

Evaluating the success of an industrial cluster

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Outline

- The northwest Ohio greenhouse cluster
- Description of metrics used to evaluate cluster success



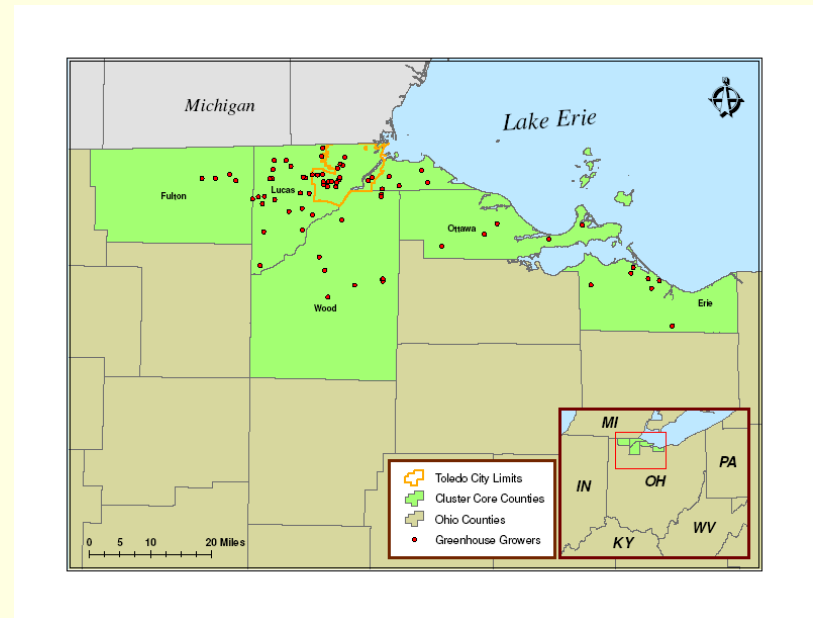


The northwest Ohio greenhouse cluster

Brief history of the project

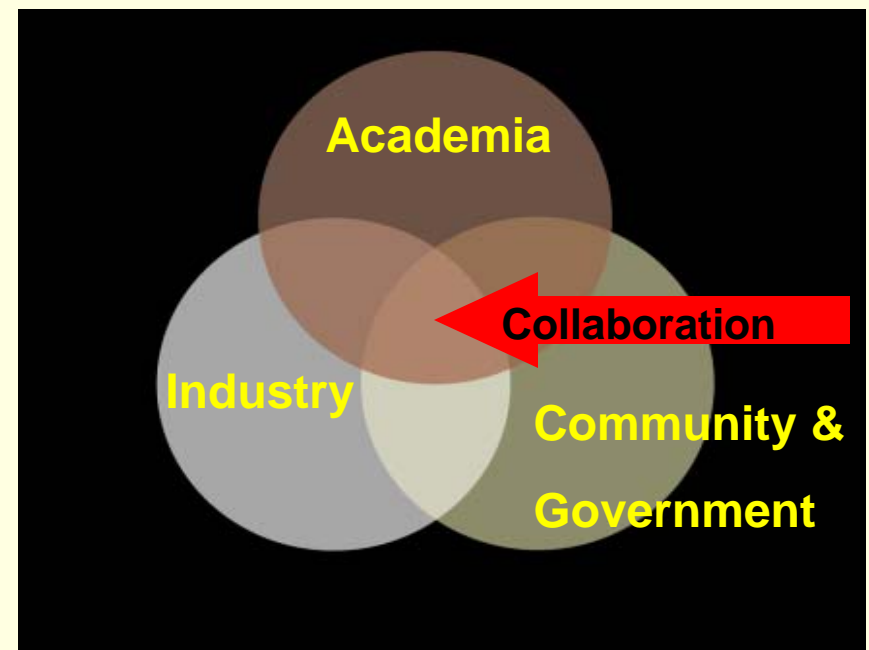
Northwest Ohio greenhouse cluster

- Project began in 2004
- Multi-year initiative funded by the USDA
- Facilitated by university researchers
- Objective is to help the northwest Ohio greenhouse industry address competitive challenges facing the industry



Cluster-based strategy

- Used strategies adopted from the literature in cluster-based economic development to facilitate enhanced competitiveness in the industry
- Since 2004 growers and other stakeholders have been meeting monthly to collaboratively identify and implement solutions to the challenges facing their industry



Industry Profile

- 70+ greenhouses
- Retail and wholesale
- Economic impact of \$100 million
- 750+ jobs
- Nationally a top producing region
- Family-owned, multi-generational
- Flowers and bedding plants dominate
- 78% of output sold in Ohio



SWOT analysis

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none">■ Critical mass of growers■ Extensive grower experience & knowledge■ Passionate and committed growers■ Predominantly family-owned and operated■ Large regional production capacity■ Access to local university, extension, and Agricultural Research Service expertise	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none">■ Historically, little collaboration between growers■ No identifiable market brands■ Lack of strategic marketing■ Small size of individual growers■ Generational nature of business■ Heavy reliance on traditional sources of fuel■ Old greenhouse buildings■ Dated production technology■ Limited access to capital■ Fiercely independent
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none">■ Increase collaboration with each other■ Capitalize on latent market demand■ Develop identifiable market brand and improve marketing■ Develop niche markets■ Alternative energy options available in region■ Adhere to higher quality standards	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none">■ Global competition■ Price wars with regional competitors■ Big Box store purchasing agreements■ High utility costs

Establishing the infrastructure

- Advisory Board (became Board of Directors)
- Stakeholder Meetings
- Program Manager
- Champion
- University Researchers
- Website
- Incorporated as a 501(c)6 in October 2007



Program manager and champion

- Program Manager
 - Main responsibility is to oversee and coordinated cluster activities

- Champion
 - Main responsibility is to visit growers in the field and identify opportunities for collaboration

- Program Manager and Champion work as a team and work with growers and other partners to initiate collaborative projects



Key roles of program manager and champion

- Help growers see opportunities
- Help growers initiate collaborative projects
- Help growers recognize what works
- Encourage growers to share success stories



Cluster structure

Industry

- Individual Greenhouses
- Suppliers to the Industry.
- Customers of the Industry.
- Industry Associations such as Toledo Area Flower and Vegetable Growers Association.

Academia

- Local Universities such as UT, BG, and OSU
- UT Urban Affairs Center
- BGSU Center for Regional Development

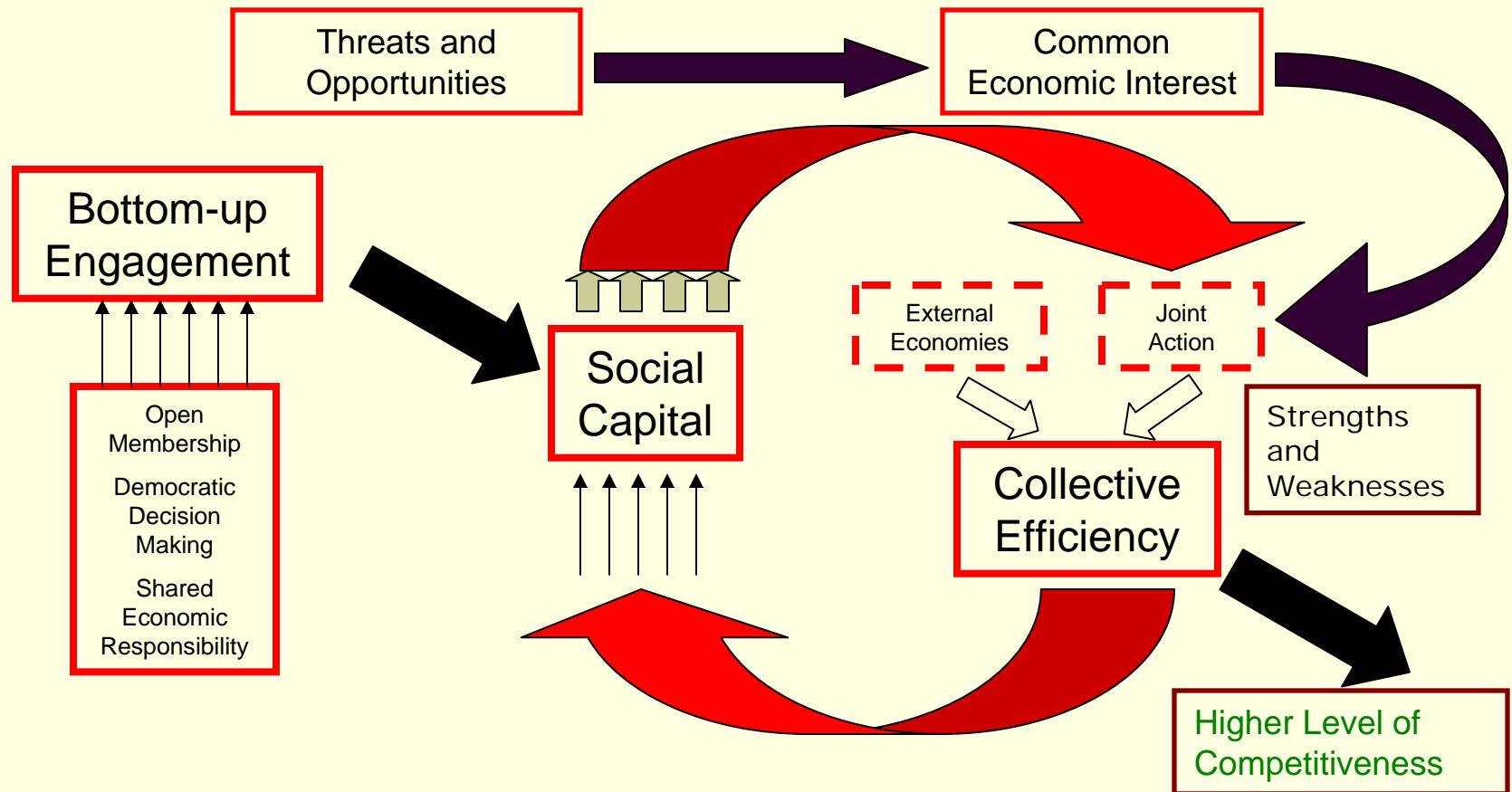
Community



Goals and strategies

Getting to where we want to go

Cluster-based economic development



Strategies

- Enhance market presence through branding and marketing
- Control/reduce production costs
- Build social capital among growers
- Facilitate enhanced interaction among growers
- Facilitate enhanced interaction between growers and academic, community, and government partners





Project initiatives

Measuring success

Data Constraints

- Objective data not available to measure the impact of the cluster on sales, employment, profits, etc.
- Use a variety of indirect indicators of cluster success and progress
- Customize success metrics to the cluster under study

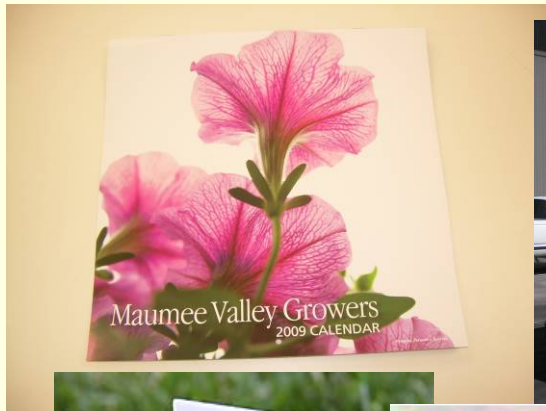


Establishing the brand

- Partnered with local branding and marketing firm, Thread Inc., to develop brand identity and strategic marketing program



Marketing the brand



Spread some Green this Holiday Season

Buy quality poinsettias ONLY from a local Maumee Valley Grower.

Help grow our local economy...
It's the bloomin' right thing to do.

Poinsettia care tips, log on to
maumeevalleygrowers.com

MAUMEE VALLEY GROWERS

Choose the Very Best.

- Barrow's Greenhouse, Toledo
- Bench's Greenhouse, Elmore
- Bostdorff Greenhouse Acres, Bowling Green
- Cleveland Road Greenhouse, Sandusky
- Colonial Gardens/NorthCoast Horticulture Products, Huron
- Corso's Flower & Garden Center, Sandusky
- Dennis Greenhouses, Toledo
- Gedert's Greenhouse, Maumee
- Hoen's Greenhouse and Garden Center, Holland
- Klotz's Floral and Garden Center, Bowling Green
- Loch Farms and Greenhouse, Swanton
- Obie's Flowers, Pemberville
- Ohlman's Farm and Greenhouse, Toledo
- Rhodes Garden Fresh, Toledo
- Tom Strain and Sons & Daughter Too, Toledo
- Village Green Landscape, Findlay
- Wardell's Farm Market, Waterville
- Whiteford Road Greenhouse, Toledo
- Wistinghouse Florist & Greenhouse, Oak Harbor



Enhanced market presence

- 41% of northwest Ohio residents have heard of the MVG brand (2008 survey)
- 55% of growers say that being involved in MVG has helped them better serve existing customers and attract new customers (2009 survey)



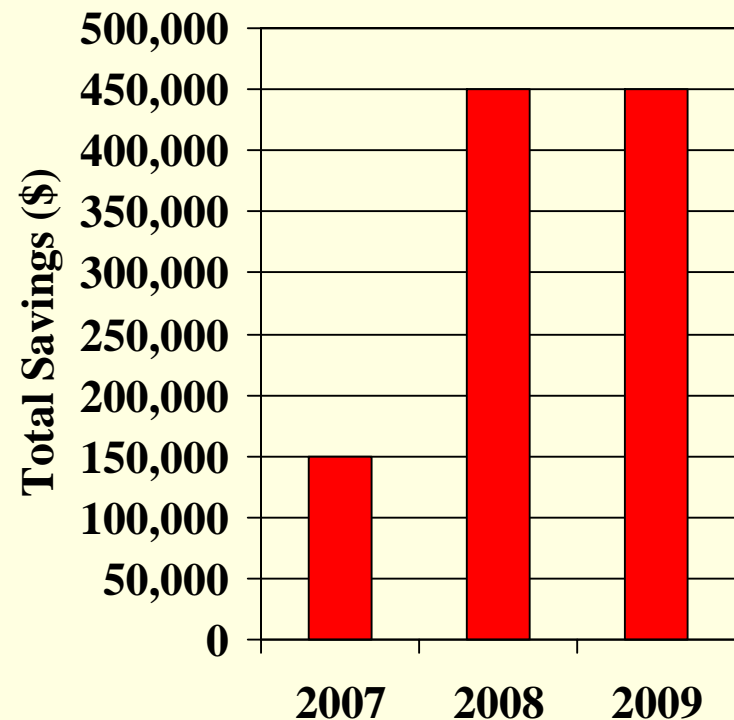
Energy savings

- Partner with local energy consultant, Palmer Energy Company
- Use the process of hedging to purchase natural gas for all growers in buying group
- Advisory board comprised of growers and representatives of Palmer Energy make buying decisions



Energy savings

- Saved northwest Ohio industry \$150,000 in natural gas costs in 2007
- Savings of \$450,000 in 2009
- Individual grower participants saved 12-15%
- Program extended statewide and into southeastern Michigan
- 90 growers now participate



Enhanced interaction

- Building social capital
 - Monthly BOD meetings
 - Monthly stakeholder meetings
 - Annual dinner
 - Seasonal social events



Enhanced interaction

- Average attendance at monthly stakeholder meetings is 25.6 versus 15.0 in 2004.
- Nearly 80% of growers say that they have more interaction with their peers as a result of participating in this project (2009 survey).
- Nearly 60% of growers say that they have enhanced access to university researchers as a result of participating in this project (2009 survey)



Cluster structure has evolved

Industry

- Individual Greenhouses
- Suppliers to the Industry such as Waldo & Associates and Palmer Energy
- Customers of the Industry such as The Andersons
- Industry Associations such as MVGA and TAFVGA

Academia

- Local Universities such as UT, BG, and OSU
 - UT Urban Affairs Center
 - BGSU CRD
 - UT Plant Science Research Center
 - OSU Extension

Community

- Toledo Botanical Gardens
- Local Garden Clubs
- Toledo Choose Local
- City of Toledo
- Catholic Diocese
- TARTA
- Center for Innovative Food Technology
- USDA ARS

Enhanced optimism



- Nearly 60% of growers are more optimistic about the future of their business as a result of participating in this project (2009 survey)



Other industries adopting model

- Cluster approach now adopted by the region's major economic development agencies as the cornerstone for their economic development efforts
- Advanced and Renewable Energy (solar, wind, biomass)
- Advanced Materials and Manufacturing
- Biosciences (medical devices, specialized agriculture)
- Transportation and Logistics
- Architecture, Engineering and Construction Services

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Questions/Comments

- Project funded by the U.S. Department of Agriculture

