



Research Roundtable Presentation, February 16th, 2005

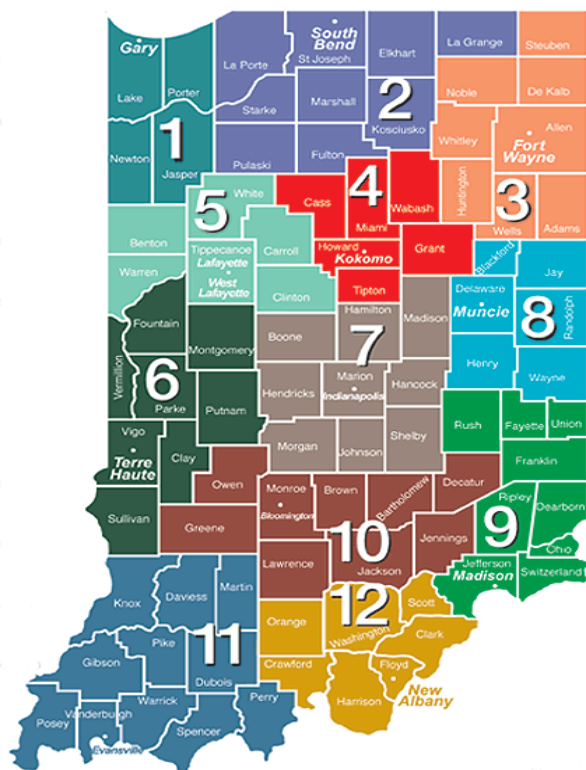
Developing Regional Economic Plans and Strategies: A Collaborative Partnership of a Land Grant University, State Government and Regional Stakeholders

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BACKGROUND

From June through December, 2004, the Indiana Economic Development Council (IEDC) undertook a process to update the State economic plan and strategy in a new context that included 12 sub-state regions. These regions were newly constituted by the State Department of Commerce in 2003, and were loosely based on labor market areas (defined by commuting patterns).

Indiana's Twelve Commerce Regions, 2003-2004



Historically, the role of the IEDC has been to:

- Coordinate strategic economic planning efforts
- Research, evaluate, and communicate economic performance to decision makers
- Update the State Economic Development Plan on behalf of the State's Department of Commerce

The Department of Commerce wanted to take a regional approach to growing the economy, and to make sure the State and regional plans were developed together, and would link to each other.

The timeline for carrying out this process was extremely tight (7 months to complete 13 plans), so the IEDC developed a partnership team to accomplish the plans.

Purdue University Cooperative Extension Service (CES) played a critical role in this partnership, and collaborated with the IEDC in plan development.

Source: Indiana State Department of Commerce, 2004

Other Planning Partners included:

- Indiana Business Research Center (IBRC - a unit of the Kelley School of Business at Indiana University)
- 3 Consultant Teams to handle planning for northern (Regions 1-4), central (Regions 5-8) and southern (Regions 9-12) tiers
- Resource people working across all regions
- Regional advisory councils and a State steering committee

Why Involve Purdue CES?

“The Missing Element”

- Request from the Executive Director of Commerce and the President of IEDC for *Cluster Analysis*
- Previous work by Michael Porter, Battelle Institute and others
- Needed a consistent methodology applied statewide and the potential to work with it over time
- Purdue University’s push for “engagement”
- Purdue Extension’s interest was key
- Purdue Extension had just acquired a person with experience in cluster analysis
- Timing was fortunate
- Network of Extension Educators
- Credibility of the University

THE PLANNING PROCESS

All 13 plans (State plus 12 regions) were developed simultaneously, with the consultants for the three tiers of regions present at the State planning sessions to feed back information from the regional advisory committees to the State Steering Committee, and representatives from the IEDC present at all the regional planning sessions to feed in “big picture” information from the State level to the regions.

Each Commerce region held at least four meetings, facilitated by the consultants assigned to them. A meeting to obtain public input was also held in each region, and the consultants conducted focus groups and personal interviews with key stakeholders. The IBRC conducted a state-wide web-based survey to collect more public input on key issues (results are given in the State Plan report at www.indianaplans.org).

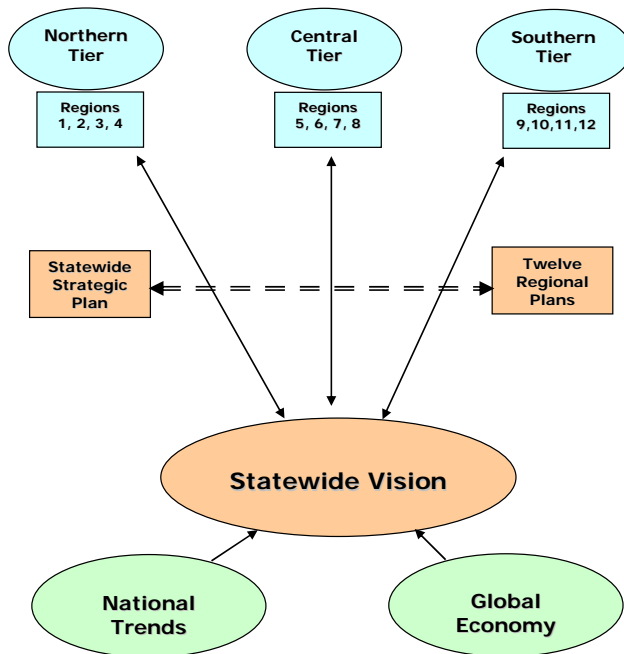
As a basis for planning, the IBRC was asked to prepare the “traditional” types of information needed for an economic development strategy: charts, maps and tables detailing trends in population, migration, commuting, income, educational achievement, employment and unemployment, sectoral structure of the economy and so on. This information was assembled for the State as a whole, and for each individual region, in the form of electronic and hardcopy “notebooks” that were posted to a special website, and also distributed among the advisory groups for use during planning meetings.

The consultants for each region drafted the plan documents from the input obtained during the planning process, and submitted the drafts to their advisory committees and the IEDC for further refinement. Final documents were prepared by the consultants and the IEDC staff.

CLUSTER ANALYSIS: A CRITICAL INGREDIENT

Purdue was able to supply the “missing element” noted above: the expertise and ability to conduct research into Indiana's potential business and industry clusters, and to report out on them in a consistent fashion that stakeholders could understand and use for strategy development.

State and Regional Plan Linkages



Source: IEDC, January 2005

What are Clusters?

“Industry clusters are *geographic* concentrations of competing, complementary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. The firms included in the cluster may be both competitive and cooperative. They may compete directly with some members of the cluster, purchase inputs from other cluster members, and rely on the services of other cluster firms in the operation of their business.”

University of Minnesota Extension Service, 1999

Strategies to maintain, develop or increase the competitive strength of business and industry clusters in a geographic area focus on these cluster-specific groups of industries.

The businesses and industries in the clusters are usually located close to each other, and the strategies seek to create or strengthen links between cluster industries themselves and the network of support and infrastructure that they need to thrive.

Because of this, the process of implementing a cluster strategy is intensely local, and requires “mediation” by persons who are highly embedded in the community.

Extension educators are often uniquely equipped to assist in this process, due to their local knowledge and large networks.

LESSONS LEARNED

- Communication is key when dealing with multiple partners! You cannot over-communicate, and you need to check constantly to see that your communication has been received and understood.
- Know the limitations of your data sets
 - Know the size and geographic boundary limitation imposed upon the data by State and Federal law (data suppression). We encountered significant difficulties in describing the regional clusters other than at a broad level, due to data suppression regulations imposed for confidentiality reasons. Data suppression occurs even at the national level, however.
 - Know what the data set contains and what it does not contain, e.g. County Business Patterns vs. REIS or CEW
 - Know the geography of the data set, e.g. Is it State, county, sub-county jurisdiction, zip-code or census tract area

- Know how to talk to your data provider
 - Be very specific about the format of the data; do a mock-up spreadsheet if possible
 - Practice giving feedback, especially about graphics and Maps
 - Stay in control of your data
- Universities *can* do research on short notice!
- Extension can play a major role in economic development

OPPORTUNITIES GAINED

- Many new contacts and potential new projects statewide, through both the participant stakeholders in the planning process, and the goals and strategies outlined in the state and regional plans
- Relationships of trust built with planning partners offer potential for continuation of collaboration for plan implementation, further research and future projects
- Plans and the research provide an occasion to offer significant educational opportunities for stakeholders (decision-makers, business community, economic developers and planners to name a few) to assist them in understanding how to act on the information

WHAT COMES NEXT?

- Plans for the State and the Regions have now been published (www.indianaplans.org)
- Important work yet to be done to analyze detail on the business clusters
- Communication with decision makers will be critical

Purdue CES has developed a proposal for a pilot project that will test the effectiveness of the cluster concept for developing new economic opportunities in rural Indiana, by creating cluster-based Employer Learning Networks (ELNs) around rural-friendly industry clusters, thus potentially continuing its partnership with the State and extending the collaboration down to the local regional level.

Acknowledgements:

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