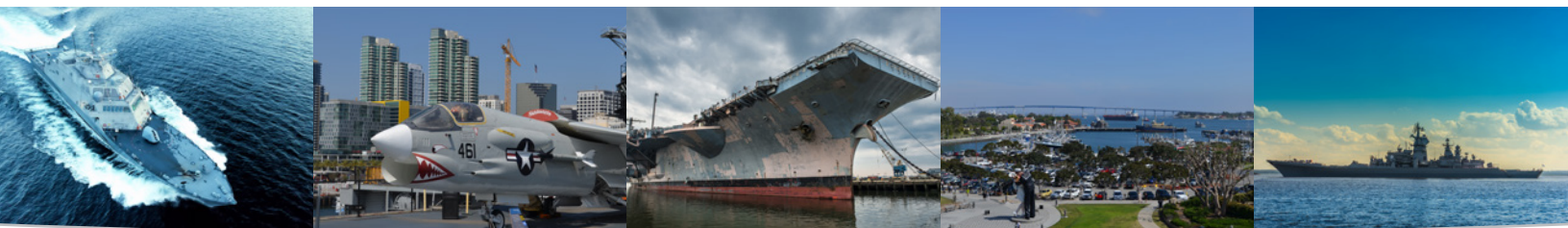




PROPEL SAN DIEGO STRATEGIC ROADMAP UPDATE

December 2019



PROPEL SAN DIEGO

STRATEGIC ROADMAP UPDATE REPORT

CITY OF SAN DIEGO, CALIFORNIA

This report updates the 2017 Propel San Diego Strategic Roadmap which was produced as a deliverable for the 2016 Department of Defense (DoD), Office of Economic Adjustment (OEA) grant award to the City of San Diego.

December 2019

Prepared By:

future→iQ

This report was prepared under contract with the City of San Diego, with financial support from the Office of Economic Adjustment, Department of Defense. The content reflects the views of Future iQ and the Regional Leadership Group and does not necessarily reflect the views of the Office of Economic Adjustment or the Department of Defense.



TABLE OF CONTENTS

1.0	Introduction	4
2.0	Background - Propel San Diego Strategic Roadmap (2017)	5
3.0	Update – 2019 Propel San Diego Strategic Roadmap Framework.....	6
3.1	Human Capital.....	7
3.1.1	Workforce Development.....	7
3.1.2	Ecosystem Outreach.....	8
3.2	Enabling Environment	9
3.2.1	Business Development.....	9
3.2.2	Preparedness Planning.....	10
4.0	Next Steps	11
5.0	Acknowledgments	12
6.0	Contact Information.....	12
7.0	About Future iQ	13



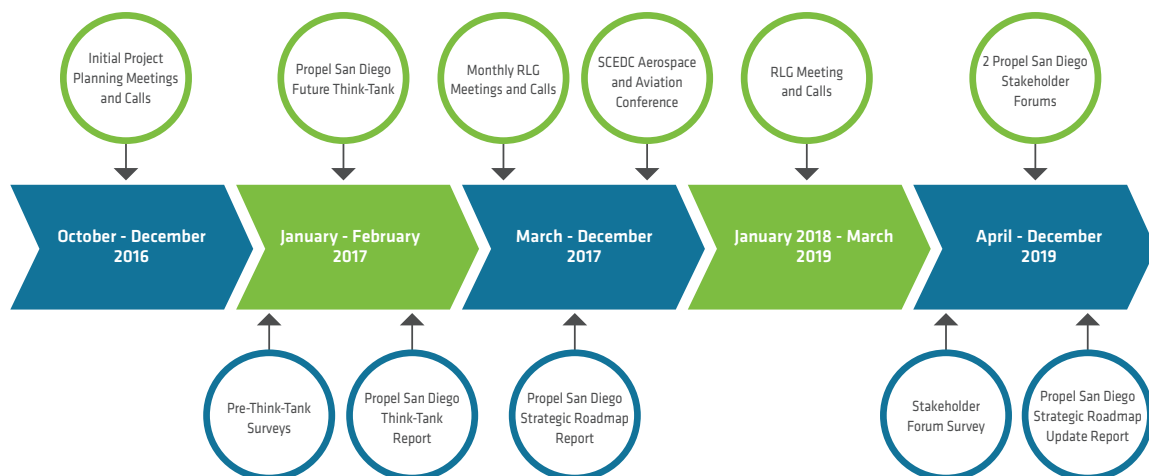
1.0 INTRODUCTION

This Propel San Diego Strategic Roadmap Update represents the culmination of two phases of Department of Defense (DoD), Office of Economic Adjustment (OEA) grant funding for the City of San Diego and its grant sub-recipients, the Regional Leadership Group (RLG). The analysis in this report builds on the 2017 Propel San Diego Strategic Roadmap report and represents Future IQ's updated analysis and recommendations for achieving the preferred future as defined by defense industry stakeholders. The preferred future was envisioned as:

The two phases of Propel San Diego's DoD OEA grant process brought industry leaders together within a visioning process that aims to build sustainability and resiliency into the San Diego regional defense industry.

Propel San Diego Vision 'Frothy Optimists'

The efforts of Propel San Diego will lead to a more diversified economy that attracts investment and fosters entrepreneurial opportunities for all citizens. An emphasis on workforce training programs, improved transportation networks and telecommuting alternatives will create a versatile workforce that can respond proactively to disruption and technology change. San Diego's border location is a competitive advantage for manufacturing and expands access to a skilled workforce. San Diego attracts international workers. The community will have a strong military presence with a deep appreciation for their service and contributions.



DataInsight

DATA INSIGHTS:

- The grant process ran from October 2016 to December 2019 and included a number of key points for regional defense industry engagement.
- The project produced a series of reports and products. The reports may be found at: <https://future-iq.com/project/city-san-diego-california-usa-2016-17/>



The Propel San Diego Strategic Roadmap is a product of the 2016 DoD OEA grant awarded to the City of San Diego. The San Diego Defense Industry Adjustment Grant objectives are defense-related industry resiliency and diversification efforts in the regional economy.

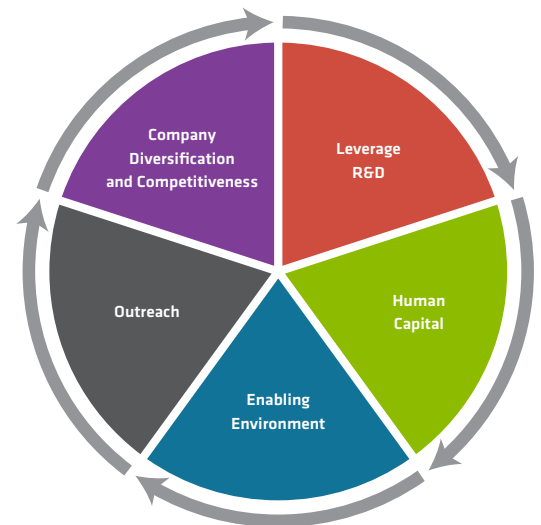
2.0 BACKGROUND - PROPEL SAN DIEGO STRATEGIC ROADMAP (2017)

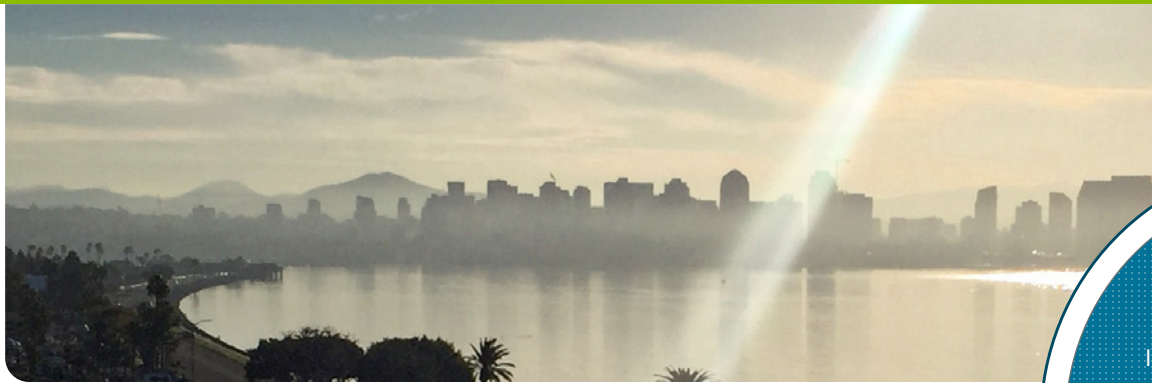
The strategic roadmap was developed throughout 2017 as the Regional Leadership Group (RLG) worked to complete the sub-recipient deliverables of phase one of the City of San Diego's DoD OEA grant. The 2017 Strategic Roadmap aimed to be a guide for the Strategic Partners (those tasked with implementing the Roadmap) and other stakeholders to achieve Propel San Diego's vision and preferred future by building more resilient supply chains, expanding research and innovation, attracting and retaining human capital, fostering a positive business climate and increasing sector awareness. The strategic framework for the roadmap consisted of five focus areas:

- Human Capital
- Enabling Environment
- Outreach
- Company Diversification and Competitiveness
- Leveraging Research and Development (R & D)

The RLG met in December 2017 to report back on progress made on grant deliverables and to plan for phase two of the DoD OEA grant. The group validated the roadmap framework and identified the following goals for 2018:

- The Strategic Partners will prepare yearly work plans in terms of the strategic roadmap objectives.
- Based upon the work plans, the RLG will prepare a yearly Propel San Diego operating budget including Strategic Partners funding allocations. The budget shall target resource leveraging, compounding of funds, human capital and organizational capacity deployment.
- The Strategic partners will meet at least once a quarter to review the following topics:
 - Work plan progress, appraisals and adjustments
 - Progress improvement analysis and recommendations
 - New opportunities for Propel San Diego and the industry sector
- Annually review the Propel San Diego Strategic Roadmap and provide updates and recommendations for the future.
- Hold quarterly Advisory Committee meetings to review and analyze the Propel San Diego activities in relation to current and future defense sector and military trends.
- Hold timely and appropriate celebrations and recognition gatherings that highlight significant events in the regional defense sector and progress of Propel San Diego.





The 2019 Strategic Roadmap Framework has been updated to capture lessons learned in 2017 and 2018. The new Roadmap will give added structure to the strategic actions to build greater resiliency and sustainability into the San Diego regional defense industry.

3.0 UPDATE – 2019 PROPEL SAN DIEGO STRATEGIC ROADMAP FRAMEWORK

As part of 2019 Propel San Diego Strategic Roadmap update, the RLG organized two Stakeholder Forums to further explore critical issues shaping the long-term resiliency and competitiveness of San Diego as part of the larger defense economy.

- The first half-day workshop was held on April 23, 2019. The workshop hosted an expert panel discussion on resilience and adaptability pertaining to cybersecurity, workforce and defense/disaster planning. Stakeholders participated in small and large group discussions, including solutions and potential strategy updates.
- The second Stakeholder Forum, ‘The Future of Workforce – What it Means for the San Diego Defense Industry,’ was held on September 24, 2019. This Forum explored macro workforce trends and predictions, creative workforce solutions as well as a new Workforce tool developed by the San Diego Workforce Partnership.

FAST FACT:

An estimated total of \$26 billion in direct spending related to defense flowed into San Diego County during FY 2018.
– SDMAC MEIS 2018

The further refinement of the 2017 Strategic Roadmap Framework focus areas incorporates lessons learned in 2018. This update was considered crucial to San Diego’s ability to make the pivot needed to build the region’s capacity for resiliency and to explore potentially critical gaps in regional defense response strategy development. The original focus areas of the strategic framework were consolidated and modified to be identified as:

- Human Capital
- Workforce Development
- Ecosystem Outreach
- Enabling environment
- Business Development
- Preparedness Planning

The following subsections of this report explore the updated strategic focus areas of the Propel San Diego Strategic Roadmap.



DataInsight

DATA INSIGHTS:

- When April 2019 Stakeholder Forum survey respondents were asked what they considered their organization’s approach to cybersecurity, 40% indicated their organization was unsure, 33% defensive, and 27% offensive.
- Propel San Diego’s ability to pivot direction in a changing environment has been a testament to its agility and resiliency.



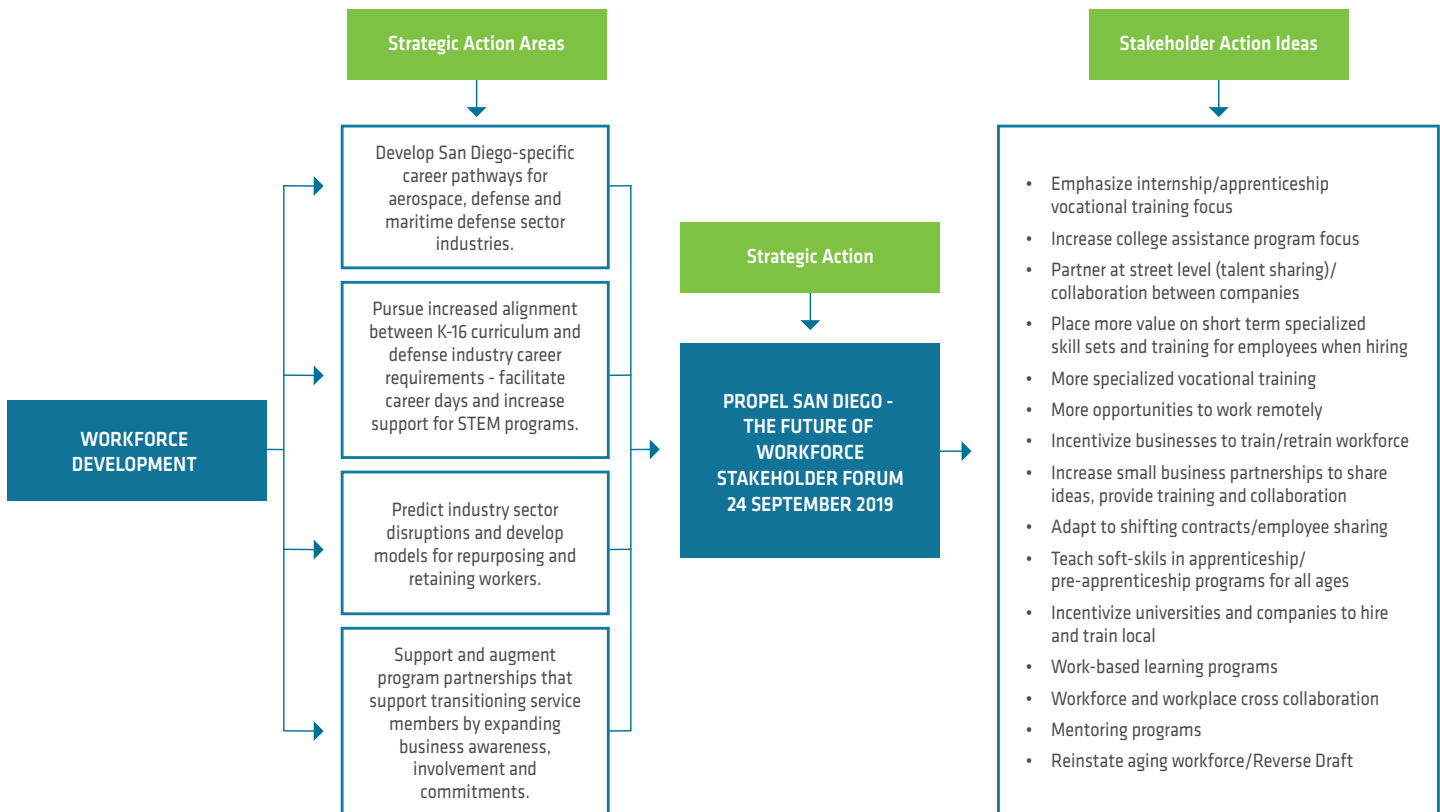
3.1 HUMAN CAPITAL

3.1.1 WORKFORCE DEVELOPMENT

Workforce and workplace development were identified as key components in the San Diego defense industry's ability to become sustainable and resilient looking out to 2030. The Strategic Roadmap lays out four strategic action areas around educational programming and building partnerships between business and education that support the pathway to the preferred future, 'Frothy Optimists'. In September 2019, RLG members hosted a Stakeholder Forum on The Future of Workforce to bring together regional stakeholders with the purpose of brainstorming solutions to emerging regional workforce and workplace challenges. The action ideas identified below are stakeholder solutions to be pursued to build the desired resiliency into the workforce element of San Diego's regional defense industry.

The 2017 Strategic Roadmap identified human capital as the key ingredient for community and economic vitality. San Diego can sustain a world class workforce by strengthening its pipelines to new workers, international associations and an affordable desirable lifestyle.

PROPEL SAN DIEGO STRATEGIC FOCUS AREA: WORKFORCE DEVELOPMENT



DataInsight

DATA INSIGHTS:

- The San Diego defense industry has the capacity to 'grow its own' to compete for talent through strong coordination and collaboration with regional high schools, trade schools, universities and colleges.
- Automation could displace up to 33% of the 2030 workforce. By supporting retraining and re-skilling programs, the San Diego defense industry can stay ahead of this trend and build resiliency into its workforce pipeline.



3.1.2 ECOSYSTEM OUTREACH

To help strengthen and build connectivity within the defense industry ecosystem, RLG members have collaborated on a joint effort to create a brand for the San Diego DoD OEA grant initiative. The purpose of creating the Propel San Diego brand was to initiate and support an active outreach and communications effort to increase awareness, collaborations and opportunities in the San Diego defense industry. RLG members have coalesced around the Propel San Diego logo and promote the brand broadly. SDMAC's sub-recipient grant award was dedicated to creating a webpage and social media for the brand and it also provides regular communication with principal stakeholders to strengthen alignment, reinforce progress and recognize new opportunities within the industry. Beginning in 2020, this webpage and services will migrate to the City of San Diego's Propel San Diego site.

To further this outreach, Propel San Diego will also host a series of Learning Labs. The purpose of the Learning Labs is to facilitate the advancement of cyber resilient companies in the San Diego region. Attendance at the sessions will be granted through a competitive application process available online at <https://www.sdmac.org/propel-san-diego/>.

Since its creation by the RLG, the Propel San Diego brand serves to increase citizen awareness and knowledge of the military and defense sector in the region.



DataInsight

DATA INSIGHTS:

- By initiating its Learning Labs, Propel San Diego has a critical role to play in building regional preparedness by improving the cybersecurity and compliance capabilities of area businesses.
- Strategic indicators of successful outreach include the number of Propel San Diego branded events per year, social media followers, media placements, and website clicks.



3.2 ENABLING ENVIRONMENT

The 2017 Strategic Roadmap stressed the development of an enabling environment. The update to Propel San Diego's enabling environment focus area highlights three Propel San Diego business development successes emerging from the DoD OEA grant funding, and it reinforces the need for preparedness training within the industry sector.

3.2.1 BUSINESS DEVELOPMENT

All RLG member organizations are working hard to encourage diversification and build strength into the regional defense economy. From the outset of the OEA grant, there was an awareness that barriers to entry needed to be addressed. Three examples of grant funded successes in this area are the ongoing SDREDC Defense Innovation Voucher (DIV) Program, the SDECEDC's Connectory and the SCEDC's Business Incentive Matrix.

The DIV is a comprehensive business initiative designed to build resiliency in small, local defense companies and help them find pathways to diversify their revenue. The program provides 15 companies selected through an application process the following awards:

- \$15,000 in direct consulting services
- Six executive education coursed as part of a 6-month boot camp
- 5 companies can compete for \$25,000 in additional services as a public Grand Prize Pitch event



Connectory.com is a collaborative online database designed to provide strategic and sustainable assistance to firms in San Diego that sell products and services to the Department of Defense. The database hosts 24,000+ U.S. automated company profiles containing detailed information from company website data and harvested content. It also includes geocoding and interactive mapping of assets/resources, geographic and industry-specific portals, and a display of defense-ready companies' capabilities.



The SCEDC's Business Incentive Matrix is the most comprehensive listing of incentives offered by San Diego jurisdictions and each incentive's requirements. The matrix is intended to assist small companies with expanding and hiring in the San Diego region.



DATA INSIGHTS:

- With the potential for 60% of job growth to be concentrated in 25 cities and their peripheries by 2030*, initiatives such as Propel San Diego will play an increased role in connecting businesses to other businesses, education and training programs. * McKinsey, The Future of Work in America, July 2019
- Establishing forward-looking, agile and evolving strategies will strengthen business preparedness in the face external trends and enable businesses to adapt accordingly.

DataInsight

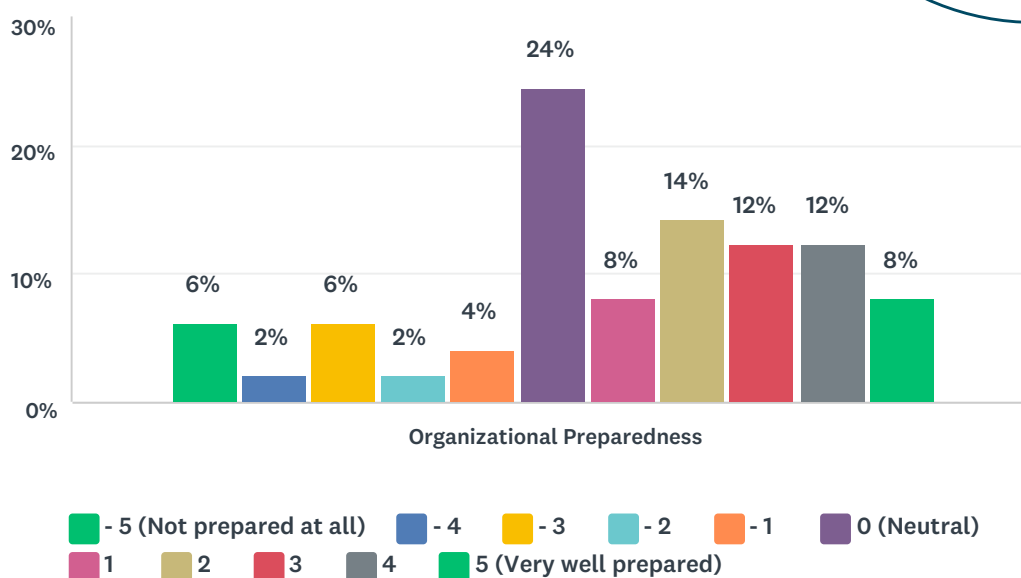
An enabling business environment cultivates business relationships, has an innovative outlook, and pursues a positive business climate for the military and defense sectors.

3.2.2 PREPAREDNESS PLANNING

During the first phase of the City of San Diego's DoD OEA grant period, one of the most glaring gaps discovered in regional defense strategy development was a lack of preparedness by area businesses with respect to potential natural disasters and cybersecurity issues. When asked how well-prepared April 2019 stakeholder forum survey participants considered their organization with regards to cybersecurity, only 8% considered themselves very well prepared and 6% considered themselves not at all prepared. In response, RLG members are developing mechanisms to address these gaps, including learning labs and online resources, and collaborative partnerships with other cybersecurity initiatives such as the California Advances Supply Chain Analysis and Diversification Effort, CASCADE.

HOW WELL PREPARED DO YOU CONSIDER YOUR ORGANIZATION WITH REGARDS TO CYBERSECURITY? (N=49) SCALE -5 NOT PREPARED AT ALL; 5 VERY WELL PREPARED

Accelerated change in advanced technologies finds many SMEs struggling to keep up with compliance and preparedness issues. To address this defense industry weakness, Propel San Diego has refined its strategic focus areas to include educational components on cybersecurity and disaster planning.



DataInsight

DATA INSIGHTS:

- When April 2019 Stakeholder Forum survey respondents were asked if their companies have a preparedness plan that would keep their organization in business if impacted by a natural disaster, 67% said Yes, 23% said No, and 9% said they would like more information.
- In the area of cybersecurity, an ideal resource would be an example or template that companies can follow or model after. This could be in the form of success stories from other companies who have met the requirements, network architecture examples, monitoring programs, or cybersecurity policies to follow.



Propel San Diego leadership and stakeholders have shown a healthy appetite for change going forward. These are the first steps towards the preferred future 'Frothy Optimists', that will continue to guide defense industry strategy planning going forward.

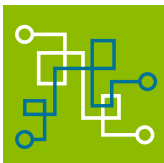
4.0 NEXT STEPS

The Propel San Diego initiative has grown and evolved over the course of the past three years. The work has been built on open and transparent stakeholder participation and thoughtful and constructive dialogue. The vision for the Propel San Diego looks out to year 2030 and the next phase of work needs to begin. The following next steps are recommended:

1. **Migrate the Propel San Diego website from SDMAC to the City of San Diego to continue to provide outreach services to the San Diego defense ecosystem.**
2. **Continue to develop Connectory.com and its capacities that improve its ability to provide an invaluable information resource to regional and national defense industry businesses.**
3. **Seek opportunities to increase company diversification and competitiveness by focusing on product/supply chains and expanding to national and international markets.**
4. **Create new partnerships to build new initiatives like the SDEREDC's Advancing San Diego project with JPMorgan Chase & Co.**
5. **Continue to build the Defense Innovation Voucher Program to include more small businesses.**

"Leadership in the Knowledge Economy means keeping abreast of rapid change and charting a course for the future that ensures and retains economic viability and growth for communities and regions."

- Daniel Johnson, *Leading Economic Development: A Toolkit for Public Officials and Civic Leaders*, 2015.



FutureInsight

FUTURE INSIGHTS:

- Combining the collective intelligence of the RLG and a future thinking perspective will keep the Propel San Diego initiative on the path to the region's preferred future.
- Key to the success of Propel San Diego will be the continued engagement by all regional stakeholders. Consistent and effective communication, transparency and collaboration will encourage participation and a sense of ownership for all stakeholders.



5.0 ACKNOWLEDGMENTS

The Propel San Diego Regional Leadership Group (RLG) engaged in the grant process with great enthusiasm. Their passion and interest ensured that discussions were thoughtful, and the outcomes reflective of the Department of Defense, Office of Economic Adjustment grant parameters. This dedication is reflective of the deep commitment RLG members have to the future of the defense industry in the San Diego region.

Regional Leadership Group Organizations:

- City of San Diego
- San Diego East County Economic Development Council
- San Diego Military Advisory Council
- San Diego Regional Economic Development Council
- San Diego Workforce Partnership
- South County Economic Development Council

Future iQ would like to acknowledge the substantial support from City of San Diego staff, in particular Meredith Dibden Brown, Rosa Elena Enriquez, and Libby Day. Their outstanding support throughout the project was greatly appreciated.

6.0 CONTACT INFORMATION

For more information on the Propel San Diego project, please contact:

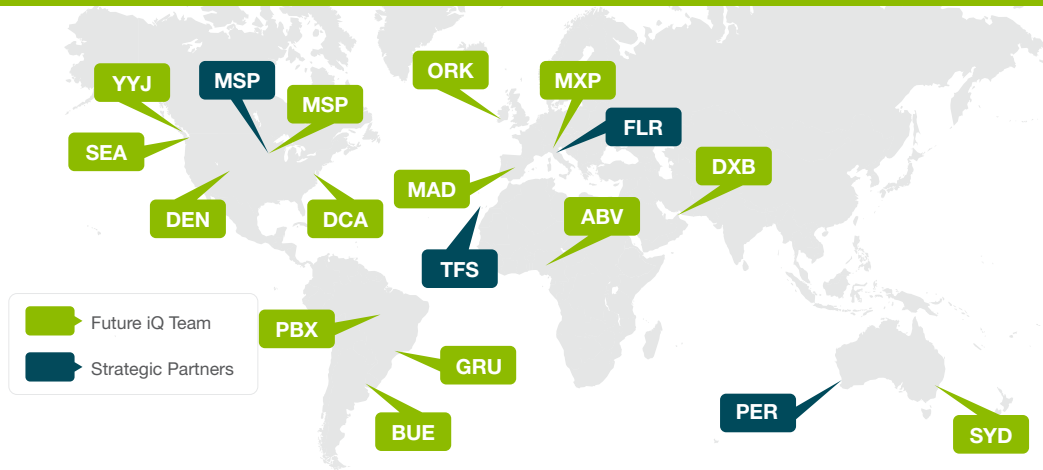
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7.0 ABOUT FUTURE IQ

Future iQ specializes in applying innovative tools and approaches to assist cities, organizations, regions and industries shape their economic and community futures. With nearly two decades of experience, the company has a global clientele spanning three continents. To learn more about Future iQ, and our recent projects visit www.future-iq.com or by email at info@future-iq.com

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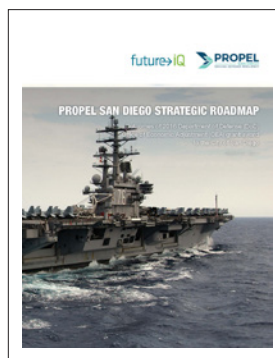
Heather Branigin
VP Foresight Research

To access the Propel San Diego reports, please visit:

<https://future-iq.com/project/city-san-diego-california-usa-2016-17/>



**Propel San Diego
Think-Tank Report**
February 2017



**Propel San Diego
Strategic Roadmap Report**
December 2017



**Propel San Diego
Strategic Roadmap Update
Report**
December 2019

