



Economic Impact Analysis



When formulating a strategic plan, an organization will need to consider the effect of its actions not only upon itself but also on the local and broader communities of which it is a part.

Economic impact analyses measure the direct and indirect effects of a business, organization, industry, or event on the local, regional, state, or national economy. The presence and contribution of a particular project or business generates total economic impact that is substantially larger than the project's or business's activities on its own.

Such studies rely upon the integrity of the data collected as well as the skill and abilities of those who have assembled and evaluated this data.

This is where experience builds confidence and adds sustainable value, and this is where the Economic & Statistical Consulting (ES) professionals in KPMG LLP's (KPMG) Economic & Valuation Services (EVS) practice can be relied upon to provide their insight and practical knowledge.

The KPMG approach

Our ES professionals are trained in applying methodologies that can evaluate the economic impact of many types of activities on a given economy, be it local or nationwide. Total economic impacts are measured by the following:

- Economic output
- Gross domestic product (GDP)
- Wages and salaries
- Employment
- Taxes

A properly designed and executed economic impact analysis can produce estimation results that are objective and reliable. Our knowledgeable approach to your needs brings results that can go a long way in enabling you to make confident strategic planning decisions based on a solid foundation of evidence-based data and documentation.

Methodology

Our ES professionals work with economic impact modeling tools such as IMPLAN (Impact analysis for Planning),¹ a well-recognized impact modeling framework developed by MIG, Inc. or the RIMS II (Regional Input-Output Modeling System) multipliers developed by the U.S. Bureau of Economic Analysis.

Instances where an economic impact analysis can be relevant and useful in determining and implementing a strategic plan include:

- A planned change that will affect the economy, such as the opening of a new plant or the addition to an existing facility
- A need to explain the benefits or costs that an activity or policy has on a local area, such as the imposition of a tax
- A desire to understand the secondary benefits or costs of an activity to gain a deeper understanding as to what segments of the economy or industries will be affected by a particular proposal
- A desire to inform stakeholders, including state and local authorities, about the impact that an application or company position could have when requesting assistance or incentives (such as tax incentives, job creation grants, infrastructure grants, etc.) to undertake development

¹ IMPLAN Group, LLC, IMPLAN System (data and software), 16740 Brikdale Commons Parkway, Suite 206, Huntersville, NC 28078 (www.Implan.com)

- A need to consider the effects of specific legislation or regulation
- A desire to enhance reputational benefits due to increased visibility of an organization's economic contribution
- A desire to provide tax authorities and other stakeholders with a complete picture of a company's tax contribution, including that of its supply chain
- Economic impact analysis can also help support a company's corporate and social responsibility framework.

Our commitment

We can help you tell the story of your project or activity using well-established concepts of input-output analysis. Our team of PhD-level economists and statisticians can provide the statistical and analytical framework to meet your objectives. Our professionals have completed many successful economic impact projects. Below is a list of representative projects.

Representative economic impact projects

We have evaluated the economic impact of the following activities:



Planned Investment in a fulfillment center by online retailer



R&D facilities by a manufacturing company



Proposed expansion and hotel construction by an entertainment company



Presence of a satellite company



Sporting events and professional sports team for a sports facility



Oil spill for an energy company



Operation of a casino resort



Capital development program of a transit agency



Recreational fairs



Expansion of a research center



Operations of a university



An international flower show for a nonprofit organization



Construction of a launch pad for a state space development agency



Music and arts events for a nonprofit music and arts organization

Contact us

With a number of purposeful uses, an economic impact analysis performed by our ES professionals can bring sustainable advantage and can help you to achieve your strategic goals.

For more information on how ES can help you with economic impact analysis, contact your local KPMG adviser:

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