
The Development of the Northwest Ohio Greenhouse Cluster

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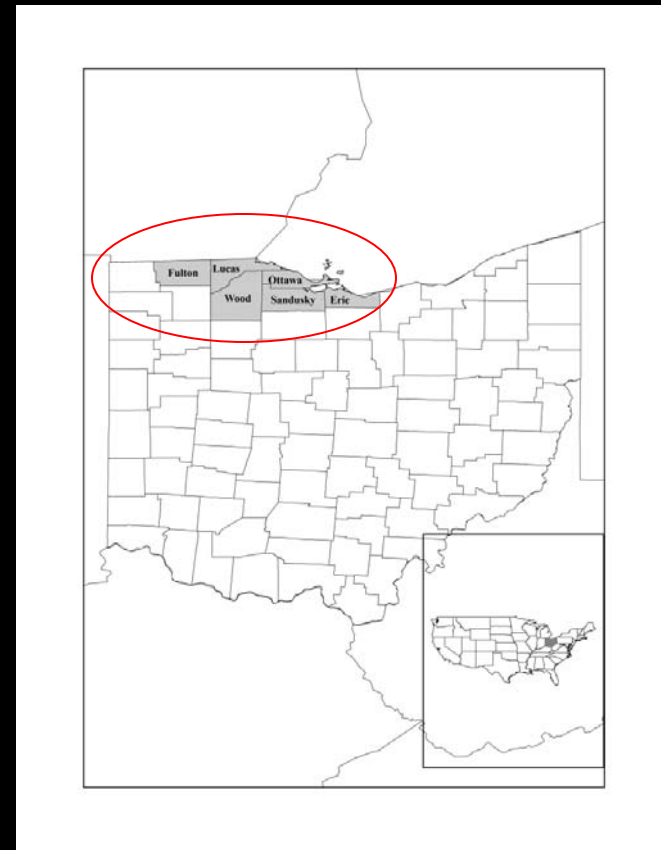


Neil Reid

- M.A., University of Glasgow, 1985.
- M.A., Miami University, 1987.
- Ph.D. Arizona State University, 1991.
- Faculty member at UT since 1991.
- Current research interests are in the area of local economic development
- Co-founder of the Maumee Valley Growers Association
- Member of the Executive Committee of the European ProClusters' Association



Background



University of Toledo

- Founded in 1872
- State-funded university with 20,775 students currently enrolled
- 3rd largest public university in Ohio
- 10 colleges with over 250 degree programs
- Internationally acclaimed research program in thin-film photovoltaics



Cluster-based economic development



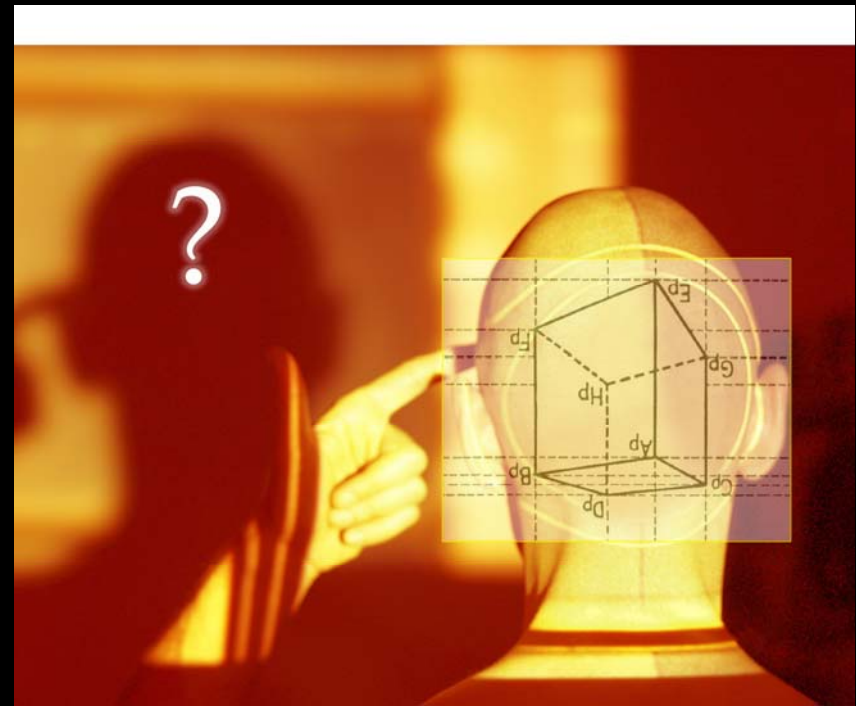
What is cluster-based economic development?

- Geographic concentration of businesses in a particular industry that **collaborate** with **each other** and with **academia** and **community/government partners** to develop a **collective vision** for the **future competitiveness** of the industry and then **collaborate strategically** to implement that vision.



Why would competitors collaborate?

- There are some challenges that are just too large or complex to be successfully addressed by an individual business
- Lack of resources (time, money, expertise) are barriers to addressing challenges

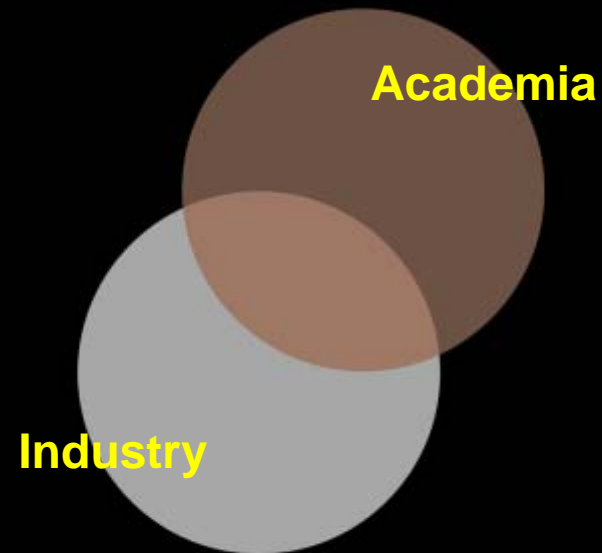


Components of a Cluster

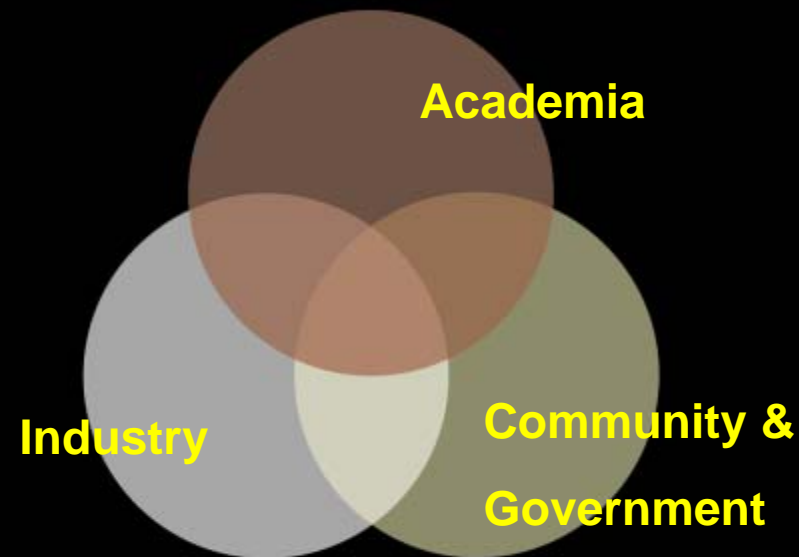


Industry

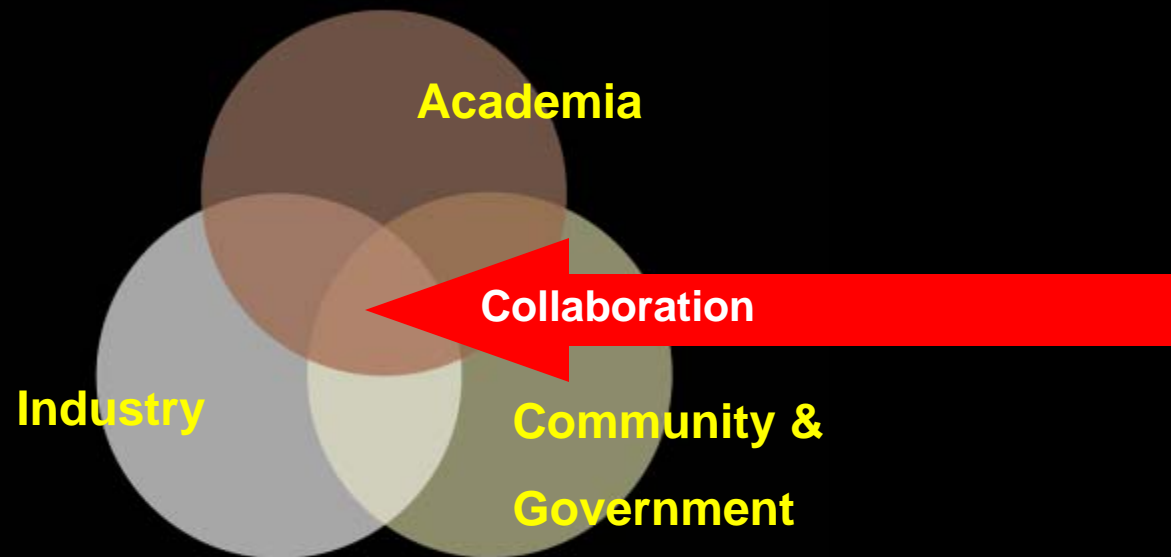
Components of a Cluster



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Components of a Cluster



How common are cluster strategies?

- Hundreds of communities world-wide are using this approach to raise the economic competitiveness of their communities.
- A wide variety of products from Formula 1 racing cars to thoroughbred horses are being produced using a cluster-based strategy.



The Northwest Ohio Greenhouse Cluster

Getting Started



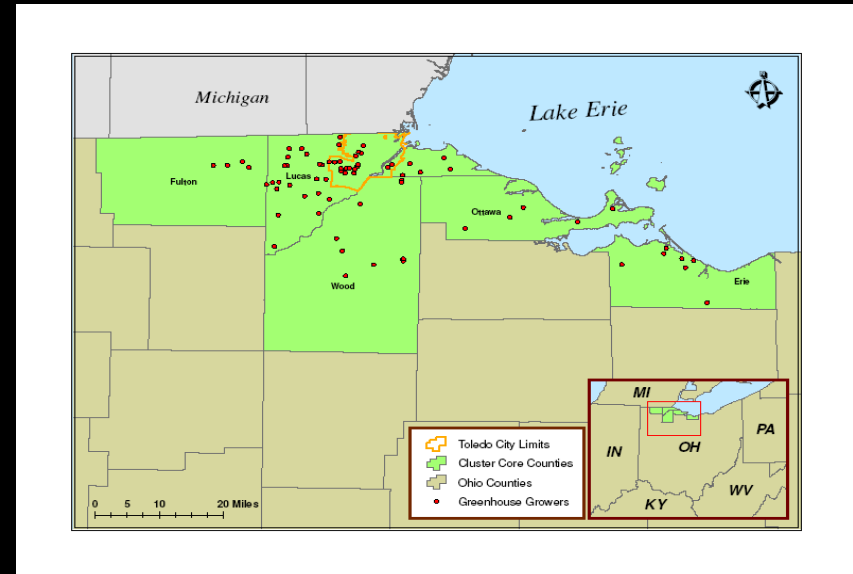
Genesis

- Project started in 2003.
- Funded by the USDA.
- Supported by US Congresswoman Marcy Kaptur.



Industry Profile

- 60+ 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

- Strengths
 - Weaknesses
 - Opportunities
 - Threats
- How do you leverage your **strengths** to take advantage of **opportunities** to overcome **weaknesses** and address **threats**?

Strengths

- 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

Weaknesses

- 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

Opportunities

- 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

Threats

- Global competition
- Price wars with regional competitors
- Big Box store purchasing agreements
- High utility costs

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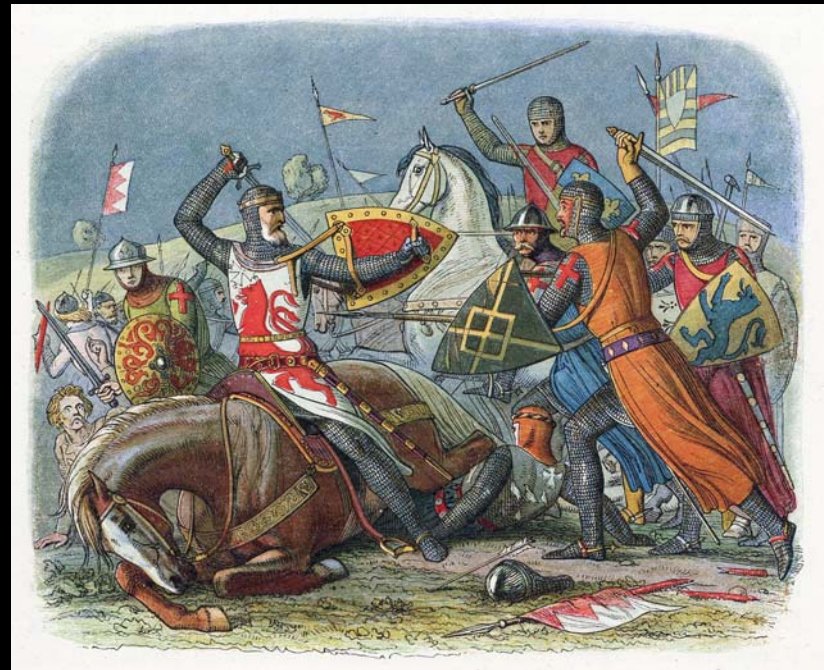
Finding Common Ground

- Convincing growers that collaboration was beneficial and feasible
- Focus on finding areas where growers can come together and collaborate to the common benefit
- Help growers implement collaborative projects



Challenges to Collaboration

- Fiercely independent
- Highly competitive
- Little history of collaboration
- Struggling to keep their heads above water



Making the Case for Collaboration

- Lots of evidence that competitors are significantly more likely to collaborate when they are faced with a crisis



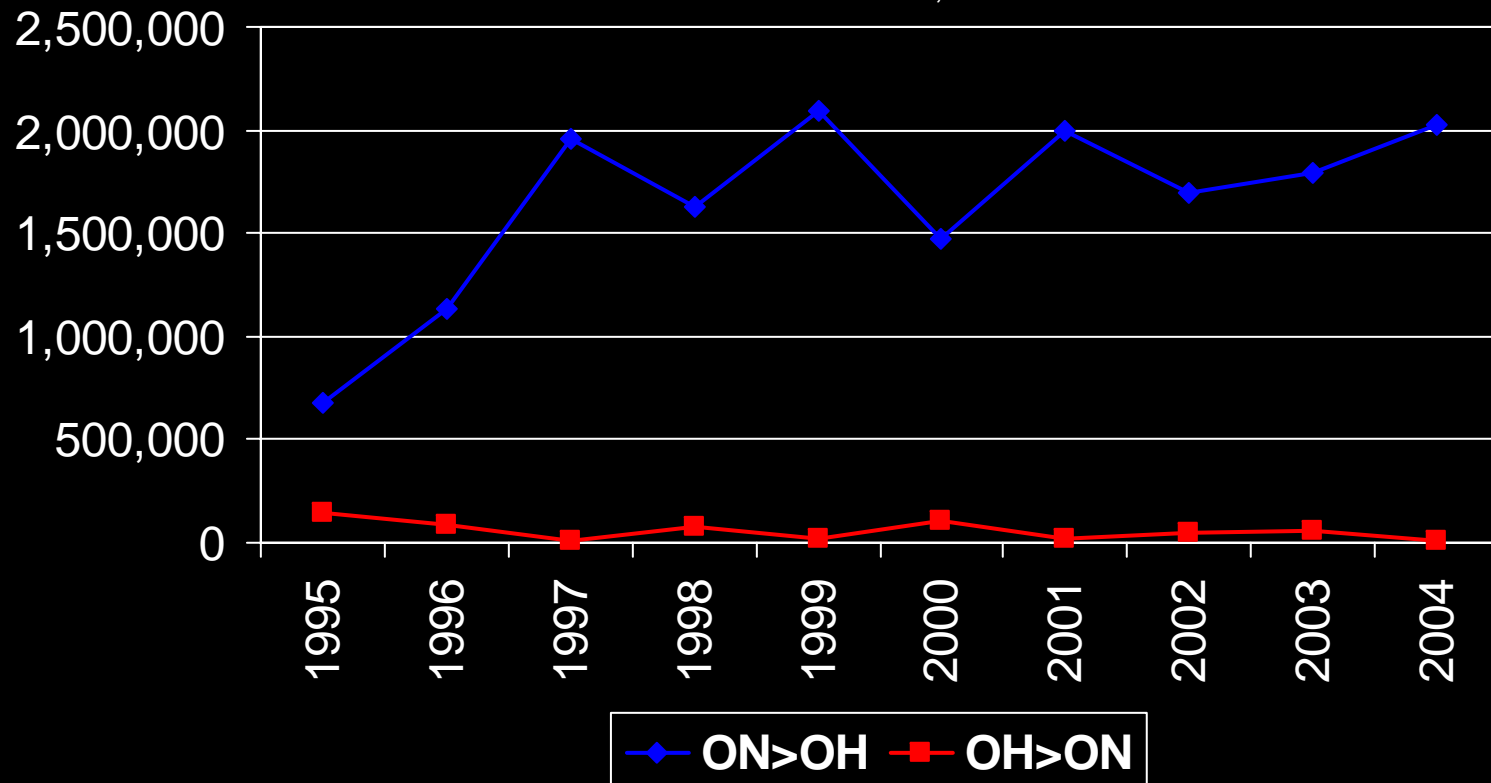
So where's the crisis?

- Presentation of cluster concept to 8 growers in October 2004
 - Canadian competition
 - High energy costs
- Follow-up meeting in December 2004
- Presentation to winter conference of Toledo Area Flower and Vegetable Growers in January 2005



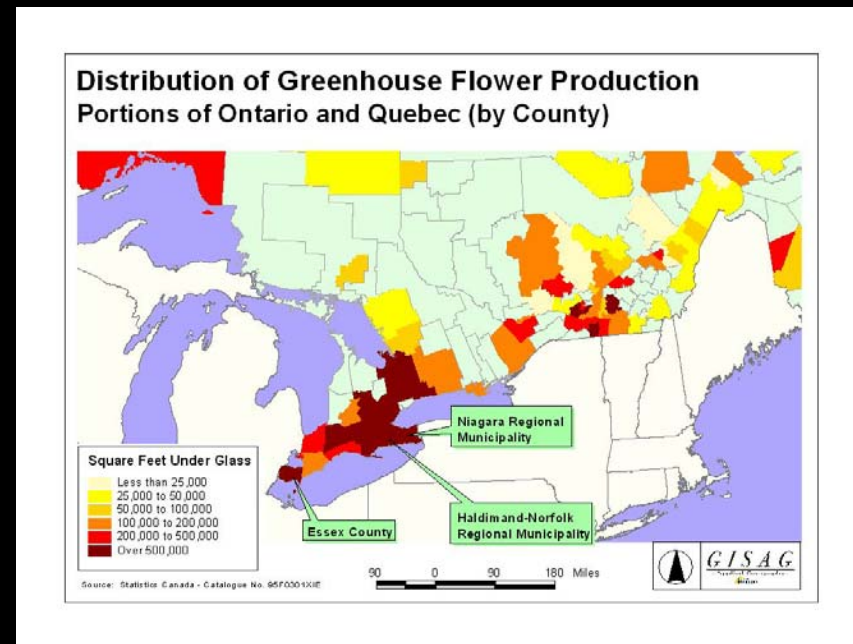
The Canadians are Coming

Ontario-Ohio Floriculture Trade, 1995-2004



Canada is Important

- Ontario is the 3rd largest production area in North America behind Florida and California
- On average Canadian greenhouses are larger than many in U.S.
 - Ontario average is about 48,000 sq. ft. under protection versus 29,000 sq. ft. in Ohio.
- This generates substantial scale economies.
- Good Location.
 - 50% of US urban population within 8 hour drive.



The Future

- Northwest Ohio greenhouse industry
 - Next 5 years
 - 40% - industry less profitable
 - 15% planning to downsize or close



Implementing the Cluster

Making it all Happen



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

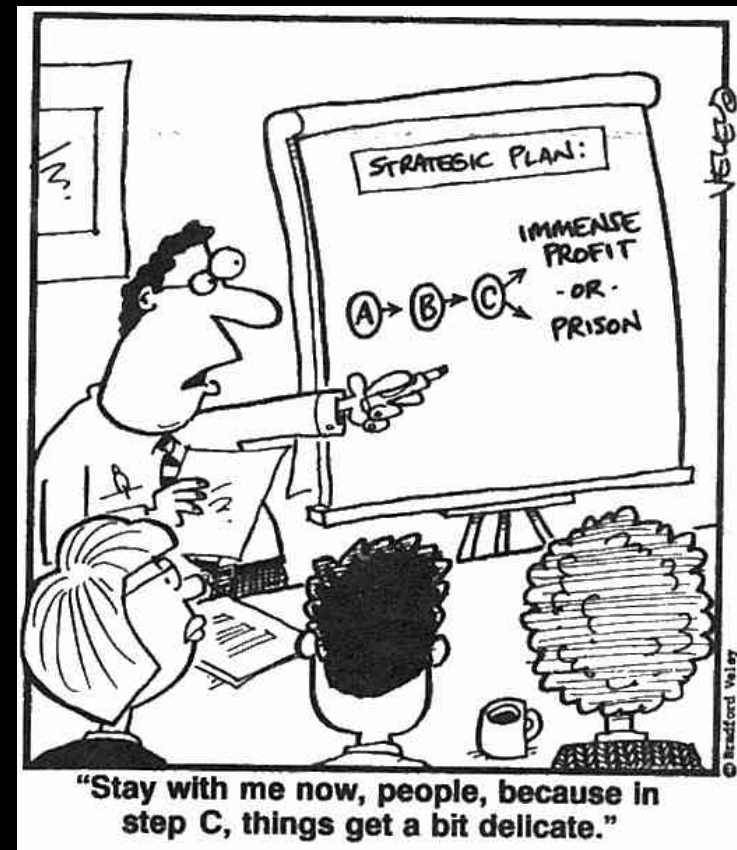
- Local Universities such as UT, BG, and OSU
- UT Urban Affairs Center
- BGSU Center for Regional Development

Community

Cluster Infrastructure

- A cluster requires some basic infrastructure

- Strategic Vision/Plan
- Advisory Board/BOD
- Cluster Manager
- Cluster Champion
- Cluster Website



Cluster Infrastructure

- Advisory Board meets monthly to discuss challenges facing the industry and to identify solutions
- Replaced with Board of Directors on 2009
- 13 elected positions
 - 9 growers
 - 1 academia
 - 1 extension
 - 2 at large
- Cluster stakeholder meetings are also held monthly



Program Manager and Champion

- Program Manager
 - Main responsibility is to oversee and coordinate 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
- Ideally, both are full-time, paid, staff positions



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



Early Success Vital

- Identify low hanging fruit that:
 - Require collaboration
 - Build trust
 - Demonstrate the value of collaboration



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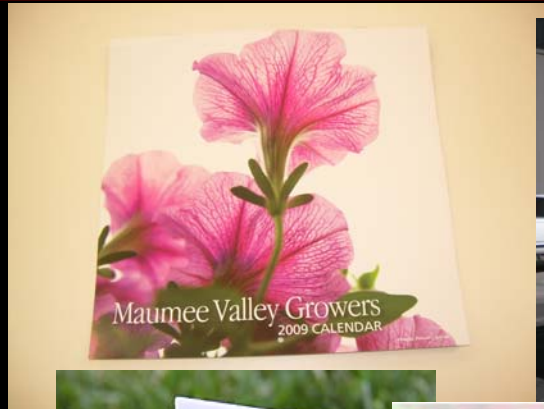
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- Big Box store purchasing agreements
- High utility costs

Establishing a Brand Identity

- Utilized expertise of local branding and marketing firm, Thread Inc., to develop a brand identity for the industry



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



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Reducing Energy Costs

- Natural gas costs in northwest Ohio are high and rising
- Worked with local energy consultant, Palmer Energy Inc., to acquire reduced gas costs for growers through bulk purchasing



MVG General Strategies

- Marketing only the highest quality plants possible under the Maumee Valley Growers brand.
- Increasing demand through awareness and preference of quality, locally grown products from our regional growers.
- Improving grower efficiency and profits through joint problem solving and networking to share best practices and resources.
- Growing our local economy by supporting new businesses that can supply our northwest Ohio greenhouse/nursery network.



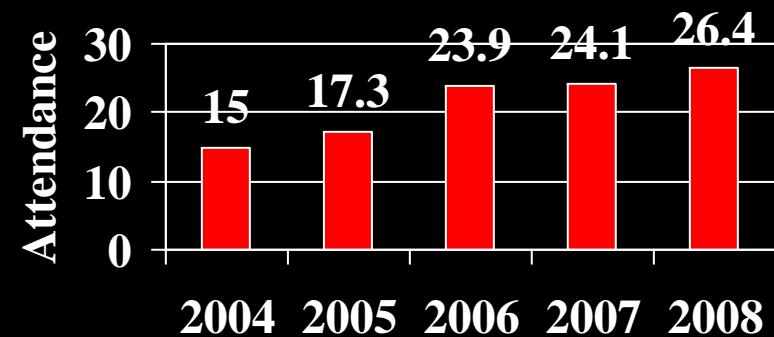
Is it Working?

How do we measure success?



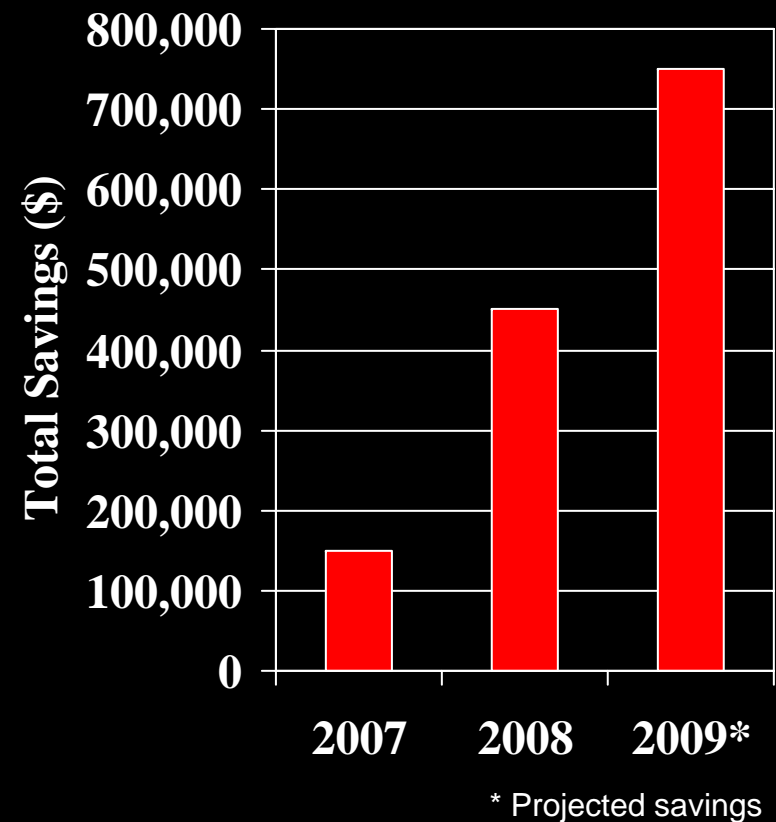
Continued Interest

- Since 2004 growers and representatives from other stakeholders have been meeting monthly to identify and implement collaborative solutions to common problems



Energy Savings

- Saved northwest Ohio industry \$150,000 in natural gas costs in 2007
- Projected savings of \$750,000 in 2009
- Individual grower participants saved 12-15%
- Program extended statewide and into southeastern Michigan
- 76 growers now participate



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

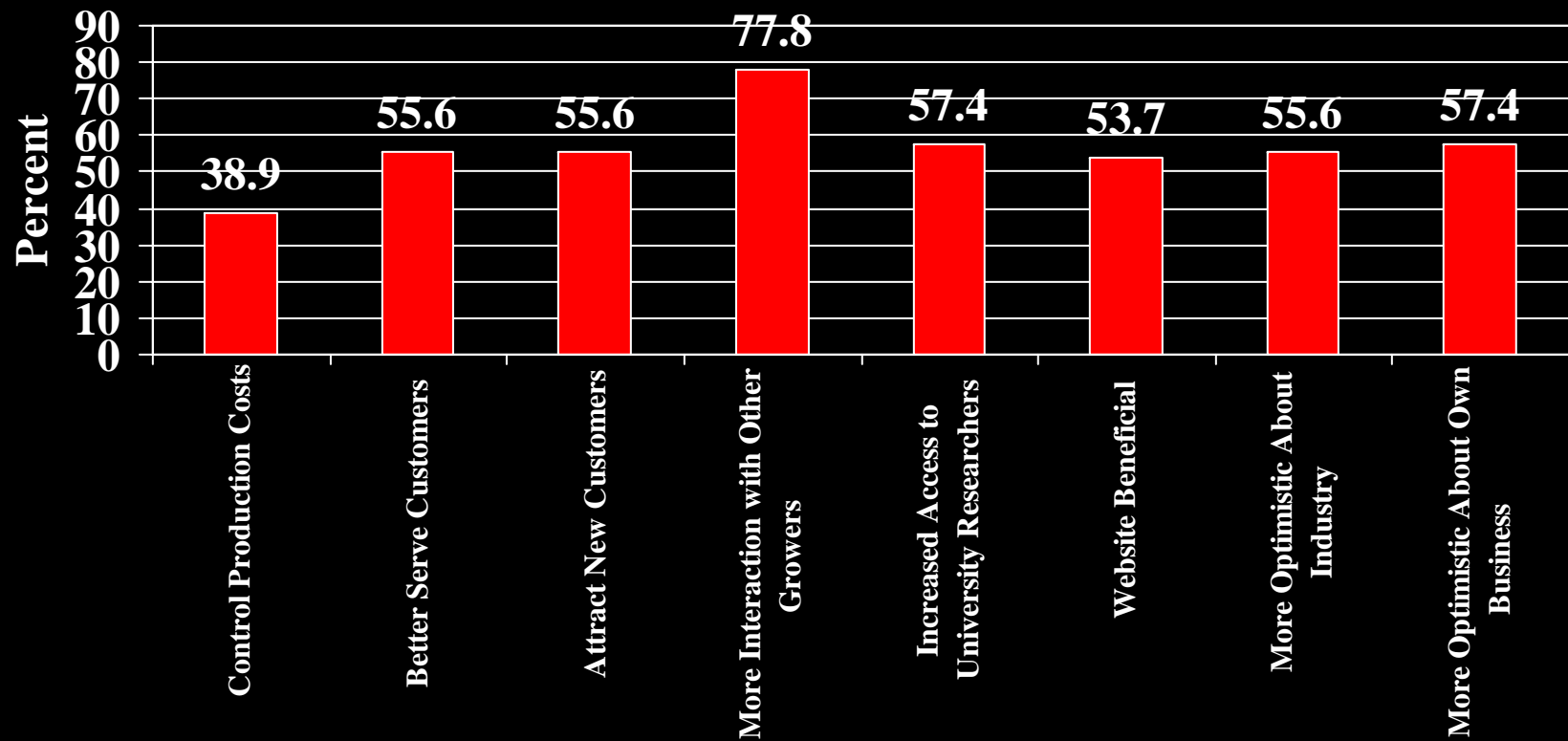
Academia

- 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

Growers say it is working



Source: Grower Survey 2009

Other Industries are Interested

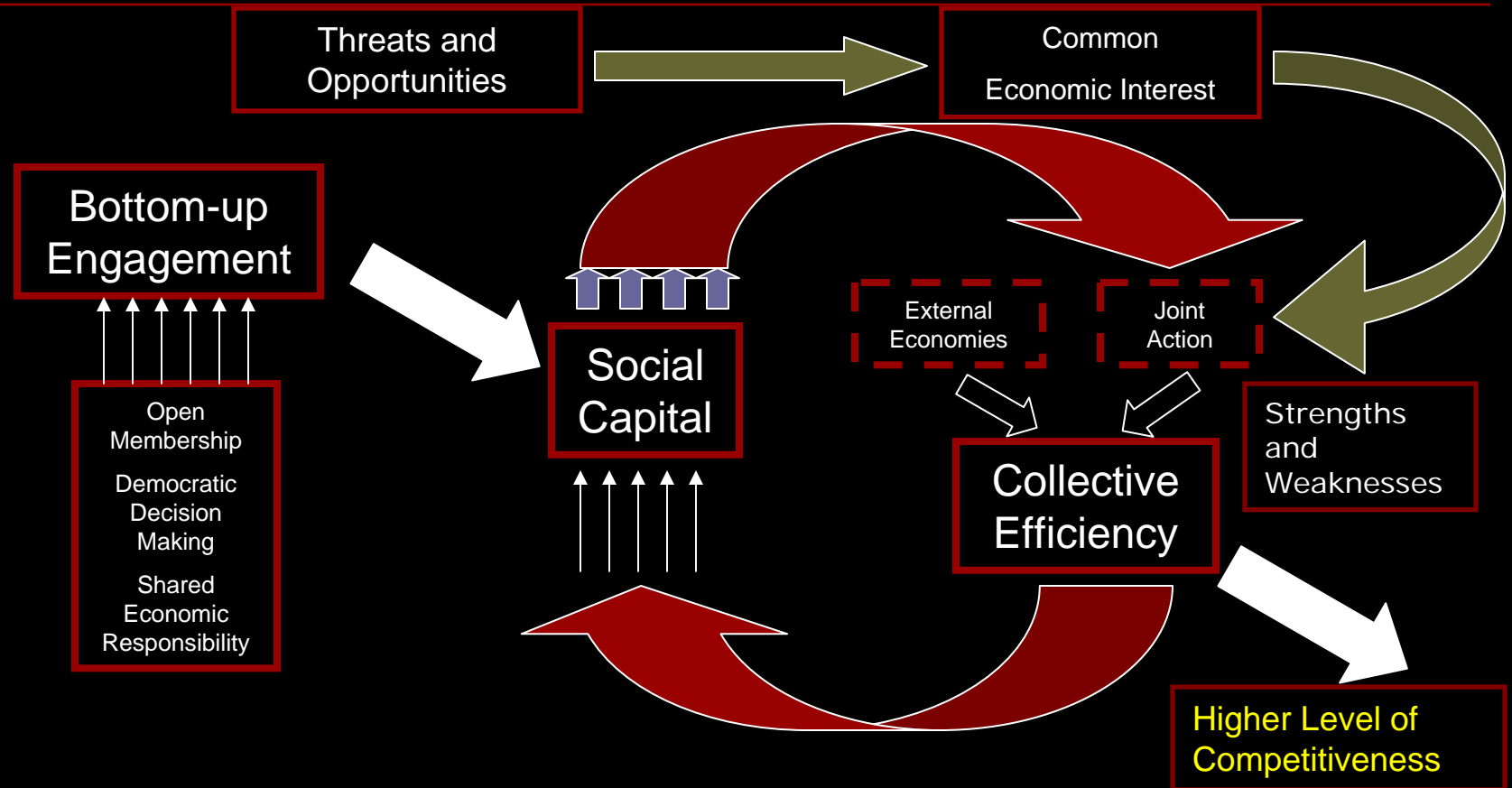
- Cluster approach now adopted by the region's major economic development agencies as the cornerstone for their economic development efforts
- Advanced and Renewable Energy (solar, wind, biomass)
- Advanced Materials and Manufacturing
- Biosciences (medical devices, specialized agriculture)
- Transportation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

The future

- Continue existing initiatives
- Identify and implement new collaborative initiatives
 - Recycling
- Expand project to incorporate development of a coordinated local food system



Cluster-based Economic Development



Questions/Comments?

