Cultivating Industry Clusters in Appalachian Communities

Lessons learned from the outdoor industry and food products sectors in Western North Carolina

mountainbizworks.org
Introducing the Panel

Matt Raker
Mountain BizWorks

Zane Adams
Buchi

Sarah Wood
Industry Nine

Erika McGilley
NCI Fund

Wes Stone
Western Carolina University
What are industry clusters?

An industry cluster is a group of firms, and related economic actors and institutions, that are located near one another and that draw productive advantage from their mutual proximity and connections. (Cortright, 2006)
Cluster Development Strategies or Cluster Initiatives are organized efforts to increase the growth and competitiveness of a cluster within a region, involving companies, suppliers, government, academia, and other specialized resources.
How they work

- **Increase Productivity**
  - Efficient access to inputs,
  - Aids talent development, recruitment, and retention
  - Sharing of best practices

- **Stimulate Innovation**
  - Faster identification of market needs and trends
  - Collaboration on new product development
  - Ease of experimentation and prototyping

- **Support Commercialization and New Business Formation**
  - New lines of business, spinoffs, and startups
  - Commercialization pathways in place

*Source: Porter, 2008*
Cluster strategies drive regional prosperity

- Higher regional job growth, wages, and patenting \(^{(1)}\)
  - Avg. traded cluster wage=$49k vs. $30k for non-traded cluster wages
- Addresses specific barriers firms face in a given market, not just general challenges
- Benefits a whole industry and regional capacity development, not just one-off firms
- Builds on the unique strengths of your region
- And don’t forget it’s an ARC POWER investment priority

Sources: \(^{(1)}\) Porter/Stern/Delgado, 2007
Cluster Building Blocks

- Cluster Companies
- Suppliers & Service Providers
- Workforce Development
- Academia and R&D
- Markets
- Capital
- Small Business Development
- Industry Specific Resources
- Other Unique Regional Assets
2 Western North Carolina Case Studies
Stages of Cluster Development

- Pre-work
- Early growth
- Formalization & expansion

Key Milestones:
- Launch
- Food products cluster
- Outdoors cluster
Panel Discussion

Matt Raker
Mountain BizWorks

Zane Adams
Buchi

Sarah Wood
Industry Nine

Erika McGilley
NCI Fund

Wes Stone
Western Carolina University
Outdoor Cluster Timeline

- **PRE-WORK**
  - Gaining initial traction (2010-13)
  - 1st ‘Member’ Mtg May 2013

- **LAUNCH**
  - 1st Census & Draft Bylaws
  - Mountain Sports Festival

- **EARLY GROWTH**
  - Export Training
  - Adventure Center & CO benefit event late 2013
  - 1st Get in Gear Fest 2015

- **FORMALIZATION & EXPANSION**
  - Incorporated 2017
  - Growing Outdoors Partnership (POWER) 2018
  - ARC Summit!
  - Outdoor Economy Conference Oct 10, 2019
Cluster Building Blocks

- Cluster Companies
- Suppliers & Service Providers
- Workforce Development
- Academia and R&D
- Markets
- Capital
- Small Business Development
- Industry Specific Resources
- Other Unique Regional Assets
# WNC Outdoor Cluster Building Blocks

## Cluster Companies
1. Gear companies only
2. Then partners
3. Now expanding to broader outdoor recreation industry

## Workforce
1. OGB job board
2. WCU degree programs
3. Textile training via community colleges

## Capital
1. New Growing Outdoors Loan Fund

## Markets
1. OGB brand
2. Export trainings
3. Trade show missions
4. Get in Gear Fest
5. Press Camp

## Small Business Development
1. Peer roundtables
2. Waypoint Accelerator

## Other
1. Bi-annual Industry Census
2. Outdoor Economy Conference & Track
3. State outdoor office
Lessons Learned & Tips for Getting Started
Cluster Initiative Priorities

1. Identity and brand
2. Innovation and R&D
3. Strategy and vision
4. Business environment
5. Growth and investment
6. Export promotion
7. Talent upgrading
8. Value chain development
9. Talent supply
10. Joint purchasing

Sources: GCIS 2012
Recap

- Cluster development drives regional competitiveness and prosperity
- Build on your region’s unique strengths rather than trying to be like other regions
- Engage deeply with the cluster companies to set direction
- Start small and expand from there