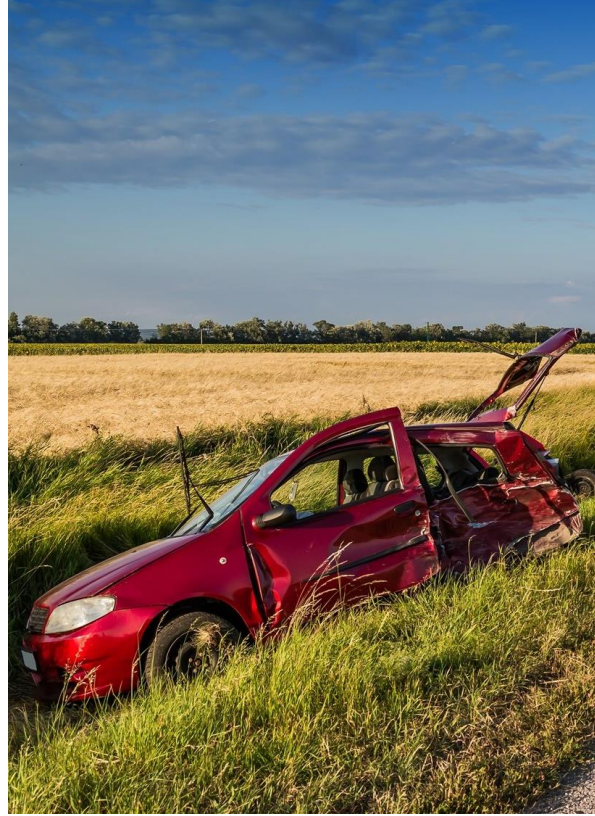


# 2

## SCENARIO MODELING AND THE ILLUSION OF THE FUTURE

“...there are **known knowns**; there are things we know we know. We also know there are **known unknowns**; that is to say we know there are some things we do not know. But there are also **unknown unknowns** – the ones we don't know we don't know.”

Don Rumsfeld, February 2002



We think we don't know the future... but we do! Everything we know is on a spectrum of probability. The future is no more (or less) uncertain than our knowledge of the past – or even the present.



## PLAYING WITH PROBABILITIES:

Scenario modeling is a way of seeing the future.

The trick is constructing a model both simple enough to be communicated but comprehensive enough to be insightful.

What does that model look like for economic development?

3

SCENARIOS

# SCENARIO MODELING

Three factors:

DEMOGRAPHIC



ECONOMIC

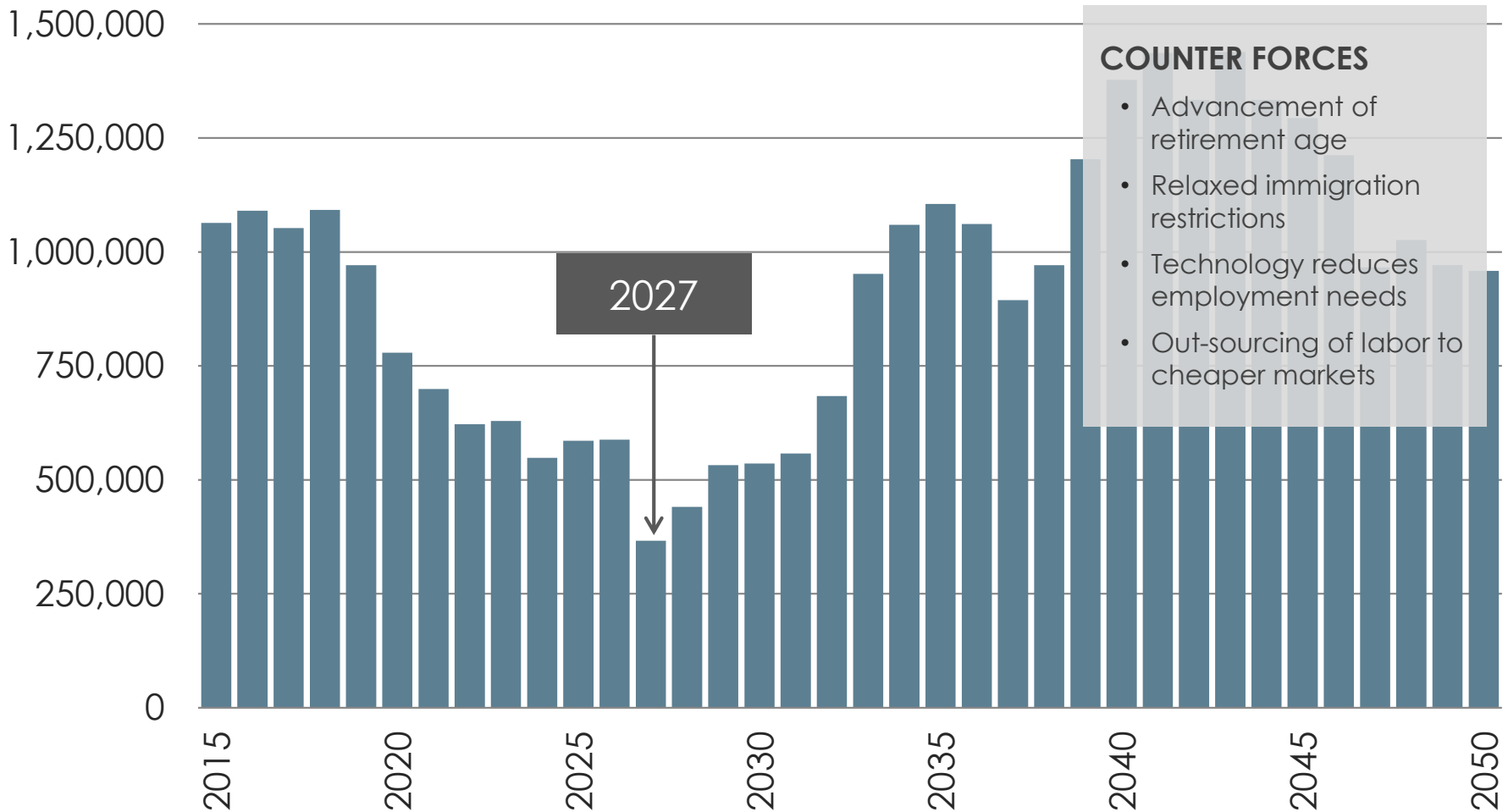


ENVIRONMENTAL



# THE TIGHTENING LABOR MARKET: US

## PROJECTED NET ANNUAL CHANGE IN THE US WORKING-AGE POPULATION

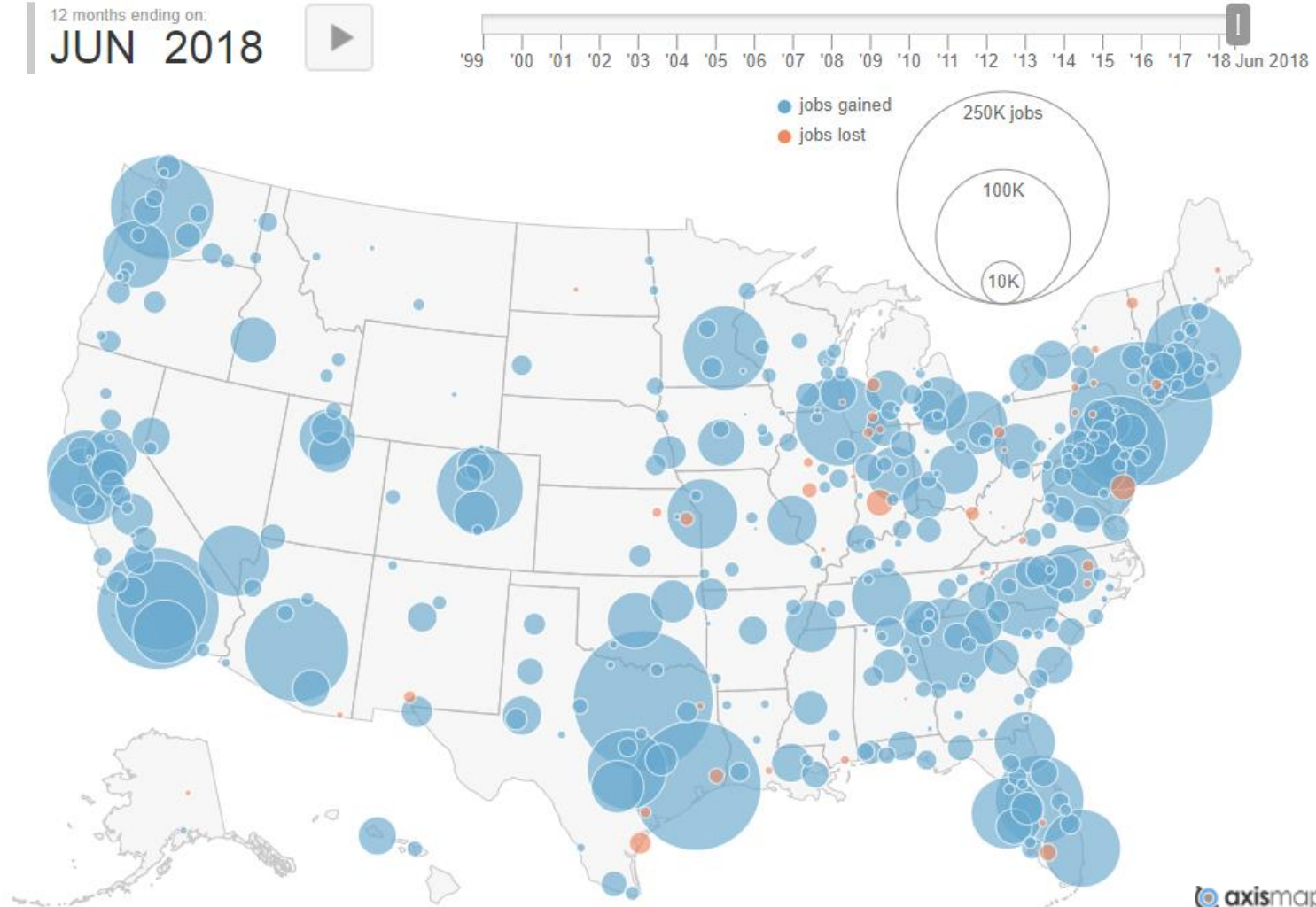


Sources: TIP Strategies, U.S. Census Bureau (NP2014\_D1)

"Working-age" defined as 18-66 (average planned retirement age based on April 2014 Gallup poll).

# THE GEOGRAPHY OF JOBS

## Net Job Gains/Losses by Metropolitan Statistical Area



# SCENARIO MODELING

The techniques:

TREND ANALYSIS



DISRUPTION  
MODELING



UNDERSTANDING  
DATA



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# DISCUSSION

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*How do you do economic development differently if you use scenario modeling?*

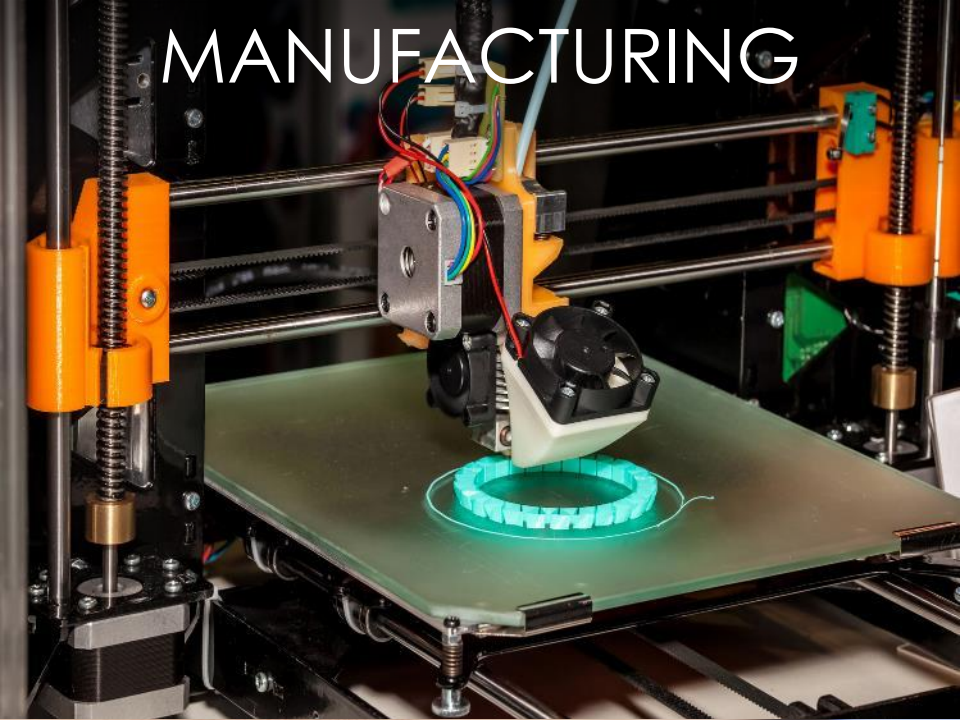


# IS DISRUPTION PREDICTABLE?

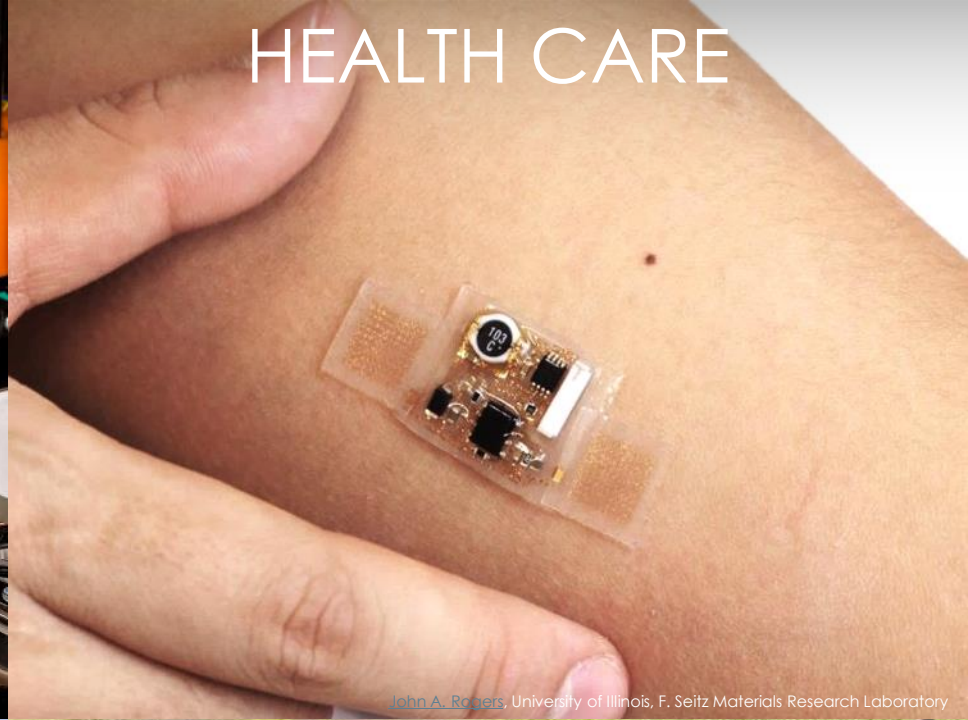
*The Unknown Unknowns...*

Can you model disruption?

# MANUFACTURING



# HEALTH CARE



[John A. Rogers](#), University of Illinois, F. Seitz Materials Research Laboratory

Google



# ENTERTAINMENT



# TRANSPORTATION



A photograph of a large, multi-story industrial building in a state of severe disrepair. The building features a mix of materials, including weathered wood siding, brickwork, and corrugated metal. Many windows are boarded up with plywood, and some are missing entirely. The structure appears to be a former factory or warehouse. In the foreground, a road is blocked by wooden barriers with yellow and black striped safety signs. Two white signs with black text read "ROAD CLOSED". The sky is overcast and grey.

# SUPPLY CHAIN

Entire business units cease to exist  
and secondary providers disappear

ROAD  
CLOSED

ROAD  
CLOSED

An empty office space with a grid ceiling and cubicles. The cubicles are arranged in rows, and the office appears to be deserted. The lighting is bright, and the overall atmosphere is one of quiet solitude.

# THE LABOR POOL

Massive disruption in the number of workers  
and the skill sets they require

# SOCIAL NORMS

Culture shock around changing behaviors.



THANK YOU



TIP strategies  
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