



Stronger Economies Together

Doing Better Together

Session 2: Evidence Based Planning

Alison F. Davis, University of Kentucky

SESSION 2: SET OVERVIEW AND EXPLORATION OF REGIONAL DATA

OVERVIEW

Purpose: During this session, participants will:

- Examine identified clusters in detail
- Finalize clusters to take forward

Estimated Time to Complete: 4 hours

Materials Needed:

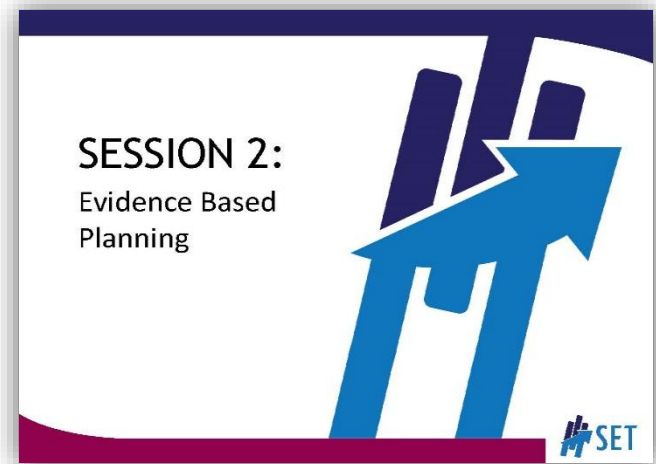
- Nametags
- Name tents
- Sign in sheets
- Flip charts
- Markers

Handouts:

- Handout One: Cluster Data Reports (from Purdue Center for Regional Development)
- Handout Two: Measuring the Region's Relative Performance
- Handout Three: Cluster Support Worksheet (2 pages)
- Handouts: One page summaries of the supplemental modules (as appropriate for your region)
 - Business Retention and Expansion
 - Entrepreneurship
 - Regional Foods Systems
 - Tourism

SLIDE 1
INSTRUCTIONS

Have this slide up when participants enter the room.



SLIDE #1

TIME: OPENING SLIDE, NO DISCUSSION

SUPPLIES: NONE

HANDOUTS: NONE

SLIDE 2

INSTRUCTIONS

Goal: To review the reasons for the selected cluster(s) that will be explored in this session.

Briefly review why the clusters to be explored today were selected.

Introduce newcomers that were invited to provide expertise on these clusters.

Allow time for people to share any insights from interviews, if applicable.

Review

- Clusters you selected to explore in greater detail.
- Justification for selecting these clusters
- People you invited and/or interviewed




SLIDE #2

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: NONE

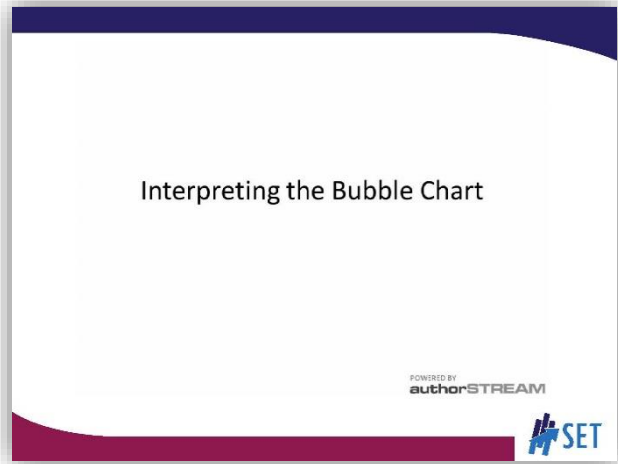
SLIDE 3

INSTRUCTIONS

Goal: Understanding the basics of a bubble chart

Introduce the video as a way of exploring the region's cluster data in more detail. Show the video or talk participants through the information on the bubble chart video.

NOTE: The video can either be shown at the end of session 1, as homework, or the beginning of session 2 depending on time and level of interest in knowing where the numbers come from and how it is determined what clusters fall into which quadrant.



SLIDE #3

TIME: 5 MINUTES

SUPPLIES: NONE

HANDOUTS: NONE

SLIDE 4

INSTRUCTIONS

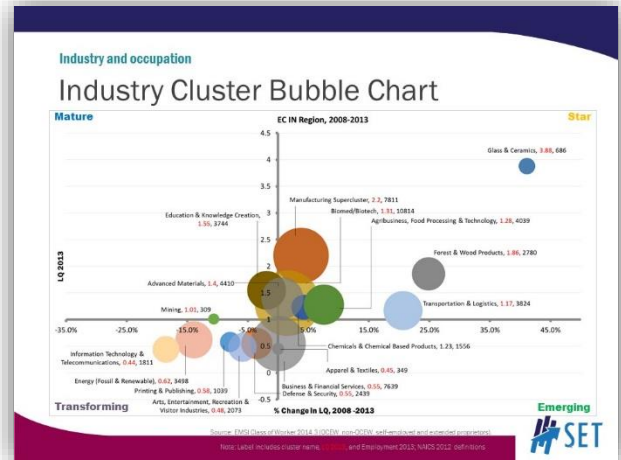
Goal: To analyze the region's bubble chart.

Analyze your bubble chart after watching the video.

Explore these questions:

- What clusters are stars and emerging?
- Are there any outliers? If so, why?

The purpose of looking at the bubble chart for the region as opposed to just assigning quadrants is to determine the magnitude of high or low-performing clusters.



SLIDE #4

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: CLUSTER DATA REPORTS FROM PURDUE ON SELECTED CLUSTERS (HANDOUT 1)

SLIDE 5

INSTRUCTIONS

Goal: To explore the region's shift share analysis

This video provides an overview of Shift Share Analysis using the example of the energy cluster. Provide the handout: Measuring the Region's Relative Performance so the team can follow along with the video.

Several definitions to consider:

- **Shift Share Analysis** splits regional job growth into three components: the national change effect, industrial mix effect, and regional competitiveness effect. Note that a timeframe is required to perform shift share analysis, since shift share deals with job growth over time
- **The national growth effect** explains how much of the regional industry's growth is explained by the overall health of the national economy: if the nation's whole economy is growing, you would generally expect to see some positive change in each industry in the region
- **The industrial mix effect** represents the share of regional industry growth explained by the growth of the industry/cluster/occupation at the national level. So if the health sector nationally grew by 5% then it is expected that all across the country the health sector should also grow by 5%
- **The regional competitiveness effect** is the most important of the three indicators, as it explains how much of the change in a given industry is due to some unique competitive advantage that the region possesses, because the growth cannot be explained by national trends in that industry or the economy as whole. This effect is calculated by taking the total regional growth and subtracting the national growth and industrial mix effects. Note that this effect can be higher than actual job growth if national and/or industry mix effects are negative while regional growth is positive. This is because the regional competitiveness effect accounts for jobs "saved" from declining national trends as well as new jobs created.



SLIDE #5

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: MEASURING THE REGIONS
RELATIVE PERFORMANCE (HANDOUT 2)

VIDEO LINK:
[HTTPS://YOUTU.BE/MUKCI4OWT8M](https://youtu.be/mukcl4OwT8M)

SLIDE 6

INSTRUCTIONS

Goal: To examine regional Shift-Share Analysis.

Insert the region's chart like this example prior to the discussion.

Ensure that participants understand the data before moving to the analysis.

If the region is examining more than one cluster, it may be helpful to divide the group into subgroups to explore data, with a different group working on each industry cluster report.

Use the questions on the next slide to guide the exploration.


Agribusiness, Food Processing and Technology Cluster
Shift-Share Analysis by Top Industry Sectors: East Central Indiana Region

Industries	Jobs 2013	National Trend, 2008-2013	Industry Trend, 2008-2013	Regional Performance, 2008-2013
Animal Production	1,279	29	(81)	81
Crop Production	1,016	21	(19)	71
Dairy Manufacturing	360	8	6	(30)
All Other Miscellaneous Food Manufacturing	343	7	24	(8)
Soft Drink Manufacturing	168	2	(9)	71
Grain and Field Bean Merchant/Wholesaler	119	2	5	29
Farm Supplies Merchant/Wholesalers	111	3	2	(18)
Farm Labor Contractors and Crew Leaders	91	1	5	22
Soil Preparation, Planting, and Outfitting	85	1	10	22
Meat Processed from Carcasses	82	1	(1)	47
Farm and Garden Machinery and Equipment Merchant/Wholesalers	75	2	(1)	(34)
Dog and Cat Food Manufacturing	62	2	11	(31)
Retail Bakeries	53	2	15	(60)
Flour Milling	37	1	0	10
Animal (except Poultry) Slaughtering	31	1	(2)	8

Note: Upward arrow indicates regional competitiveness. DMO does not include detailed sectors for cash crops and fruits production for NAICS 11 (Agriculture, forestry, fishing and hunting).

Source: BLS, Dept of Commerce 2014-2-2009, and OSHA, 2013, 2008 and 2009-2013 period.

Coaches: INSERT OWN
SHIFT SHARE CHART



SLIDE #6

TIME: 15 MINUTES

SUPPLIES: NONE

HANDOUTS: NONE

SLIDE 7

INSTRUCTIONS

Goal: To begin the data analysis for the cluster(s)

You should be receiving shift share analysis tables for each of the 2-3 clusters selected. Each industry in the table makes up an individual cluster. Split your team into groups based on clusters of interest and have them answer the questions on the slide. Try to get the groups to determine WHY regional competitive advantage is positive or negative for the larger industries. Have them identify the workforce skills or natural resource base that lends itself to a positive competitive advantage or what resources are lacking for negative competitive advantage.

Distribute Handout: "Cluster Support Worksheet"

Have each team fill out the first box identifying strong sub-sectors for their assigned cluster (higher numbers in the far right hand column)

Regional Performance

- Over the last 4 to 5 years, did the national economy fare well or poorly?
- Within your selected clusters, which of the larger industries fared well nationally? Which did not perform well? Why?
- Did certain industries within the clusters perform well in the region, given national economic and industrial trends?

SET

SLIDE #7

TIME: 15 MINUTES

SUPPLIES: NONE

HANDOUTS: CLUSTER SUPPORT
WORKSHEET (HANDOUT 3)

SLIDE 8

INSTRUCTIONS

Goal: to explore opportunities for import substitution

The next four slides explore opportunities for import substitution strategies. Each cluster will have an inputs table. These are the expected inputs into the current level of cluster production based on a national production function.


NOTE: While you will replace the chart on this slide with one for your region, these observations on the sample table may be helpful: It is expected that the energy cluster in the South Carolina region utilizes \$204 million in petrochemical manufacturing in producing their current level of “energy cluster” output. Of that \$204 million, 94% COULD be supplied regionally (not IS). This is just current capacity, these dollars don’t represent local transactions. The purpose is to identify industries from outside the region that are supplying to the cluster that could be produced regionally. For example, all \$7.3 million of plastics material and resin manufacturing used in the energy cluster is being produced outside the region. The question posed to the group should be, “Is there any cost-effective way to produce plastics material and resin” in the region and supply to the regional cluster”?

Agribusiness, Food Processing and Technology Cluster
Coaches: *INSERT OWN CHART*

Top 15 Inputs by Dollars: East Central Indiana Region

Industries	Estimated Input (\$ Millions), 2013	% In-Region	% Out of Region
Crop Production	87.4	9%	91%
Animal Production and Aquaculture	66.9	4%	96%
Other Animal Food Manufacturing **	25.9	1%	98%
Corporate, Subsidiary, and Regional Managing Offices	17.9	4%	96%
Petroleum Refineries *	12.5	0%	100%
Flour Milling	10.9	23%	77%
Wholesale Trade Agents and Brokers	8.1	3%	97%
Rail transportation	6.3	13%	87%
Animal (except Poultry) Slaughtering	6.1	0%	100%
Flavoring Syrup and Concentrate Manufacturing **	5.7	0%	100%
General Freight Trucking, Long-Distance, Truckload	5.6	27%	73%
Meat Processed from Carcasses	5.5	11%	89%
Wet Corn Milling **	4.8	0%	100%
Plastics Bottle Manufacturing	4.8	0%	100%
Fats and Oil Refining and Blending **	4.7	0%	100%

Note: * Indicates that industry sector has 400 jobs or per 1,000; ** Indicates that industry sector is not present in the region



SLIDE #8

TIME: 15 MINUTES

SUPPLIES: NONE

HANDOUTS: NONE

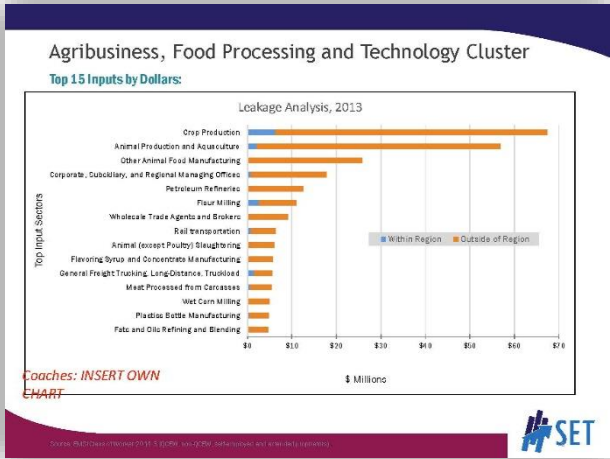
SLIDE 9

INSTRUCTIONS

Goal: Continue exploration of leakages.

This bar chart is a depiction of the data on the previous slide.

Again, coaches should insert the chart from one of their regions' clusters rather than use these examples.



SLIDE #9

TIME: 5 MINUTES

SUPPLIES: NONE

HANDOUTS: NONE

SLIDE 10

INSTRUCTIONS




Have groups break up into clusters and answer these questions. Again, it is imperative that regional knowledge (i.e. firm managers, CEOs, etc) of these clusters is either present at this meeting or interviewed beforehand.


Revisit handout "Cluster Support Worksheet" and have teams fill out the next three boxes:

- What industries support the cluster – Long bars in previous chart
- Where do leakages occur – Large out of region expenditures
- Where does the region have capacity to respond - large in-region expenditures

Input Requirements

- What inputs do firms within this cluster purchase?
- Are these purchases made locally or imported from outside the region?
- Are these inputs available locally?



SLIDE #10

TIME: 15 MINUTES

SUPPLIES: NONE

HANDOUTS: NONE

SLIDE 11

INSTRUCTIONS

Goal: To guide discussion on leakages.

Use the questions on this slide to prompt analysis among the small groups considering the various data elements on the identified clusters.

Plugging the Leaks through Import Substitution

- What inputs are the industries within the cluster purchasing from outside the region (leakages)?
- Does the region currently have capacity for supplying these inputs cost-effectively?
- If yes, why aren't these transactions occurring?
- If no, what are the resources needed to help promote the creation, expansion, retention or attraction of businesses to supply inputs?



SLIDE #11

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: NONE

SLIDE 12
INSTRUCTIONS

Goal: To explore workforce data related to each cluster.

Explain the data on this slide ensuring that participants understand how to read the data and draw conclusions.

Again, have individuals stay in their groups and look over workforce data. Have each group report out on the questions presented on the next slide.


Agribusiness, Food Processing and Technology Cluster
Top Occupations: East Central Indiana Region

Occupations	Jobs 2013	% Change, 2008-2013	Median Hourly Earnings, \$ 2013	Entry Level Education
Farmers, Ranchers, and Other Agricultural Managers	1,848	(2%)	\$10.5	High school diploma
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	263	37%	\$9.8	Less than high school
Packers and Packers, Hand	133	6%	\$10.2	Less than high school
Processing and Filling Machine Operators and Tenders	107	7%	\$12.3	High school diploma
Food Batchmakers	87	(1%)	\$10.9	High school diploma
Laborers and Freight, Stock, and Material Movers, Hand	96	22%	\$10.6	Less than high school
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	54	(4%)	\$21.2	High school diploma
Industrial Truck and Tractor Operators	52	18%	\$14.8	Less than high school
First-Line Supervisors of Production and Operating Workers	49	9%	\$24.0	Postsecondary non-degree award
Heavy and Tractor-Trailer Truck Drivers	49	20%	\$17.0	Postsecondary non-degree award
Helpers-Production Workers	46	0%	\$12.0	Less than high school
Animal Trainers	46	38%	\$9.7	High school diploma
Nonfarm Animal Caretakers	45	87%	\$8.9	Less than high school
Bakers	41	(28%)	\$9.5	Less than high school
Bookkeeping, Accounting, and Auditing Clerks	37	6%	\$16.2	High school diploma

Coaches: INSERT OWN CHART

Note: SOC (Standard Occupation Classification) 5-digit occupations are included by jobs in 2013. Excludes independent contractors for independent contract employment and independent, lease, partnership and cooperative.

Source: BLS Bureau of Labor Statistics (2008, 2013-2014), SET Analysis and modeling completed.



SLIDE #12

TIME: 5 MINUTES

SUPPLIES: NONE

HANDOUTS: NONE

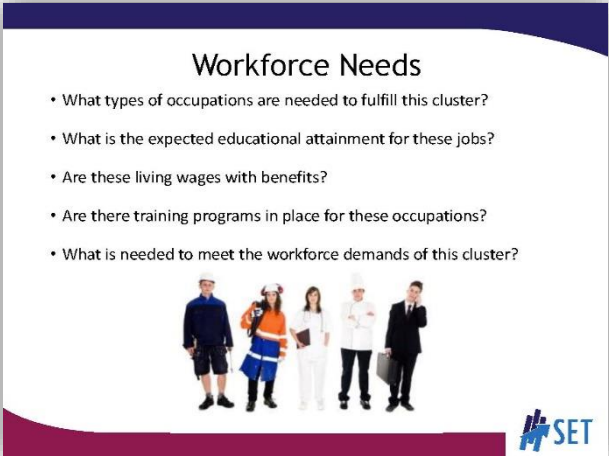
SLIDE 13

INSTRUCTIONS

Goal: To guide the discussion of workforce data.

The first two of these questions can be answered looking at the data. The last three are open for group discussion. In addition, these questions should be asked to the industry leaders that are hopefully present at the meeting or who have been interviewed prior to this session.

Revisit Handout "Cluster Support Worksheet" (Handout 3) and have teams fill out the fifth box "Workforce needed"



Workforce Needs

- What types of occupations are needed to fulfill this cluster?
- What is the expected educational attainment for these jobs?
- Are these living wages with benefits?
- Are there training programs in place for these occupations?
- What is needed to meet the workforce demands of this cluster?

SLIDE #13

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: CLUSTER SUPPORT
WORKSHEET (HANDOUT 3)

SLIDE 14

INSTRUCTIONS

Goal: To begin exploring specific strategies for strengthening clusters

A variety of approaches can be used to strengthen clusters. The next few slides will provide a brief overview to guide the discussion moving forward.



SLIDE #14

TIME: 1 MINUTE

SUPPLIES: NONE

HANDOUTS: NONE

SLIDE 15

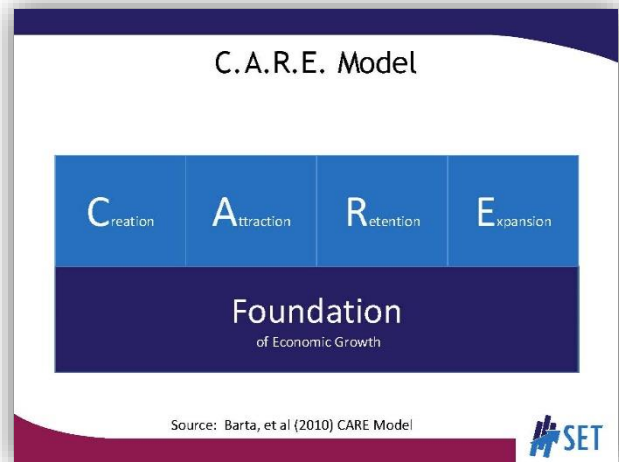
INSTRUCTIONS

Goal: Introduce the CARE model

A number of strategies have proved successful in helping to build an industry cluster. The next few slides outline a few of the basic concepts building on the CARE Model.

Source:

Barta, S., Frye, J., Nelson, J., Paterson, S., Ralstin, S., Wittman, P., & Woods, M. (2010). C.A.R.E. Model. *Southern Rural Development Center*. Retrieved from <http://srdc.msstate.edu/care/>



SLIDE #15

TIME: 1 MINUTE

SUPPLIES: NONE

HANDOUTS: CLUSTER SUPPORT
WORKSHEET (HANDOUT 3)

SLIDE 16

INSTRUCTIONS

Goal: Describe the Foundation of CARE

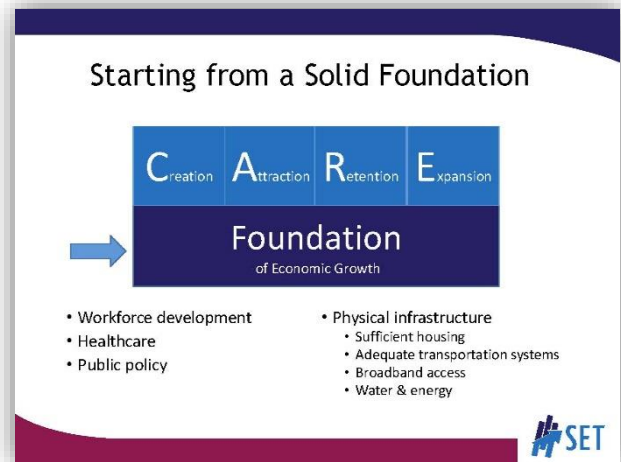
Having a firm foundation on which to build the economy is essential. The Foundation of CARE includes the elements that support all economic development work. The slide provides some examples. Ask the regional team what else they would add.

Are there certain components of the foundation that need to be strengthened?

This would include workforce skills or educational needs

Did a CEO state that he has tried to lure new firms to the area to supply to him but the housing stock in the region isn't adequate?

Revisit Handout "Cluster Support Worksheet" and have teams fill out the Foundation box.



SLIDE #16

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: CLUSTER SUPPORT
WORKSHEET (HANDOUT 3)

SLIDE 17

INSTRUCTIONS

Goal: to highlight the importance of entrepreneurship in supporting a cluster.

Creating a new business to plug a leak is often a viable strategy, especially for rural places.

The Creation part of CARE

- Any new business opportunities to plug leaks?
- If so, what resources are needed to help small businesses/entrepreneurs succeed?
- Where can a small business access capital?

Revisit handout "Cluster Support Worksheet" and have teams fill out the Create box.

NOTE: If the region needs more information or wants to explore this topic further, consider moving to the Entrepreneurship module next.

C.A.R.E.

C Creation	A Attraction	R Retention	E Expansion
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Foundation
of Economic Growth

- Are there individuals in the region interested in starting a new business?
- Are there entrepreneurship training programs in place to build capacity?
- Are there channels for accessing capital?

SET

SLIDE #17

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: CLUSTER SUPPORT
WORKSHEET (HANDOUT 3)

SLIDE 18

INSTRUCTIONS

Goal: To explore targeted attraction

Targeted attraction: Sometimes attraction is an appropriate economic development strategy. However, the attraction should be targeted to attract new firms to the area based on the import substitution data.

Are these feasible ideas? What resources do those industries need when relocating? How could you lure a particular industry to the area? Is the economic development professional on board with this idea?

One helpful resource: Goetz, S, S Deller and T Harris, Targeting Regional Economic Development, Routledge Studies in Global Competition, Routledge, 2013.

Revisit handout "Cluster Support Worksheet" and have teams fill out the Attraction box, if applicable.

NOTE: Attraction may not be the region's best response. It is o.k. if this box (or any of the CARE boxes) is empty if the group does not see a fit.

C.A.R.E

C Creation	A Attraction	R Retention	E Expansion
---------------	-----------------	----------------	----------------

Foundation
of Economic Growth

- Are there specific types of firms the region could attract to fill the leakage gap?
- What strategies are in place to target these specific industries?
- What do these industries need to be lured to the region?

SET

SLIDE #18

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: CLUSTER SUPPORT
WORKSHEET (HANDOUT 3)

SLIDE 19

INSTRUCTIONS

Goal: To explore Retention as a cluster supporting strategy

The retention part of CARE is helping existing establishments identify opportunities to stay in the region to further support the cluster. Regions need to identify exactly how those existing firms are contributing to the cluster and if there would be any reason why that firm would leave.

And what resources do existing firms need to continue to successfully operate in the region?

Revisit handout “Cluster Support Worksheet” and have teams fill out the Retention box.

NOTE: If the region needs more information or wants to explore this and/or the Expansion further, consider moving to the Business Retention and Expansion module next.

C.A.R.E.

C Creation	A Attraction	R Retention	E Expansion
---------------	-----------------	----------------	----------------

Foundation
of Economic Growth

- What firms are currently contributing to the cluster?
- Are these firms facing any common threats to survival in the region?
- Do these firms need any particular programs, resources, policies in order to continue operation in the region?

SET

SLIDE #19

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: CLUSTER SUPPORT
WORKSHEET (HANDOUT 3)

SLIDE 20

INSTRUCTIONS

Goal: To consider the potential Expansion of existing businesses to fill gaps.

The conversation should include looking at opportunities to expand those firms that already contribute to the cluster as well as existing businesses in the region that may not currently be contributing, but may have potential capacity to connect through expanded services/operations. How can existing businesses meet the needs of a growing cluster? Is there an opportunity to expand production? What incentive would these businesses need to take on the potential risk and costs of expansion?

Revisit handout "Cluster Support Worksheet" and have teams fill out the Expansion box.

Again, the Business Retention and Expansion module covers this topic in greater detail and may be of value as the region explores this topic.

C.A.R.E.

C <small>Creation</small>	A <small>Attraction</small>	R <small>Retention</small>	E <small>Expansion</small>
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Foundation
of Economic Growth

- Could existing businesses expand to fulfill the needs of the cluster?
- What incentives or resources are needed to help these businesses expand?

SET

SLIDE #20

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: CLUSTER SUPPORT
WORKSHEET (HANDOUT 3)

SLIDE 21

INSTRUCTIONS

Goal: To show one example of how a cluster might develop with a combination of strategies.

Use healthcare as an example or feel free to develop an example more relevant to the group.

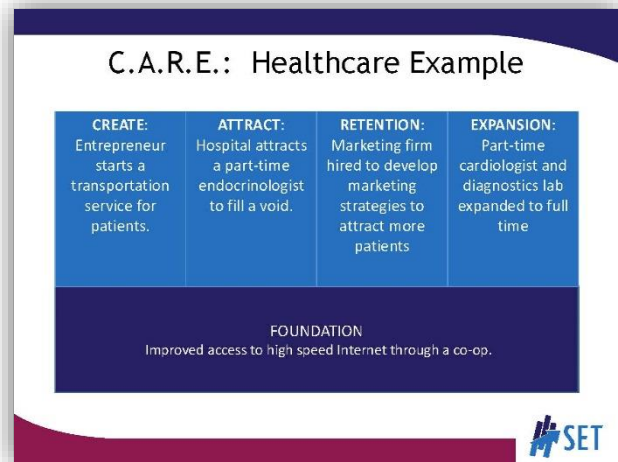
Notes:

- **Creation:** Transportation is needed to get patients from home to facility. Entrepreneur could create a logistics system to make this work, making this affordable and feasible
- **Attraction:** Currently there are no endocrinology services. Hospital or clinic attracts a part-time endocrinologist.
- **Retention:** Hospital is thinking about shutting down due to low utilization. Region brings in consultants to work with the hospital to identify marketing strategies and services the hospital could offer to attract more patient
- **Expansion:** Hospital and clinics decide they need a cardiologist and diagnostics lab. Together, these entities decide how to finance these services and share revenue and costs.
- **Foundation:** Through a broadband Co-op, the hospital was able to access a higher speed Internet, essential for new electronic records requirements.

Have each team share their diagram (the information on this slide) for their cluster with the group. If time permits, you may wish to have each group transfer the information to a flip chart before sharing.

Debrief:

If more than one cluster is being considered, do teams see cross-cutting opportunities, places where more than one cluster could benefit? If so, how could the regional team capitalize on those opportunities?



SLIDE #21

TIME: 15 MINUTES

SUPPLIES: FLIP CHART AND MARKERS

HANDOUTS: CLUSTER SUPPORT
WORKSHEET (HANDOUT 3)

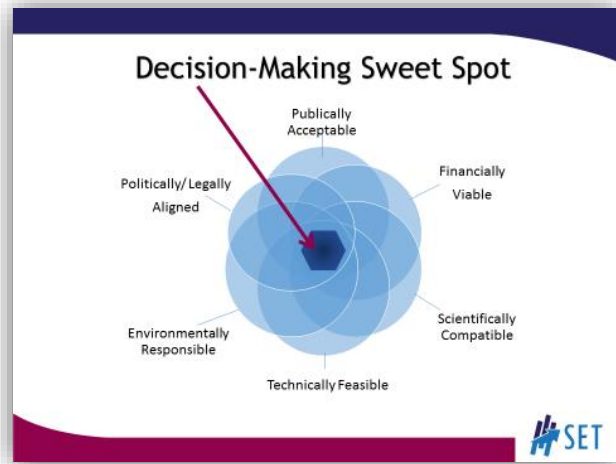
SLIDE 22

INSTRUCTIONS

Goal: To help participants understand how the various pieces of information come together in shaping the direction of the plan.

Talk through this simple Venn Diagram model explaining how each of the interlocking circles are valuable. For instance, “publically acceptable” was a central focus of the civic forum while Session 2, data, focused on the scientific compatibility as well as some evidence of financial viability.

However, those decisions that are placed at the intersection of each of the circles have the greatest chances of surviving and thriving. Use this framework, then, to help the participants consider how to narrow down the opportunities to the 3-5 that make most sense going forward. The next slide will provide additional discussion points.



SLIDE #22

TIME: 5 MINUTES

SUPPLIES: NONE

HANDOUTS: NONE

SLIDE 23

INSTRUCTIONS

Goal: To select the top 3-5 opportunities that will be taken forward as goals.

By this point, the regional team likely has explored a vast number of potential opportunities. Before moving forward in the planning process, the team needs to pare the list down to a manageable number (typically 3-7) depending on the capacity of the team doing the work) that will be transformed into goals moving forward. These can be fairly broad in scope (such as “strengthen the agribusiness cluster in the region”), but should not be so vague that they lack focus (such as “improve our economy.”).

The bottom line question is: Where do we want to focus the attention of our plan moving forward? What are the 3-7 areas that need our attention?

It is o.k. to have some items that are the top priorities and others that go to a “back burner” list to be explored in the future once the top goals have been accomplished or at least have started to get traction.

Be sure to draw attention back to the opportunities suggested in the civic forum as these may lead to some potential opportunities not directly related to the industry clusters that the group may want to address (such as foundation concerns.)

During the next two sessions, the team will have additional input to help hone in on the list even more as needed. So the task at this point is to just begin getting the focus areas established.



SLIDE #23

TIME: 10 MINUTES

SUPPLIES: NONE

HANDOUTS: REVIEW NOTES FROM CIVIC FORUM, CARE CHARTS JUST DEVELOPED IN THIS SESSION

SLIDE 24

INSTRUCTIONS

Goal: To determine which module(s) to cover next.

The SET curriculum contains a number of specialized modules tailored to the region's interests. At this point, the regional team should consider which of these fit within their identified opportunities and thus warrant further exploration. A single page overview of each module is available so that you can print and share the details for ones that are relevant.

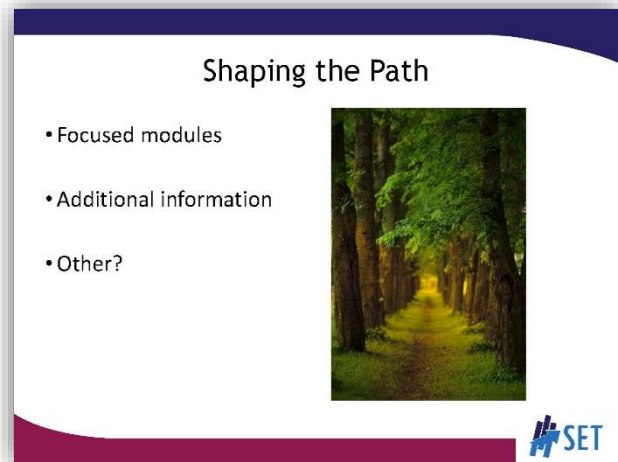
Two of these directly relate to the CARE model:

- Entrepreneurism
- Business Retention and Expansion

Two relate to specific clusters that frequently are of interest in rural places:

- Local/regional foods systems
- Tourism

Guide the team in determining which of these would best shape their planning path moving forward. Be sure to discuss a timeline and dates to ensure high participation.



SLIDE #24

TIME: 5 MINUTES

SUPPLIES: NONE

HANDOUTS: ONE PAGE SUMMARIES OF
SUPPLEMENTAL MODULES

SLIDE 25

INSTRUCTIONS

Be sure to insert your contact information and logos.



SLIDE #25

TIME: 1 MINUTE

SUPPLIES: NONE

HANDOUTS: NONE