

Evidence-based:

- Assets & Challenges
- Comparative Advantage

Focused on Regional Economic Development:

- Economic Focus
- Regional Focus

Module 3

Introduction

Analyzing the available industrial cluster information in order to identify your region's most promising clusters requires a multi-faceted inspection. In Module 3, your region will explore the concepts of regional competitive advantage, which work to illuminate those industries, resources, and conditions in your region that make it more appealing for certain economic activities in comparison to other regions. Understanding your competitive advantage puts you a step closer to identifying your region's most promising clusters. The deeper exploration of the actual industrial clusters within the region provides clear guidance on which industries show the greatest potential opportunities for regional economic growth.

Based on the information in this Module, participants will build on the two "Evidence-based" elements of the High Quality Plan explored in Module 2 and begin work on the two High Quality Plan elements under "Focused on Regional Economic Development." These explorations set a foundation on which the goals can be developed in harmony with clear, data-driven evidence.

Assets and Challenges

Beginning on page 74, the Southern Tier describes six critical issues or barriers that must be addressed for the region's plan to have success. Two of these are directly related to infrastructure and one to workforce development. Both infrastructure and workforce are vital components to comparative advantage that the region recognizes a need to address. The others are also directly or indirectly related to elements discussed in Porter's Diamond theory

explored in Module 5. These elements are building blocks on which the work on specific industrial cluster strengthening rests.

Comparative Advantage: Focusing on Regional Clusters

Unlike the SET regions, the Southern Tier region was given a slate of 16 clusters that showed promise on a state level as their first considerations. These 16 were identified on the state level based on a ranking of total employment, total payroll, annual average wage, and location quotient compared to the corresponding national share. From this initial pool of possible clusters, the Southern Tier identified six industrial clusters that ranked high in the combination of factors considered. (See pages 64-69) Additionally, they noted that several important industry clusters present in the Southern Tier were not included in the state's initial list. These included health care and social assistance, clean energy, advanced manufacturing and agriculture. With one exception, strong evidence for the economic importance for each of these was made through an exploration of the same factors considered in identifying the state clusters. The exception was agriculture. While Southern Tier notes that agriculture represents a relatively small share of the region's job base, they assert that "farming contributes to economic diversity, part of a mix of amenities that attract and retain people and businesses across a range of industries. Farms are an important part of Southern Tier culture and community vitality." Thus, based on this argument, agriculture is clearly included in the regional plan development.

Regional Focus

The discussion of clusters signifies a clear focus on the region. While state indicators are the starting point, the region pares those down to the ones clearly relevant to the region and also adds back to the mix a selection of four clusters unique to the region that did not surface as top state industries.

Economic Focus

Clusters are explored through a variety of economic indicators as noted above including total employment, total payroll, annual average wage, and location quotient compared to the national share. While some infrastructure and quality of life issues surface throughout the discussion, a clear emphasis on these economic elements is evident.

Your Plan: What to Do in Module Three:

As you explore competitive advantage, some assets and challenges that are unique to your region will likely surface. Begin thinking about how these may weave into the overall plan. As you dig deeper into the industrial clusters within the region, think strategically about those that

are expected to produce the greatest return for your investment of time and resources. You will build on this further in Module 4.

The entire focus of this module is looking at the economics of the region. Think “region;” think “economy.” While characteristics of the individual counties comprising the region or factors such as infrastructure and quality of life may be significant considerations, think about why these are important to the *region’s economic* growth. Help the reader connect the dots between these elements that may be relevant to the regional economic package, and particularly to the regional clusters that show promise.

Begin drafting the Regional Economic Data section of the template.

Continue building these sections as you explore Modules 4-8.