Doing Better Together

Session 2: Evidence Based Planning

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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.

SESSION 2:
Evidence Based Planning

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.

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**SLIDE #2**

**TIME:** 10 MINUTES

**SUPPLIES:** NONE

**HANDOUTS:** NONE
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.
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)
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.
**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.
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)
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?”
**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.
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
**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.

- 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?
**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.

### SLIDE #12

**TIME:** 5 MINUTES

**SUPPLIES:** NONE

**HANDOUTS:** NONE

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**Agribusiness, Food Processing and Technology Cluster**

<table>
<thead>
<tr>
<th>Top Occupations: East Central Indiana Region</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupation</strong></td>
</tr>
<tr>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Farm Service, Natural Resource, and Economic Advisors</td>
</tr>
<tr>
<td>Agricultural, Forestry, and Wildlife Managers</td>
</tr>
<tr>
<td>Animal and Veterinary Services</td>
</tr>
<tr>
<td>Crop Production, Animal Production, and Related Services</td>
</tr>
<tr>
<td>Food and Agricultural Products</td>
</tr>
<tr>
<td>Forest and Wildlife Management</td>
</tr>
<tr>
<td>Crop and Livestock Production</td>
</tr>
<tr>
<td>Crop, Livestock, and Horticulture Operators</td>
</tr>
<tr>
<td>Aquaculture Operators</td>
</tr>
<tr>
<td>Food and Agricultural Products</td>
</tr>
<tr>
<td>Forest and Wildlife Management</td>
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</tr>
<tr>
<td>Aquaculture Operators</td>
</tr>
</tbody>
</table>

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**CHART**

Kearney, CO (147,897,000)

**Coaches:** Insert Name

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**SET**

**Stronger Economies Together**
**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”
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.
**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:**
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.
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.
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?


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.
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.
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.
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?
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, “publicly 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.
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.
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.
INSTRUCTIONS

Be sure to insert your contact information and logos.