



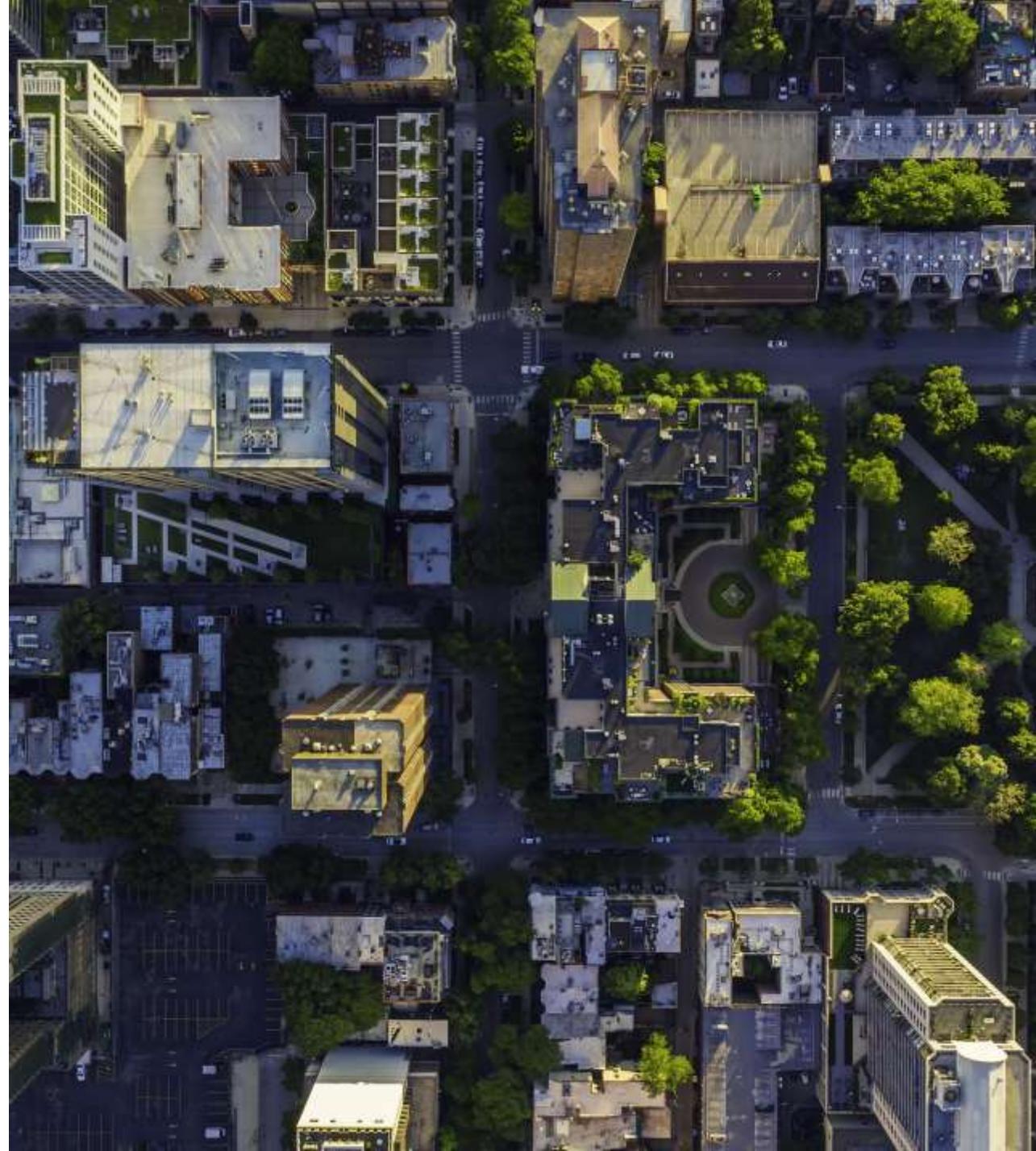
QUALITATIVE ASSESSMENT

Session 3 | Adding necessary depth to a region's analysis of its industry clusters

CLUSTER IDENTIFICATION

Recognizing &
prioritizing regional
industry

CENTER FOR CLUSTER
DEVELOPMENT



COURSE GOALS

1. Know how to identify clusters
2. Understand how to prioritize clusters for public support
3. Be prepared to lead your region in cluster identification and prioritization process





HOW THE COURSE WAS BUILT

- Experience working with cluster development professionals
- Assessments of federal cluster funding
- Reviews of academic literature and regional reports
- Interviews with cluster leaders
- Testing with two cohorts of regional practitioners



COURSE SESSIONS

1. About Clusters
2. Location Quotient
3. Qualitative Assessment
4. Prioritizing Assistance
5. Beyond Identification



QUALITATIVE ASSESSMENT

Session 3 | Adding necessary depth to a region's analysis of its industry clusters



DAY AGENDA

1. Hard-to-measure sectors
2. Stakeholder engagement
 - Community
 - Economic development
 - Industry

BEYOND LQ

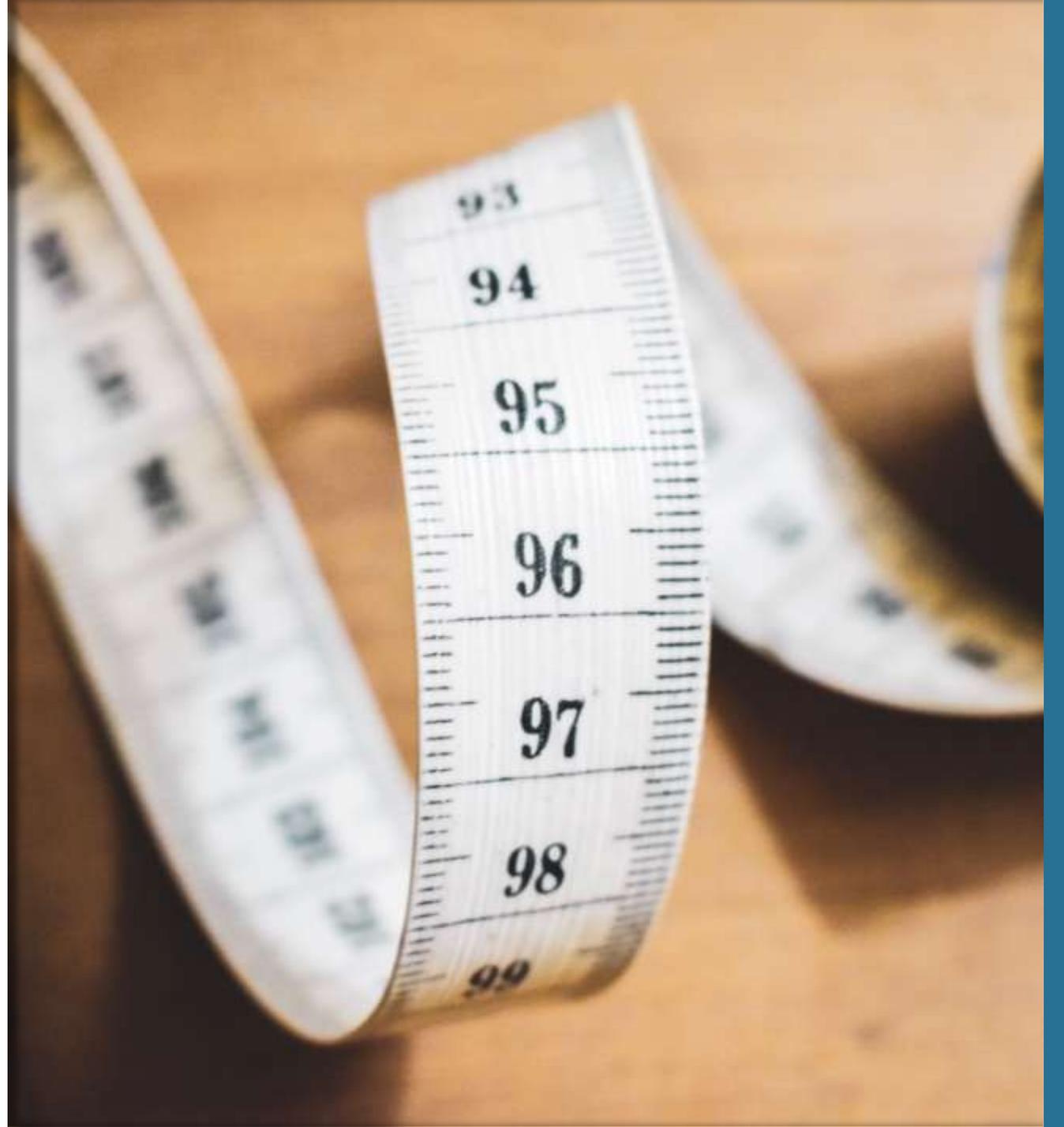
- Qualitative information (and non-LQ data) can address gaps in data, and tap into important cluster elements like the connectivity of the regional industry
- Information to pursue:
 - Presence of industry connections or clusters outside of NAICS analysis
 - Stakeholder, business, community perspectives
 - Relevant local economic history
 - Expectations of likely funding sources



Add depth and insight to the picture!



HARD TO MEASURE SECTORS



THE UNMEASURABLES

- A cluster may not be apparent in data
- Common causes are:
 - Traditional sources mask (redact) a cluster's presence (e.g., rural region with limited data, smaller industry)
 - Cluster relies on connections across traditionally-defined industries (e.g., water tech, outdoor recreation)
 - Industry supports an emerging tech or practice not captured in federal definitions (e.g., quantum)
- Qualitative research can help ID these clusters

QUICK CHECK: EMERGING TECH SECTORS

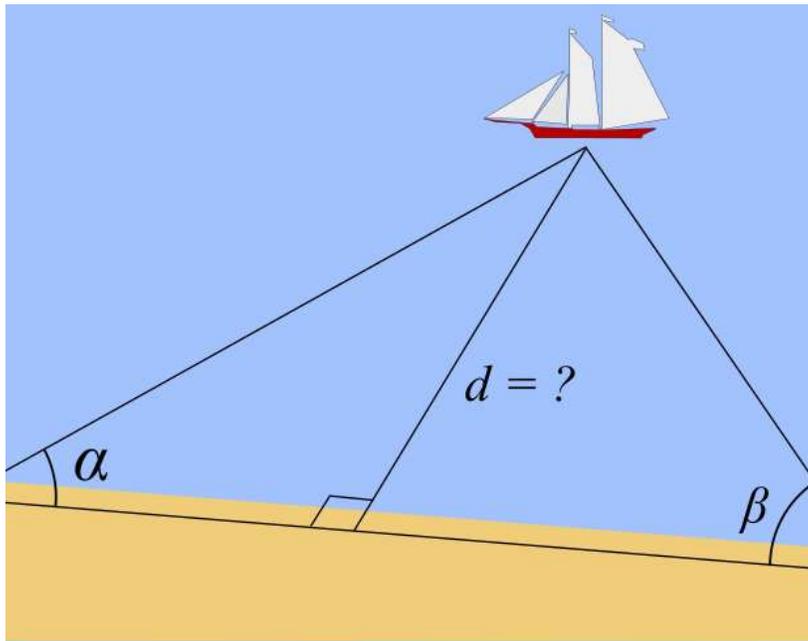
1. Think of an emerging technology that is discussed in the news or economic development as comprising an industry
2. Visit the primary NAICS website and try to find it:
<https://www.naics.com/search/>
3. Is there a clear code? Or more than one code that fits?
 - Yes – Record the best NAICS code(s)
 - No – What are the closest codes you can find?

HOW TO DEFINE AN ARTIFICIAL INTELLIGENCE CLUSTER?

- Only one NAICS code references AI in its definition
 - 541715 - Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)
- An AI cluster also could include companies from:
 - Semiconductor and Related Device Manufacturing (e.g., NVIDIA @ 334413)
 - Computer system services and sales sectors (e.g., Anthropic PBC @ 541511)
 - Software services and sales sectors (e.g., Salesforce @ 513210)

IDENTIFYING ALTERNATIVE CLUSTERS

- Triangulate clusters by leveraging multiple sources / methods
- Examples of sources to explore:
 - Quantitative
 - LQ & underlying raw data
 - Industry-specific measures (e.g., clinical trials for a drug discovery cluster)
 - Qualitative
 - Stakeholder surveys
 - News/social media analysis
 - Walk the streets to observe establishments
 - Interviews/focus groups with regional stakeholders and industry



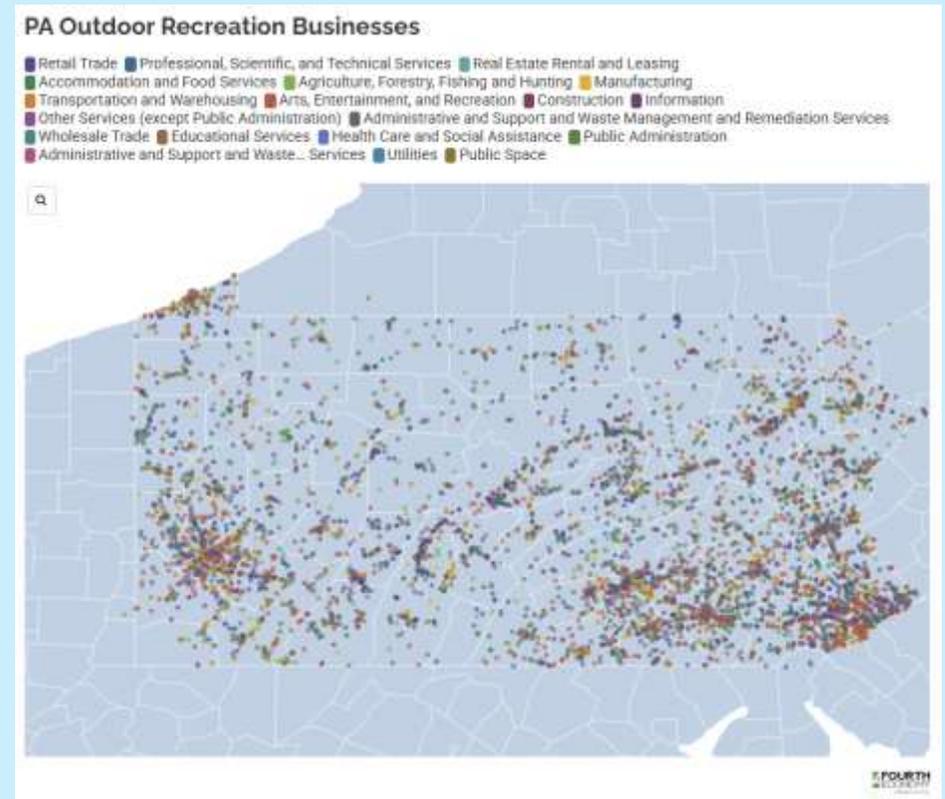
Work by Svjo available via [CC license](#) (cropped).

PENNSYLVANIA OUTDOOR BUSINESS ALLIANCE

Seeing the success of regional outdoor recreation clusters in Pennsylvania (such as PA Wilds), a group of partners set out to measure the industry across the entire commonwealth. Their methods are instructive for cluster evaluation.

One tool the analysis used was scraping websites and other sources to build a list of more than 9,000 PA businesses with connections to outdoor recreation.

Other methods included broad surveys and a series of 10 workshops.



Map by Fourth Economy and available on [Flourish](#).

COMMUNITY & STAKEHOLDER ENGAGEMENT



COMMUNITY & STAKEHOLDER ENGAGEMENT

- Solicit broad stakeholder input to enrich regional cluster identification (and begin building toward selection, strategy)
- Solicit input from the broader community to tap insights stakeholders may be too close to observe
- Benefits of engagement:
 - You have actual questions that need answered
 - You don't know what you don't know
 - Identify differences between measurable concentration and perceived clusters
 - Begin to identify cluster needs (will factor into prioritization, see next session)
 - Builds understanding of (and hopefully support for) cluster approach

BEST TIME TO SEEK COMMUNITY INPUT

- People will see through false attempts to include them — don't ask at the end of the process or the wrong stage for the input you'll accept
- Early feedback
 - Best when you are genuinely open to direction about where to go
 - Engagement could guide cluster research, selection, or nature of a plan
- Mid-stage feedback
 - Best when you have a strong sense of direction
 - Engagement could guide prioritization or shape plan

REFLECTION ON COMMUNITY ENGAGEMENT

Answer the following questions for yourself and discuss with other regional stakeholders:

1. What initiatives (particularly in economic development) have engaged your community effectively? What made them successful?
2. Have you seen poor attempts at community engagement in your region? What caused them to fail?
3. What other regions have effectively engaged their communities? Why do you think they succeeded?

KEY QUESTIONS FOR COMMUNITY ENGAGEMENT

- What do you think is working well about our region's economy? What needs to be improved?
- What past economic initiatives in our region were successful? Failures?
- Are there any industries, companies, or technologies in our region that you think are especially unique or important?
- If we support new economic activity, how should we measure success?
- What is the best way we can communicate new economic opportunities or successes to you?

ENGAGING ECONOMIC DEVELOPMENT STAKEHOLDERS

- Regional service providers have insights to economic connections/needs that can strengthen your cluster research
 - Few entities have broad and deep exposure to industries and activities
 - Need to talk to a variety of providers to gain perspective
 - For example, entrepreneurs will almost always say the region lacks sufficient capital, but investors sometimes have different explanations for limited funding.
- Small groups, interviews can be great for collecting wide input quickly
- This also is an opportunity to build support, partnerships and to start conceiving elements of a cluster plan

IDENTIFYING ECONOMIC DEVELOPMENT STAKEHOLDERS

- The purpose of this exercise is to identify stakeholders that can be consultant for your cluster identification work.
- There is a printable template for this exercise on the next slide.

	Private	Nonprofit	Public
IP sources			
Business support			
Workforce training			
Lenders & investors			
Employers & buyers			
Economic dev. funders			

- A gap in a cell does *not* mean your region necessarily needs to fill that spot.
- Who are the sources of new IP in your region?
- Who provides business support?
- Who trains/educates your region's workforce?
- Who lends/invests money in local businesses?
- Who are the major employers and buyers in the region?
- Who funds economic development in your region?

ECONOMIC DEVELOPMENT STAKEHOLDERS

Private

Nonprofit

Public

IP sources

Business
support

Workforce
training

Lenders &
investors

Employers
& buyers

Economic
dev. funders

KEY QUESTIONS FOR STAKEHOLDERS

- How do you measure success for our region? For your organization?
- What do you think is working well about our region's economy? What needs to be improved?
- What industries are most represented among your clients?
- Are there industries in our region that you do not support? Who does?
- Are there challenges you help address that are specific to one industry?
- Any challenges that are surprisingly common across just 2-3 industries?

ENGAGING INDUSTRY

- Economic development attempts to channel private activity toward public benefits and/or supplement private market gaps
- You need to know your private sector to target your plans and initiatives
- Industry particularly needs to be included in cluster planning and initiatives
- Engage industry during first steps of your process
 - If they won't work with you, this is a critical flag against prioritizing the cluster for a development strategy

IDENTIFYING INDUSTRY STAKEHOLDERS

- The purpose of this exercise is to identify stakeholders for the industry of your choice that can be consultant for your cluster identification work.
- There is a printable template for this exercise on the next slide.

INDUSTRY STAKEHOLDERS		
Private	Nonprofit	Public
IP sources		
Business support		
Workforce training		
Lenders & Investors		
Employers & Buyers		
Economic development leaders		

- A gap in a cell does *not* mean your region necessarily needs to fill that spot.

- Review your answers to the previous exercise. Add any responses specific to your chosen industry/sector.
- What entities within your region are the primary customers for this sector?
- What entities within your region are critical service providers to this sector?
- Who from your region works in this sector?
- Where do workers in this sector acquire their skills?

INDUSTRY STAKEHOLDERS

Private

Nonprofit

Public

IP sources

Business
support

Workforce
training

Lenders &
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Employers
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Economic
dev. funders

KEY QUESTIONS FOR INDUSTRY

- Why does your company continue to be located in our region?
- What other regions in the U.S. or world do you look to as industry leaders?
- Where are most of your suppliers located? Buyers?
- When and how do your local peers/competitors meet to talk?
- What do you think is working well about our region's economy? What needs to be improved?
- How can our region better support your growth plans?

FURTHER RESOURCES ABOUT ENGAGEMENT IN ECONOMIC DEV.

- Some regions have a history of engaging the public and regional stakeholders in economic development strategies and can use these approaches.
 - If your region has not taken this approach previously, the tactics discussed in the resources listed in the next column may prove useful as you design a new engagement strategy.
- Center for Regional Economic Competitiveness. (2024). *CREC Policy Academy: A Learning Cohort Designed to Improve Regional Competitiveness by Enhancing State and Local Alignment Strategies*. CREC.
 - Gonzalez Martinez, J.L. & Johnson, S. (2022). *Communication Resource Guide for Inclusive Economic Development*. New Growth Innovation Network.
 - Venn Collaborative & University of Wisconsin-Oshkosh. (2024). *“Conversation Guides.” C-CUBE*.

QUALITATIVE ASSESSMENT TAKEAWAYS

- Supplementing LQ assessments with qualitative information is worthwhile
- Clusters may be hard to ID by simple analysis
- Use qualitative and quantitative data to triangulate a cluster's presence and/or iterate between methods until you feel confident in your analysis
- Engage with community to receive input and build momentum
- Engage economic development and industry for insights and to begin shaping possible future activities

NEXT SESSION: PRIORITIZING ASSISTANCE

TOPICS WE WILL COVER

- Why Prioritize?
- Quality of Impacts
- Capacity for Success
- Regional History
- Cautions for Priorities

PREP TO MAXIMIZE YOUR TIME

- Identify 1-3 clusters your region could prioritize (ideally, use your cluster identification skills to select ones with real potential)
- List up to 3 needs for each cluster (try to make these as detailed as possible)



FEEDBACK SURVEY

<https://forms.gle/pmpUgfpJX11RAv6A8>

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The **Center for Cluster Development** is a project of Excel Regional Solutions.

Visit clusterdevelopment.us or contact info@excelregions.com for more information.

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