Lawrenceville Community Opportunity Study

and

16:62 Design Zone: Observations and Conclusions

Presented to the Lawrenceville Development Corporation

Produced by the Exploring Industry Clusters Systems Synthesis Team
H. John Heinz III School of Public Policy and Management
Carnegie Mellon University

May 2004
The Lawrenceville Community Opportunity Study

Presented to the Lawrenceville Development Corporation
April 28, 2004

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Lawrenceville Partnership Agreement
A Partnership can encompass many different projects

- Housing
- Local Purchasing
- Community Reinvestment
- Health
- Employment And Workforce
- Northside Partnership Agreement
Northside and Lawrenceville have comparable characteristics

<table>
<thead>
<tr>
<th></th>
<th>Lawrenceville</th>
<th>Northside</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Largest employer</strong></td>
<td>Children’s Hospital of Pittsburgh (Future)</td>
<td>Allegheny General Hospital (Current)</td>
</tr>
<tr>
<td><strong>Median Income</strong></td>
<td>$22,045</td>
<td>$24,251</td>
</tr>
<tr>
<td><strong>Percent of renter occupied housing</strong></td>
<td>48.5%</td>
<td>46.8%</td>
</tr>
<tr>
<td><strong>Percent of vacant housing</strong></td>
<td>14.8%</td>
<td>15.8%</td>
</tr>
<tr>
<td><strong>Percent of population that is female</strong></td>
<td>54.1%</td>
<td>53.1%</td>
</tr>
</tbody>
</table>
To start, the partnership can be designed around three areas:

- Employment and Workforce
- Housing
- Local Purchasing
To best use LC’s resources and time, we recommend following a timeline:

- **July 2004:** Establish agreements for local purchasing
- **January 2006:** Identify Workforce Development Program
- **December 2007:** Finalize Workforce and Housing Programs
- **Early 2007:** CHP begins operations and programs take effect
- **Start conversations with CHP immediately**
- **January 2005:** Begin plans for Housing Program
Local purchasing would enhance local business

- Under this agreement CHP would agree to buy locally when possible.

- Contracts that could be drawn out immediately include contracting the Design Zone to design and furnish office suites and waiting areas.

- Future contracts can include providing vending facilities for local food service businesses to sell inside the hospital and outsourcing janitorial and landscaping services to local businesses.
Employer Assisted Housing programs benefit everyone

<table>
<thead>
<tr>
<th>Benefit</th>
<th>CHP</th>
<th>CHP Employees</th>
<th>CHP Patients</th>
<th>Neighborhood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Retention</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Revitalization</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Relationships</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Commuting</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Recruitment</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Financial Return</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Employer Assisted Housing is made up of a simple structure

- Employer
- CDC
- Employee
- Lender

- Down Payments
- Closing Costs
- Assistance in completing the home buying process

- Grants
- Forgivable Loans
- Deferred or repayable loans
- Matched Savings
- Home Buyer Education
A EAH program for CHP is recommended to include the neighborhood group

CHP
- Down Payments
- Closing Costs
- Assistance in completing the home buying process

LC
- Grants
- Forgivable Loans
- Deferred or repayable loans
- Matched Savings
- Home Buyer Education

Employee

Fannie Mae
LC would provide matching grants to the employees for half the cost

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average 1999 Sale Price</td>
<td>$30,295</td>
</tr>
<tr>
<td>Down Payment of 5%</td>
<td>$1,515</td>
</tr>
<tr>
<td>Closing Costs</td>
<td>$1,500</td>
</tr>
<tr>
<td>Total</td>
<td>$3,015</td>
</tr>
<tr>
<td>CHP and LC Portion</td>
<td>$1,508</td>
</tr>
</tbody>
</table>
Fannie Mae has the ability to design program that meets all parties’ needs

- Largest source of financing and home mortgages.
- Is the inventor and creator of the EAH program.
- Successfully designed and implemented revitalization initiatives in the Pittsburgh area.
- Positive relationships at the city, state and national level.
- Fannie Mae designs the program and recruits a lender simplifying the process for LC.
There are numerous sources of funding for an EAH program

• Pittsburgh Housing Finance Agency

• State resources:
  – Communities of Opportunity Program
  – DCED

• Elm Street Program

• PPND and URA community funding project
An effective workforce program can be made up of multiple projects

- Lawrenceville Workforce Initiative
- Training & Career Development
- Online Job Postings
- Priority Hiring
The resources needed to develop and run a career development program are significant

- Joblinks has 8 staff people.

- It required 8-10 years to secure diversified funding to support all the different programs.

- The annual cost of running Joblinks can reach $300,000.
Joblinks trains 1200 clients annually

**Programs:**
- Prenursing CAN
- CPR
- Customer Service Training
- International Computer Driving License Certification Assistance
- Nursing School Tuitions Assistance
- Resume Building & Interview Workshops
- Job Search Skills

**Funding:**
- PPND
- CDBG
- The Heinz Foundation
- The Pittsburgh Foundation
- Three Rivers Workforce Investment Board
- Goodwill
LC is recommended to partner with Joblinks for workforce development

• Have a positive relationship with CHP’s HR department.
• Currently specialize in healthcare with the Heinz Care Employment Access Program.

• Have online infrastructure to search for job posting in the UPMC Health System.
• Have the capacity and experience for a small initiative for Lawrenceville residents.
The partnership would be structured with a fulltime coordinator

- Partnership Coordinator
  - Children’s Hospital
  - Lawrenceville Corporation
  - Other Organizations
A partnership coordinator would provide for a long-term positive relationship

Responsibilities:
• Write and update partnership agreement annually.
• Call a bi-annual meeting of all partners.
• Ensure that items in the agreement are completed.
• Receive community input on all new items.
• Survey community satisfaction annually.

Cost:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$40,000</td>
</tr>
<tr>
<td>Benefits (28%)</td>
<td>$11,200</td>
</tr>
<tr>
<td>Other (Computer, paper, etc)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$61,200</td>
</tr>
</tbody>
</table>
CHP has the opportunity to forge a positive relationship through funding this position

• CHP can position itself agreeably within the neighborhood.

• In the short-term, CHP will have to deal with less disgruntled citizens.

• In the long-term, CHP can enjoy ease of expansion and/or change.
Conclusions

• Initiate conversation with CHP to form a Lawrenceville Partnership agreement with a fulltime coordinator.

• The partnership should be centered around local purchasing, housing programs and workforce development programs.
Business Development Opportunities
CHP will have a huge impact on Lawrenceville

- Children’s Hospital expects to have 2,772 non-MD’s on their staff when they move to Lawrenceville in 2007.
- This represents 20% of the area’s current employment
- Over 150,000 patients visit Children’s annually
  - Outpatients: 17,061
  - Inpatient Encounters: 133,604
- This figure is roughly 14 times the population of central, upper and lower Lawrenceville combined
Business Development Opportunities

• How can this influx benefit the Penn-Main business district in Lawrenceville?

• Will retail be possible?

• What restaurant offerings will work?
Surveys and interviews were done to gather preference data

- Surveying of employees was done through CHP’s online employee newsletter
  - 148 employee surveys were completed

- Patient families were interviewed on site
  - 17 patient family interviews were conducted
Have a hospital food court featuring local vendors

• **Finding:** 60% of meals eaten by employees are either brought from home (44%) or bought from the cafeteria (16%).

• **Recommendations:**
  1. Implement a food court style cafeteria with area businesses or contract them for food preparation.
  2. Designate an outdoor area for open air food court in the late Spring-early Fall season, e.g., USX Plaza downtown.

• This benefits Children’s by allowing the to focus on their core business - healthcare
Feature quick, inexpensive food offerings

• **Finding:** 95% of CHP employees spend less than $10 per day on meals and 71% of employees take 45 minutes or less for their lunch breaks.

• **Recommendation:** Feature quick and inexpensive eateries such as takeout/delivery restaurants, fast food establishments, buffets, and alternative offerings, such as Panera Bread.

• Local businesses should adding elements such as buffet style dining to their current offerings and offering employee and patient discounts.
Provide an integrated food delivery service

- **Recommendation:** Local vendors should coordinate to provide delivery service to the hospital, and distribute an integrated menu in waiting rooms and staff lounges.

- The Penn Main business district currently only has four restaurants in it

- The current restaurants are quick and inexpensive, but there is also room for traditional fast food places and a Panera bread style eatery
The Hospital’s primary zone of impact is two blocks

**Finding:** The hospital’s zone of impact will be at most 4 blocks.

- 43% of respondents said that they’d be willing to walk 2 blocks or less to shop or eat.
- 33% said that they would be willing to walk 3-4 blocks eat.
- 13% would prefer to eat and shop in the hospital.

**Recommendation:** Businesses that want to benefit from the hospital’s location should be located no more than 2 blocks from the hospital
Penn Main Business District
Building Occupancy Status (Fall 2003)
Children’s employees would heavily support a coffee shop

- 70% of employees said that they would either be very or somewhat likely to patronize a coffee shop

- 15% of total employee retail spending was done at coffee shops

- There currently is no coffee shop in the Penn Main business district.
Pharmacies & convenience stores were also popular with employees

- 25% of employees' retail spending was done at convenience stores and pharmacies.

- There is currently one pharmacy and two small convenience stores in the Penn-Main business district.
Conclusions

• Existing local businesses can take advantage of the hospital’s location, but they must get involved in the planning process immediately.

• The hospital will have a two-block zone of impact.

• The pharmacy/convenience store category holds the most promise for retail development.
Sources

• Children’s Hospital of Pittsburgh
• CTAC Penn Main Baseline Survey
• Fannie Mae
• Joblinks, Interview with Darryl Daughtry
• Northside Leadership Conference
• PPND - Real Stats Database
• US Census Bureau
• www.inventpa.com
16:62 Design Zone: Observations and Conclusions

Presented to the Lawrenceville Development Corporation

Exploring Industry Clusters
Systems Synthesis
H. John Heinz III School of Public Policy and Management
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Robert Talerico

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Executive Summary

The 16:62 Design Zone (DZ), an initiative of the Lawrenceville Corporation (LC), has been in existence for almost four years in the Strip District and Lawrenceville sections of Pittsburgh. It has been successful in meeting its mission and adding to the redevelopment and vitality of these city neighborhoods. Although it has managed to create jobs and reduce blight, it has not had the staff or the materials needed in order to advance the vision of the initiative or focus on the operations and framework of the program. Pam Devereux, Business Development Manager for Lawrenceville Corporation, and 13 owner/operators in the Design Zone have volunteered many hours to assist in keeping DZ functional. Ms. Devereux solicited the assistance the Systems Synthesis Course at the Heinz School to research and compile a final report that will aid in drafting a first-ever business plan for this neighborhood initiative.
Introduction

Business Concept and History

The 16:62 Design Zone is an initiative that was created in December of 2000 by the Lawrenceville Corporation. The idea for this program came from Joseph Kelly, current LC board president, after visiting the Pearl District in Portland, Oregon. The Pearl District took what was a deprived area of the city, with weeds and old warehouses, and turned it into a unique redevelopment project with arts, entertainment and modern living space. The Pearl District soon became one of the city’s most attractive and popular neighborhoods and drew visitors from all over the country.

Upon Mr. Kelly’s return from Portland, he entertained the notion of beginning a similar initiative in Pittsburgh. He wanted to take a historic neighborhood and use it to package its existing assets: its collection of arts and design studios located within the borders of 16th and 62nd streets. It would be a unique marketing program with a niche that catered to individuals who love antiquing or visiting art galleries. DZ soon grew into a collection of more than 100 shops, galleries, studios, and professional services firms. Mr. Kelly played an integral part in getting DZ started by soliciting commitment from businesses and also by introducing the concept to the LC, who is now the major contributor to its operation. In 2004, they adopted a mission statement for the program:

“To brand, promote and grow the 16:62 Design Zone as a regional and national destination for design-related goods and services by facilitating collaborative marketing.”

Key Success Factors

The Design Zone over four years has experienced continued success. Ms. Devereux, as lead member of this initiative, has been instrumental in giving the district the local, regional and national attention that it has received since its existence. She has assisted in creating the website for the program and has also helped to attract more businesses into not only the Design Zone, but also into

the neighborhood. Her position with LC has also been a benefit to DZ by using its focus on reinvestment and also market development to serve Lawrenceville’s Enterprise Zone constituents. Business owners are encouraged to grow their business within a unique and cluster-focused atmosphere while working with property owners and residents to reduce blight and improve the quality of life. The Design Zone has also benefited the community by bringing almost 150 jobs to the area.

The DZ Committee has also been a proactive group within this initiative. These 13 members are not only members of the Zone and business owners, but they are also volunteers who are dedicated to seeing the program move forward. A third of these members are also neighborhood residents and thus have an added investment into making sure the group remains successful. They meet often to identify priorities for the year and also to brainstorm about ways to increase visibility.

The DZ has also managed to gain national attention. National Geographic did a feature in 2003 on The Strip District identifying it as the best place to get the authentic “Pittsburgh” experience. Its top-notch restaurants and shops draw thousands of customers daily as people walk up and down the streets tasting, seeing and smelling what the district has to offer. The Community Development Partnership Network has also given the Design Zone a boost. Based out of Denver, Colorado, this national community partnership organization identified DZ as a “Promising Practice” in marketing the neighborhood in a weak market city. Pittsburgh, along with three other US cities, was named a weak market city because of its loss of population, it marginal growth and its declining core. But in the midst of Pittsburgh’s stagnant economy, DZ has managed to discover a unique marketing niche that will make its neighborhood economically competitive. The colorful and creative brochure also has an impressive marketing theme: “Places, Products, Services and People to Create, Build, Furnish, Renovate and Energize your Home and Workplace”. The DZ is
being credited for bringing more attention to the cluster and for being a benefit the neighborhood as a whole.

**Financial Status**

Aside from its continued success and growth in the Strip and Lawrenceville, the DZ has not managed to generate the revenue necessary to stay in existence. The revenue generated yearly comes from both members and from other community-serving agencies. The members of the DZ are required to pay a fee in order to be registered as an official “member of the Design Zone” and receive its full benefits. Much of this membership fee goes directly to printing the DZ brochure. The Urban Redevelopment Authority (URA) and the Advisory Council for Community-Based Organizations (ACCBO) have given support to the program for operating costs and also for façade improvements for businesses. The city’s financial situation has made it difficult for many grant programs to allocate the funds that were given out prior to Pittsburgh’s Act 47 status.

With the assistance of Ms. Devereux, the DZ was able to apply for a business development grant proposal for operating expenses through the Pittsburgh Partnership for Neighborhood Development. This grant would assist both the 16:62 Design Zone and also the Penn Main Market Development, an early-stage programming initiative, to capitalize on opportunities available with the arrival of Children’s Hospital. The funds are needed for planning and program maintenance in terms of the DZ. At this current time, the DZ does not have a business plan or a method by which to monitor its performance. With these funds and also with this final report, Ms. Devereux and the DZ committee will have the information necessary to draft a business plan and also metrics for measuring the success of the initiative and its impact on the neighborhood. They also have to approach issues of sustainability as well. Should DZ lose money from funders, there has to be an alternate means by which the program could continue running and remain successful.
II. - Market Analysis

Customer Intercept Survey

Results from 113 customer intercept surveys collected in Fall 2003 in the Strip District during a Shops on the Strip’s Edge Sunday shopping hours event indicate that this area is attracting customers from all over the city, albeit in limited numbers.

Figure #1: Zip Codes—“Shop’s on the Strip’s Edge Survey”

Figure #2: Pennsylvania Areas of Origin—Customer Intercept Survey Respondents
While the largest number of visitors comes from 15201 and 15206 zip codes (6 each), 68 people came from 24 other Pittsburgh zip codes. There were also 39 visitors from other parts of Pennsylvania, and 4 visitors from Ohio, Virginia, and Michigan.

Figure #3: Areas of origin in Greater PA-Customer Intercept Survey respondents

The following tables display characteristics of all visitors. One should be cautious in assuming that Design Zone customers share the exact same traits as those that were at this event in the Strip District. Yet the data below is useful in getting a general idea of the types of customers this neighborhood attracts, and certain issues specific to the Design Zone were addressed.

### Tables #1 & #2: Age and Sex Demographics-Customer Intercept Survey Respondents

<table>
<thead>
<tr>
<th>AGE</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>9</td>
<td>7.96</td>
</tr>
<tr>
<td>26-40</td>
<td>45</td>
<td>39.82</td>
</tr>
<tr>
<td>41-65</td>
<td>51</td>
<td>45.13</td>
</tr>
<tr>
<td>65+</td>
<td>8</td>
<td>7.08</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>113</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Table #3: Household Income-Customer Intercept Survey Respondents

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $20,000</td>
<td>12</td>
<td>11.01</td>
</tr>
<tr>
<td>$20-$35,000</td>
<td>12</td>
<td>11.01</td>
</tr>
<tr>
<td>$35-$50,000</td>
<td>29</td>
<td>26.61</td>
</tr>
<tr>
<td>Above $50,000</td>
<td>56</td>
<td>51.38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>109</td>
<td></td>
</tr>
</tbody>
</table>

When asked how visitors had learned about the day’s event, their responses were as follows:

### Table #4: How did you learn about today’s special event for “Shops on the Strip’s Edge”?

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I didn't know there was a special event</td>
<td>38</td>
<td>34.86</td>
</tr>
<tr>
<td>Received a postcard in the mail</td>
<td>31</td>
<td>28.44</td>
</tr>
<tr>
<td>Heard about it from someone I know</td>
<td>14</td>
<td>12.84</td>
</tr>
<tr>
<td>Saw/heard an advertisement</td>
<td>12</td>
<td>11.01</td>
</tr>
<tr>
<td>Passing through the neighborhood</td>
<td>11</td>
<td>10.09</td>
</tr>
<tr>
<td>Saw a poster</td>
<td>3</td>
<td>2.75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>109</td>
<td></td>
</tr>
</tbody>
</table>

The implications of this table are important. There seems to be general confusion as to the extent of Sunday shopping hours in the Strip District. Store hours vary from shop to shop and storeowners themselves don’t seem uniform in their awareness of which stores are open on Sundays. In fact several we spoke with (and on can infer that as many as 35 percent of the customer respondents) thought that all stores were open on Sundays. While many Pittsburgh neighborhoods’ stores are closed on Sundays, it would be useful to explore a more consistent effort in maintaining Sunday shopping hours (as is done in larger cities) in both the Strip District and in Lawrenceville to capitalize on possible standard shopping trends. Weekends are typically when people have the extended free time to shop at a leisurely pace; weekends are typically when people travel and when one can expect more tourists in the area; Sunday is the typical day for food shopping, which is the prime attraction for people to the Strip District (see below)\(^2\). Furthermore, that 31 percent of the

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\(^2\) With the exception of this last assertion, the identification of these trends is based on anecdotal data.
customers were in the Strip District that day because they had received a postcard advertisement of
the event indicates this is a means of advertising that may be more successful than other media
advertisements, which seem to draw the same amount of people as would word-of-mouth or
someone just happening to be in the neighborhood.

The range of responses for the question “What type of stores do you typically visit in the
Strip District?” was as follows: (Respondents did not rank the frequency of their visits to each type
of store.)

<table>
<thead>
<tr>
<th>TYPE OF STORE</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty Foods</td>
<td>95</td>
<td>36.40</td>
</tr>
<tr>
<td>Gift Shops</td>
<td>51</td>
<td>19.54</td>
</tr>
<tr>
<td>Street Vendors</td>
<td>44</td>
<td>16.86</td>
</tr>
<tr>
<td>Home Furnishings</td>
<td>38</td>
<td>14.56</td>
</tr>
<tr>
<td>Art Galleries</td>
<td>33</td>
<td>12.64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>261</strong></td>
<td></td>
</tr>
</tbody>
</table>

Given that home furnishing stores drew significantly fewer responses, when thinking about
how to advertise Design Zone events or encourage customer movement from the Strip District into
Lawrenceville, targeting customers in specialty foods shops may yield greater results.

When asked if they were familiar with the “16:62 Design Zone in the Strip District and
Lawrenceville,” the majority was not.

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, I am familiar with the Design Zone</td>
<td>27</td>
<td>23.89</td>
</tr>
<tr>
<td>I have heard of the Design Zone, but I don't know what it is</td>
<td>12</td>
<td>10.62</td>
</tr>
<tr>
<td>I am not familiar with the Design Zone</td>
<td>74</td>
<td>65.49</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>113</strong></td>
<td></td>
</tr>
</tbody>
</table>

This obviously reflects a problem in branding. While the majority of Design Zone shops are
in Lawrenceville, it is certainly troubling that so many shoppers in the next neighborhood over –
where DZ shops and firms exist – have not even heard of it. Even assuming that the bulk of those
unaware of the Design Zone consist of the 44 respondents from outside the city, that would still leave 30, which is more than those in the other two categories. (Ways of promoting the Design Zone brand will be discussed in other sections of this document.)

Those who were familiar with the Design Zone were asked to answer a question on their impression of it:

Table #7: What is your impression of the Design Zone?

<table>
<thead>
<tr>
<th>IMPRESSION</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very favorable</td>
<td>12</td>
<td>41.38</td>
</tr>
<tr>
<td>Somewhat favorable</td>
<td>10</td>
<td>34.48</td>
</tr>
<tr>
<td>I have no opinion/neutral</td>
<td>4</td>
<td>13.79</td>
</tr>
<tr>
<td>Somewhat unfavorable</td>
<td>3</td>
<td>10.34</td>
</tr>
<tr>
<td>Total</td>
<td>29(^3)</td>
<td></td>
</tr>
</tbody>
</table>

It is encouraging that the majority of respondents held at least a somewhat favorable impression of the Design Zone, and that there were as few who had a somewhat unfavorable impression as there were without opinions\(^4\).

These respondents were asked to continue on and answer whether the concept of the Design Zone (as stated in this part of the survey) had changed their willingness to shop in the Strip District and Lawrenceville.

Table #8: Do you feel that the concept of the Design Zone has changed your willingness to shop in the Strip District and Lawrenceville?

<table>
<thead>
<tr>
<th>WILLINGNESS</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>It has made me more likely to shop here.</td>
<td>15</td>
<td>53.57</td>
</tr>
<tr>
<td>It has not had an effect on my willingness to shop here.</td>
<td>12</td>
<td>42.86</td>
</tr>
<tr>
<td>It has made me less likely to shop here.</td>
<td>1</td>
<td>3.57</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td></td>
</tr>
</tbody>
</table>

This is somewhat less encouraging. One can probably assume that the ranks of those whose conception of the Design Zone made them more likely to want to shop there (15 of 28) probably

\(^3\) Note that at least two people who had not answered that they were familiar with the Design Zone in the previous question responded to this question anyway, despite instructions to skip to a later question. It’s possible that “having heard of the Design Zone” was interpreted by some to mean that they were “familiar” with the area, circumventing our conception of the term “familiar” as delineated in the previous question.

\(^4\) It may be difficult to operationalize a difference between “somewhat favorable” and “somewhat unfavorable.” The authors would argue that there is a discernible variation in the overall bent of the two answer choices, with the former being more positive. Future users of this survey may want to revisit this.
consist largely of those who have a very favorable impression of the Zone (12 of 29). Given that there is an almost equal number whose conception of the Design Zone has had no effect on their desire to shop there (12 of 28), there seems to be a failure to convince those with only a somewhat favorable impression of the area (10 of 29) to return. Or perhaps the disconnect lies in tying the customer’s experiential or aesthetic impression of the Design Zone to his/her intellectual understanding of what it is. At the very least, one must explore whether promoting the Design Zone by focusing solely on its definition has much value.

These same respondents were then asked whether they had used the Design Zone guidebook to contact or visit businesses in the area.

Table #9: Have you used the Design Zone guidebook to contact or visit businesses in the area?

<table>
<thead>
<tr>
<th>USE OF GUIDEBOOK</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, I have used the guidebook</td>
<td>11</td>
<td>39.29</td>
</tr>
<tr>
<td>I have a guidebook but have not used it</td>
<td>9</td>
<td>32.14</td>
</tr>
<tr>
<td>I do not have a guidebook</td>
<td>8</td>
<td>28.57</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td></td>
</tr>
</tbody>
</table>

While the guidebook may be a useful promotional device, failure to update it regularly limits its effectiveness as a true consumer map of the area. (This is discussed further in other sections of this document.)

All respondents were then asked in what other city neighborhoods or areas outside of the city they shop for home furnishings. Their responses are discussed in the following section regarding Competition.

The final question on the survey involved respondents rating various attributes of the Strip District as compared with other shopping districts in the city. These attributes were grouped as describing the Neighborhood, then the Shops, and finally the Employees.

Sorting these responses by the number that garnered a rating indicating that these attributes were more favorable than in other city shopping districts, those that received a majority of favorable
ratings were Selection (within the shops), Shopping (within the neighborhood), Employee knowledge, and Prices. Employee attitude and customer service, which one would expect to get similar ratings and in fact are identical here, had no majority in any category of response, with the number of “favorable” and “average” ratings being almost equal. Parking was the stand-alone attribute that had a majority of “unfavorable” ratings. The rest of the attributes were rated as average.

Table #10: Please rank the following for the Strip District, compared to other shopping districts in the city.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Favorable</th>
<th>Average</th>
<th>Unfavorable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>Selection</td>
<td>68</td>
<td>67.33</td>
<td>30</td>
<td>29.70</td>
</tr>
<tr>
<td>Shopping</td>
<td>56</td>
<td>54.90</td>
<td>42</td>
<td>41.18</td>
</tr>
<tr>
<td>Employee knowledge</td>
<td>54</td>
<td>54.00</td>
<td>41</td>
<td>41.00</td>
</tr>
<tr>
<td>Prices</td>
<td>53</td>
<td>52.48</td>
<td>47</td>
<td>46.53</td>
</tr>
<tr>
<td>Employee attitude</td>
<td>47</td>
<td>46.53</td>
<td>46</td>
<td>45.54</td>
</tr>
<tr>
<td>Customer service</td>
<td>47</td>
<td>46.53</td>
<td>46</td>
<td>45.54</td>
</tr>
<tr>
<td>Product display</td>
<td>34</td>
<td>34.34</td>
<td>53</td>
<td>53.54</td>
</tr>
<tr>
<td>Store layouts</td>
<td>25</td>
<td>25.25</td>
<td>61</td>
<td>61.62</td>
</tr>
<tr>
<td>Window displays</td>
<td>23</td>
<td>22.55</td>
<td>61</td>
<td>59.80</td>
</tr>
<tr>
<td>Storefronts</td>
<td>20</td>
<td>19.80</td>
<td>66</td>
<td>65.35</td>
</tr>
<tr>
<td>Other promotions</td>
<td>9</td>
<td>9.38</td>
<td>61</td>
<td>63.54</td>
</tr>
<tr>
<td>Advertising</td>
<td>9</td>
<td>8.91</td>
<td>62</td>
<td>61.39</td>
</tr>
<tr>
<td>Operating hours</td>
<td>8</td>
<td>7.92</td>
<td>74</td>
<td>73.27</td>
</tr>
<tr>
<td>Street cleanliness</td>
<td>3</td>
<td>2.91</td>
<td>60</td>
<td>58.25</td>
</tr>
<tr>
<td>Parking</td>
<td>1</td>
<td>.98</td>
<td>41</td>
<td>40.20</td>
</tr>
</tbody>
</table>
Parking is certainly an issue in the area, and some Design Zone store owners indicated the same in their responses to an Owner Survey administered Spring 2004 (see below). Large stretches of abandoned and blighted areas on Penn Avenue just east of 32nd would be a prime area to develop public parking as this area seems to be the real aesthetic barrier obstructing customer movement between the Strip District and Lawrenceville east on Butler street. Though there are three buses – the 91A, the 86B, and the 54C – that travel through the Strip District East via Liberty Avenue and West via Penn and Liberty, only one bus, the 91S, travels East on Butler through to the end of the Design Zone. Furthermore, traffic in the heart of the Strip District is one-way, away from the Design Zone. While Pittsburgh has an impressively high level of bus ridership, people who are buying in bulk (either in terms of amount or size of item) as in specialty food shopping and home furnishing shopping probably prefer to travel by car in order to transmit their purchases. That said, it would be useful to explore a dedicated shuttle or bus, perhaps initially coordinated with special events or sales, traveling the length of the Design Zone. This would promote customer awareness of the area and comfort with the notion of traveling from one end of the zone to the other.

The most recent federal data on consumer spending on home furnishings indicate that Pittsburgh is a standout for this market. Of the four largest Metropolitan Statistical Areas in the Northeast, Pittsburgh (at $1,523 in annual expenditures per consumer unit\(^5\)) was second only to New York City ($1,745) and exceeded Philadelphia ($1,497), Boston ($1,249) and the average for all Northeast consumer units ($1,455) in this category. Furthermore, Pittsburgh was consistent as a bigger spender in every sub-category of household furnishings and equipment. This was true even though the average income before taxes of consumer units in Pittsburgh ($48,097) is significantly

\(^5\) Average number in consumer unit:

<table>
<thead>
<tr>
<th>All NE</th>
<th>NYC</th>
<th>Boston</th>
<th>Phillie</th>
<th>Pgh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons</td>
<td>2.5</td>
<td>2.7</td>
<td>2.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Children under 18</td>
<td>.6</td>
<td>.7</td>
<td>.7</td>
<td>.5</td>
</tr>
<tr>
<td>Persons 65 and over</td>
<td>.3</td>
<td>.3</td>
<td>.3</td>
<td>.4</td>
</tr>
<tr>
<td>Earners</td>
<td>1.3</td>
<td>1.4</td>
<td>1.4</td>
<td>1.3</td>
</tr>
</tbody>
</table>
lower than the average income than in New York ($62,998), Boston ($56,687), and Philadelphia ($56,680) as well as lower than the region as a whole ($52,296).\textsuperscript{6}

**Design Zone Owner Survey**

A survey distributed to the majority of 100+ Design Zone members in Spring 2004 garnered an impressive response of 27.\textsuperscript{7} That said, the authors’ were surprised by the general lack of enthusiasm they encountered while trying to get business owners to complete the survey. The authors could not determine whether this lack of enthusiasm was for the stated goals of the project or due to personality or other factors.

![Figure #4: Change in Employees and Profits since opening business/joining the Design Zone](image)

A look at respondents’ assessment of changes to their profits and staff size since joining the Design Zone reflects growth.\textsuperscript{8}

The responses to these surveys indicate that member’s views of the Design Zone are also largely positive. When asked how membership has compared with initial expectations and to describe any unanticipated results of joining the Design Zone, of the 25 who answered the questions, 16 gave positive feedback to at least one of the questions.

\begin{itemize}
  \item \textsuperscript{7}The authors feel they should note that this high response rate was probably due to a great deal of assertiveness and persistence in their part in attempting to get owners to fill out and return the surveys.
  \item \textsuperscript{8}Out of a total 27 respondents. Numbers sum to 28 in employees because one respondent answered “increase then decrease.” Only 26 responded about profits.
\end{itemize}
Business owners expected a variety of benefits upon joining, chief of which was advertising. This was followed by shared marketing costs, increased name recognition, networking opportunities, support from other businesses, collaborative opportunities, and shared resources. Other cited benefits include support for the neighborhood, increased recognition of the area, increased customer traffic, more city-wide exposure, and internal energy. These all point to ideas the owners had that joining the Design Zone would help bring rewards not only to their individual businesses, but to the neighborhood as a whole.

**Figure #4: Perceived benefits of Design Zone membership**

![Bar chart showing perceived benefits of Design Zone membership]

When examining what benefits business owners feel they have actually received as Design Zone members, again, advertising rises to the top as the most highly rated benefit.

**Table #11: Current benefits of Design Zone membership**

<table>
<thead>
<tr>
<th>Benefit</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>COUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>9</td>
<td>7</td>
<td>8</td>
<td>24</td>
</tr>
<tr>
<td>Name</td>
<td>6</td>
<td>9</td>
<td>7</td>
<td>22</td>
</tr>
<tr>
<td>Marketing</td>
<td>6</td>
<td>6</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Networking</td>
<td>8</td>
<td>9</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Resources</td>
<td>2</td>
<td>7</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>Support</td>
<td>2</td>
<td>9</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Collaboration</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>5</td>
</tr>
</tbody>
</table>
While increased name recognition and shared marketing follow close behind, the rating of networking opportunities is more skewed towards a higher rating (1-2), while shared resources and support from other businesses are less frequent benefits (2-3). Collaborative opportunities ratings are centered on a 3 and have the lowest count of the attributes. Other benefits cited pertained to the guidebook, increased recognition of the area, and Pam Devereux’s involvement.

All of these ratings reflect recurring themes when examining the responses to the survey’s open-ended questions. While many business owners indicate that Pam Devereux – due to her work ethic, imagination, expertise, and commitment – has been largely responsible for the successful promotion of the Design Zone thus far, the authors would discourage over-reliance on her in the future. Widely acknowledged changes in Pittsburgh’s climate of non-profit funding as well as general research on urban cluster economies suggest that a better strategy of achieving self-sufficiency in the Design Zone rests with the business owners themselves.

Given what owners have stated as their biggest expectations, benefits and pervasive disappointments, we would suggest that the Lawrenceville Corporation continues to focus on ways of providing bulk or discount advertising to Design Zone members. But in order to help expand the synergy between individual business success and Design Zone success, more opportunities for collaboration and communication between Design Zone members need to be provided. If one views the market as not just the demand and supply for design products and home furnishings, but the actual physical space in which the stores exist, then market analysis also necessitates an understanding of the ways stores interact so collaborative opportunities can be discovered and facilitated.

For instance, relationships already exist between certain firms within the Design Zone. W.T. Leggett Kitchens works with other Design Zone firms (brown) as well as external businesses in securing the needed parts for its cabinets. They have also thus lent their showroom to the display
of these firms’ handiwork. These are the competitive advantages that operating within a cluster offers. Close working relationships can lead to the joint development of innovative products and services; reduced transaction costs and travel/delivery times between customers, suppliers and buyers; and the enhanced spread of technology through similar firms in the region. Eventually, clusters can help to strengthen local economies by possibly resulting in:

**Figure #5: Existing relationship between Design Zone members**

- A greater availability of specialized input suppliers and business services
- A larger pool of trained specialized workers
- Ability to fill unique and unfilled market niche
- Public infrastructure investments geared toward the needs of a particular cluster.\(^9\)

The close relationships between firms must be facilitated, nurtured, and extended wherever possible.

Developing a widely accessible database containing Design Zone business products and services, skills, accounting methods, tax information, trade show information, suppliers, even packaging methods – something the Design Zone Committee has already discussed and has started...

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seeking possible templates – can help aid the business owners on a variety of levels. Business
owners should be encouraged to discuss other ways of increasing revenues, such as petitioning
Pittsburgh’s History and Landmarks Foundation to add a walking tour of Lawrenceville as they do
of other Pittsburgh neighborhoods, ideally connecting it to the Strip District. Many shop owners
believe their location, along the trafficked streets of Penn Avenue and Butler Street, bring a lot of
customers to their store. Walking tours would obviously augment this.

Another idea already in consideration by the Design Zone Committee would be the
development of a Design Zone purchase or referral card that would garner modest discounts for
Design Zone customers. More importantly, it would promote linkage of the Design Zone
brand with the shopping experience in the Strip District and Lawrenceville as well as greater
recognition of Design Zone shops of each other.

**Competition**

In order for DZ to be successful and sustainable it must be aware of alternatives that exist in
their market niche. Finding alternatives for the arts and design businesses participating in this
program requires doing environmental scans and also environmental analyses. An environmental
scan involves observing the market and using tools to determine how well the business is doing. In
the Zone’s case, there might not necessarily be a market for this specific niche. But it can use
information pertaining to industry clusters and in regards to economic development to determine if
that is the case. Environmental analyses use information gathered from scans to determine how the
data can benefit the business.

An environmental scan was done for DZ during the “Shops on the Strip’s Edge” event (the
customer survey mentioned previously). In this survey data was gathered regarding residential data

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10 There are 11 historic designations in Lawrenceville, including the Allegheny Cemetery, several churches
and schools, the Armory, and the library.
as well as customer data. Of the 122 people who responded, 15% of them were from right within
the neighborhood or one zip code away. An important aspect of the survey was the answers to
questions involving other shopping areas of interest in the region. There were several different
shopping areas and stores that were mentioned as destinations to buy products similar to those that
are offered in DZ. An estimate of mileage was done to determine how far some are willing to travel
to shop in competitor stores.

Table # 12: Distances from 15201 zip code to popular home furnishings stores

<table>
<thead>
<tr>
<th>Location</th>
<th>Average Distance Traveled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Depot (East Liberty)</td>
<td>3 miles</td>
</tr>
<tr>
<td>IKEA (Robinson Township)</td>
<td>14 miles</td>
</tr>
<tr>
<td>Linder’s (McKees Rocks)</td>
<td>7 miles</td>
</tr>
<tr>
<td>Goodwill (Baum Boulevard)</td>
<td>2 miles</td>
</tr>
<tr>
<td>Monroeville (Monroeville Mall)</td>
<td>15 miles</td>
</tr>
<tr>
<td>North Hills (Ross Park Mall)</td>
<td>9 miles</td>
</tr>
<tr>
<td>Shadyside (Pottery Barn)</td>
<td>2.5 miles</td>
</tr>
<tr>
<td>South Side (Perlora)</td>
<td>4 miles</td>
</tr>
</tbody>
</table>

In relation to the 15201 Lawrenceville zip code, the customers were willing to travel as far
as 14 miles from home to obtain home furnishings or other products that could have been obtained
from stores within walking distance of their home. DZ needs to be aware of alternatives to their
businesses in order to develop ways to move ahead of the competition. DZ has to be able to market
the initiative in a way that attracts customers from all areas of the city and also from neighboring
suburbs.

DZ is also an example of a regional cluster. It is “an industrial cluster in which member
firms are in close geographic proximity to each other” and is “represented as a geographic
agglomeration of firms in the same or closely related industries”.11 In terms of being a cluster, DZ
also has to identify competitive advantages within its own cluster that will make it sustainable and

Development Association, Lafayette, Indiana.
also have ways to evaluate them as well. Philip Raines at the University of Strathclyde in the United Kingdom has done years of research on clusters and economic development. He has developed methods specifically for clusters that can assist in evaluating different aspects of cluster competitiveness.

Table #13: Options For Evaluating Different Aspects of Cluster Competitiveness
(Adapted from P. Raines, “The Challenge of Evaluating Cluster Behaviour in Economic Development Policy”)

<table>
<thead>
<tr>
<th>Type of Effect</th>
<th>Relevant Indicator</th>
<th>How to Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market strength</td>
<td>- Export development</td>
<td>- Growth in cluster exports</td>
</tr>
<tr>
<td></td>
<td>- New export markets</td>
<td>- Number of new markets with presence by cluster firms</td>
</tr>
<tr>
<td>Capacity for renewal</td>
<td>- New firm formation</td>
<td>- Changes in business population of the cluster</td>
</tr>
<tr>
<td></td>
<td>- Incoming foreign firms</td>
<td>- Level (and quality) of foreign investment in the cluster</td>
</tr>
</tbody>
</table>

DZ must have methods of evaluating its own performance as a local and regional cluster. Answers derived from these evaluations will illustrate if sustainability is on the horizon, and indicate that the initiative has been successful. The funders and investors will want to know that their money is being put to good use and that they have assisted in making the DZ a success.

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IV. - Design Zone Operations

One of the best practices that an organization can adopt is to create a structure that best allows them to complete their mission. Without a solid structure, many of the best laid plans can go awry. With this thought, we decided to examine the structure of the Design Zone, including all those parties that have some interaction with the Design Zone: the Design Zone Manager (here forth the ‘Manager’), Design Zone committee, the action groups of the committee, and the individual businesses within the 16:62 Design Zone. Currently, there seems to be a very loose structure to the Design Zone.

A Design Zone Committee (from here referred to as the Committee) was created to act as the driving force, to develop ideas for growth and to figure out the best ways to carry out those ideas. Currently, the Committee has 13 members, made up of the owners of businesses within the Design Zone. These 13 members also seem to consist of the most interested and involved of the business owners. Although the Committee has permanent members, they do not have a permanent meeting schedule or place to meet. While they have previously chosen to rotate the place of their meeting, it seems this move stems more from need than anything else.

Closely related to the Committee are the action groups, made up of Committee members. Right now, there are six separate action groups, each with their own agenda for the year. The existing action groups consist of: Business Plan, Business Recruitment, Committee and Membership Management, Member-to-Member Communications, Partnerships, and Publicity. Members of the Committee lead each of these groups, and they work closely with the Manager to achieve their goals.

Creating these committees, and including them in the general structure of the Design Zone has shown some forward thinking by members and represents a step in the right direction. The year-long agendas make it further apparent that planning for each of the action groups has occurred.
The Design Zone Manager, Pam Devereux, is an integral part to both the Design Zone Committee, and the action groups connected with the Committee.

**Figure #6: Design Zone Organizational Structure**

![Design Zone Organizational Structure Diagram]

**Observations**

Currently, the biggest problem that the Design Zone seems to have, in terms of structure, is that it is too centralized, asking a tremendous effort from a few of the members, while almost entirely overlooking the others. While the members of the Design Zone Committee seem to be very committed to the mission and success of the Design Zone, they represent a small number of the total number of business owners within the Design Zone.

Although it is a good idea to keep the Committee smaller rather than larger, the action groups should be expected to represent a larger portion of the membership base than the committee, when in fact, this does not appear to be the case. The majority of the businesses within the Design
Zone participate on neither the Committee nor one of the action groups, causing a number of problems for both the Committee and the member businesses.

The Design Zone Manager also has a very ambiguous role in the structure of the Design Zone. Although the official title of Manager exists, Ms. Devereux often takes on the responsibility of working with all levels of the Design Zone, from Committee to action groups, to individual businesses.

**Table #14: Potential Problems with Current Design Zone Structure**

<table>
<thead>
<tr>
<th>Problem</th>
<th>Business POV</th>
<th>Committee POV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>DZ Businesses don’t know who to contact</td>
<td>DZ Committee cannot easily reach the businesses</td>
</tr>
<tr>
<td>Participation</td>
<td>Business owners don’t feel committed</td>
<td>Committee cannot get businesses to help on projects</td>
</tr>
<tr>
<td>Information</td>
<td>Businesses don’t know what DZ is doing</td>
<td>Committee cannot discuss their plans well enough</td>
</tr>
<tr>
<td>Understanding</td>
<td>Businesses don’t understand to what their money goes</td>
<td>Committee doesn’t understand why more businesses won’t participate</td>
</tr>
</tbody>
</table>

**Recommendations**

The recommendations that are presented in this section are the results primarily of interpreting the interactions with the Design Zone Manager, the Committee as a whole, the individual members of the committee, the action groups, and the other businesses of the Design Zone. These interactions have come in the form of attending meetings, conducting interviews and surveys, researching literature, and getting to know some of the members of the Design Zone.

Perhaps the first steps the Design Zone Committee should make, and also one of the easier and less costly ones, is to decide on a permanent meeting time for the Committee. The Committee could decide on the frequency of the meetings and their location, but these meetings should take
place on a regular interval, at the same time, and if possible at the same place, even if only once a month or even once each quarter.

By planning meetings in such a manner, the first result is that each of the members will be able to better plan for the Committee meetings, with the hopes of increasing and maintaining high attendance. If so desired, scheduling meetings at a set time each month could provide incentive for more business owners, who are not currently on the Committee, to attend meetings and become more engaged with the Design Zone as a whole. Another possible benefit of adopting a permanent meeting schedule would be an increase in publicity. Because the meeting dates will be known well ahead of the actual meeting, it will be possible to publicize the meetings far in advance. One possible idea could be to publicize the meetings not only to DZ members, but on a public space within the Design Zone.

As a supplement to a permanent meeting schedule, the Committee should also agree on a formal meeting agenda. This agenda should consistently include the same items, but also leave an ample amount of time to address infrequent issues that may arise in a timely fashion, such as meeting with CMU students or membership levels immediately following the membership drive. Some of the permanent agenda items should include an update from the Manager, updates from each of the committees, and time to address any concerns that might arise from non-Committee members. By creating a common agenda for each meeting, Committee members will have a better idea of what they need to prepare, and what they can look forward to at each meeting.

As previously noted, one of the major problems with the Committee and the action groups right now is that the same members sit on both groups. Because it is probably a good idea to keep the Committee smaller rather than larger, the best idea to include more businesses is to include them in the action groups. Asking more business owners to serve on action groups, rather than the Committee, requires a lower level of commitment and time from them, making it easier for them to
participate. Asking business owners to join action groups, rather than the Committee, also gives business owner the opportunity to participate specifically in the areas in which they have an interest.

Several key steps can be taken to try to get more participation from the business owners in the action groups. First, the leaders of each action group should develop a brief description of the purpose and goals for their specific action group, included some of the tasks that group has decided to work. Along with these descriptions, the group leaders should include a brief summary of what they expect from any business owner that would decide to participate in the group, both in terms of projects and any estimate on the time commitment participation will require. Drafting these summaries should not take a great deal of time for group leaders, but having the information available will give interested business owners an idea of what they are in store for, and may make them more likely to actually join.

Another idea to increase participation in the activity groups would be to adopt a specific time, place, and frequency to meet. Much like the previous recommendation for the Committee to adopt a permanent meeting schedule, the goal is to increase publicity and participation in the meetings.

Along with drafting descriptions of the expectations of businesses that decide to participate on either the Committee or an action group, it is important to also draft a description of the specific duties for the Design Zone Manager. Currently, this type of formal description does not exist, and as a result, Ms. Devereux is required to perform many tasks that could and should be performed more effectively by others. By creating such a description, not only will the duties of the Design Zone Manager become clearer, but the responsibilities of other members may become clearer as well.

Once the responsibilities of the Design Zone Manager have been laid out, other members of the Committee and Design Zone will be able to act more independently, relying on themselves, rather than the Manager to complete tasks and lead initiatives. This will allow the Committee to
achieve successes, and the Manager to spend time on other tasks that may benefit the Design Zone even more.

It is also a good idea to encourage individual business owners and their employees to get to know each other, especially their neighbor businesses. As many business owners know, word of mouth has always been one of the best ways to distribute information, especially in the business world.

One possible improvement to the DZ Committee could be to invite specific business members of the Design Zone to become members of the Committee, based mostly on their geographic location within the Design Zone. An alternative to this idea would be to invite members of the Member to Member Communications (referred to as M2M group) action group in a similar method. By choosing to adopt either of these ideas, the Committee or the M2M group would be comprised of strategically placed enthusiastic members, who could serve almost as ‘representatives’ for their neighbor businesses. These representative members would then take it upon themselves to meet with their neighbors, either individually or collectively, to share what the Committee and the action groups have been doing.

Finally, although both the Committee and the action groups have set goals for themselves throughout the year, these goals seem rather broad, and the deadlines very ambiguous. Both the committee and the action groups should begin to set intermediate deadlines for their projects that will give a greater sense of how much is actually being accomplished.
V. – Potential Metrics

The Lawrenceville Corporation currently relies very heavily on grants to maintain their operations. Specifically for the 16:62 Design Zone project, there are two main sources of funding. Membership fees from participating businesses make up a small portion of the funds that are available for the Design Zone. Grants, specifically from the Pittsburgh Partnership for Neighborhood Development (PPND), make up a much larger portion of funding for the project. However, as the environment in the Pittsburgh area continues to change, the organizations that provide grants, such as PPND, are changing as well, changing not only in their mission, but also in the methods in which they award grants. As the economic and budgeting situation in Pittsburgh continues to decline, there are fewer funds available.

PPND has also indicated that it will begin to change the qualifications for receiving grant money, putting emphasis on not only the planned use of funds, but also an indication on past returns on these funds. The shift in this emphasis will require the Design Zone to develop new metrics for measuring the success of the Design Zone and the potential for further success. There are potentially five categories of metrics that the Design Zone should look into to provide concrete data to confirm the successes that many already believe the Design Zone has achieved. This report will discuss the following five categories of potential metrics: Design Zone Committee Characteristics, Individual Business Characteristics, Joint Venture Opportunities, Neighborhood Characteristics, and Return on Investment Characteristics. Along with specific metrics within each of these groups, it is important to think about these groups themselves. By doing so, it will become easier to identify even more metrics in the future that will continue to meet the changing needs of the funding community. So while this report will identify some places to begin, it will be important to continually develop new metrics.
Design Zone Committee Characteristics

Perhaps the easiest set of metrics that the Design Zone could develop for their use, are those that deal with the workings of the Design Zone itself. This includes not only the Committee, but also the action groups. PPND has also indicated that in the initial funding processes, many of the determining factors of whether a grant proposal can advance depend on the structure and past performance of the organization itself.¹³

Some of these potential metrics that could be used include the number of members that attend both Committee and action group meetings. The more members that attend, the higher the interest and investment in the Design Zone is among the members. This could send the message that the business owners feel the Design Zone is worthwhile. Keeping track of the number of projects that both the Committee and action groups complete and the effect of those projects on the design zone would help to show how active and important the Design Zone’s activities have been.

Individual Business Characteristics

The individual business statistics include some of the metrics that the Lawrenceville Corporation already collects as a determination of success for the Design Zone. Two of the more important metrics that the LC already collects are the number of businesses that move into the Design Zone each year and the number of businesses that decide to join the Design Zone. While these are definitely important numbers to keep track of, there are many other useful metrics that fall into this category.

Some of the metrics that LC already collects on the membership application are sales revenues/profits and the number of employees employed by each business. It would be useful to track these numbers over time to see how businesses have benefited from being in the Design Zone.

Another interesting factor that could be recorded is when a business decides to expand, either in terms of its merchandise, its customer base, its size, or its location.

**Joint Venture Opportunities**

The Design Zone was created as an industry cluster of sorts, with a goal of improving the business environment by generating opportunities for similar businesses to interact with each to the benefit of all parties involved. Because of this unique mission, it should be a top priority to discover how many of these types of joint venture opportunities develop and what effect they have had on the businesses involved.

Some of the current interaction between businesses comes in the form of business to business referrals, that is, one business within the Design Zone will refer a customer to another business, when they are unable to meet the specific needs of that customer. It would be insightful to measure the number of business, and even to where each business is referring the customers. One suggestion that has already come up is the creation of a referral card for all of the Design Zone members.

**Neighborhood Characteristics**

Another potential indication of the success of the Design Zone is the level of economic improvement in the entire neighborhood. Much of this information is readily available, either through the U.S. Census, various State agencies, or other community development organizations, such as PPND.
Table #15: Neighborhood Income Distribution for Design Zone Census Tracts, Census 2000\textsuperscript{14}

<table>
<thead>
<tr>
<th></th>
<th>CL-901</th>
<th>CL-902</th>
<th>UL-1011</th>
<th>LL-603</th>
<th>S-203</th>
<th>Alleg</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-$20k</td>
<td>40.1</td>
<td>51.8</td>
<td>39.3</td>
<td>49.2</td>
<td>36.4</td>
<td>25.4</td>
</tr>
<tr>
<td>$20–40k</td>
<td>32.7</td>
<td>25.1</td>
<td>32.1</td>
<td>24.7</td>
<td>9.5</td>
<td>26.4</td>
</tr>
<tr>
<td>$40–60k</td>
<td>14.2</td>
<td>13.7</td>
<td>18.8</td>
<td>16.2</td>
<td>37.9</td>
<td>18.8</td>
</tr>
<tr>
<td>$60-100k</td>
<td>8.4</td>
<td>8.4</td>
<td>7.8</td>
<td>8.6</td>
<td>8.7</td>
<td>18.9</td>
</tr>
<tr>
<td>$100k+</td>
<td>4.5</td>
<td>1.0</td>
<td>2.2</td>
<td>1.2</td>
<td>7.3</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Some of the useful metrics from this category include investigating the customer income base, found in the Census, and real estate values of the land that businesses occupy. PPND currently collects this type of data in the form of real estate transactions. While some issues exist about comparing this type of data from year to year, some fair comparisons can be made after properly categorizing the data. The next section will discuss some things to consider when trying to develop any return on investment (ROI) metrics.

VI. - Value Added Economic Development

The Indiana Economic Development Association (IEDA), located in Lafayette, Indiana, has introduced a concept that would be of interest to DZ. Value Driven Economic Development relates to every portion of the operations of the program. It is centered around growing state and local economies and increasing both public and private investments, but most importantly by increasing productivity and competitiveness and then creating wealth. In the past few years there has been a fundamental shift in economic development from developing competitive businesses and jobs to creating and managing economic value for communities and businesses. Creating the economic value for communities and businesses will bring jobs and vitality to the area. The geographic focus for value added development draws more attention to linking communities, regions and states.

This new model of economic development, which focuses on adding value, has identified the ways that communities and clusters operate and recognizes that cultural values have also gained importance. Strategic investment models have become the concept of the day and there are more strategies being developed to enrich resources. “Creative Communities”, a concept developed by Richard Florida, professor at Carnegie Mellon University, has also been added to value-based development theory. Richard Florida’s theory is one that operates on the fact that “creativity has replaced physical labor and large-scale bureaucracy as the key source of economic growth”. This has become one of the keys to urban and also regional development as businesses try to survive in the 21st century. The creative community that is reflected so much in DZ will become more important as this model becomes more knowledge based, more performance based and again, more cluster and industry based.

As a cluster, DZ must be aware of the steps that will help them to make value an element of their business model. They must develop a common definition of what value means and what it represents to all of the businesses involved. There is also a need to identify the barriers that will keep them from being successful and from allowing themselves to grow as a regional asset. DZ must also be able to address the concerns of their public and private investments. They will be interested in yearly outcomes as a result of operations and also accountability and return on investment.

As DZ begins to monitor their success, their Funders, both public and private, will take an even greater interest in the Return on Investment (ROI). Simply put, ROI is a ratio of benefits to costs. It is most often expressed monetarily and is a measure of value in dollars and cents. Having a large ROI means that the money invested into the business has been well-spent and that it is performing well. According to the “Value Based” method, ROI is an important concern for both the public and private sector funders; they want to know that the money that they’re investing is worth it. Along with ROI, they want to be confident that DZ will remain aligned with strategic priorities (such as sustainability), continue to be effective and also encourage collaboration and coordination.

Lastly, the IEDA offers advice to clusters and businesses that are willing to use Value Added Economic Development. The first is that positive results can take longer than one expects them to. According to Michael Porter, a professional in the economic development field, it can take up to ten years to really see the effects of adopting this type of development model, or almost any business method. Secondly, there should be ways to identify cluster opportunities. With an area such as DZ that has attracted local and national attention, it must find ways to collaborate with other local initiatives so that the region can benefit from such partnerships. There should also be a culture

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that develops among a cluster that is using Value Added Economic Development. This culture should be one that is exemplified throughout the whole cluster and one that customers recognize when they see it. DZ should be able to put its name on the quality and value that comes from products and services being offered in the neighborhood.
VII. – Conclusion

This report makes a number of recommendations based on the research that has been conducted over the past nine months. As part of this research, much background information has been obtained in the topics of industry clusters, trade associations, and economic development through the creation and distribution of surveys, data collection, personal interviews, and other forms of research. The recommendations that are made in this report fit into some of the same categories that would be included in a formal business plan. Ms. Devereux and the members of the Design Zone Committee will find this report helpful in their creation of their business plan for submission as part of the requirements for grant funding from PPND. With the continued dedication and hard work on behalf of Ms. Devereux and the business members of the Design Zone, they will be able to achieve sustainability of the initiative and gain continued success.