



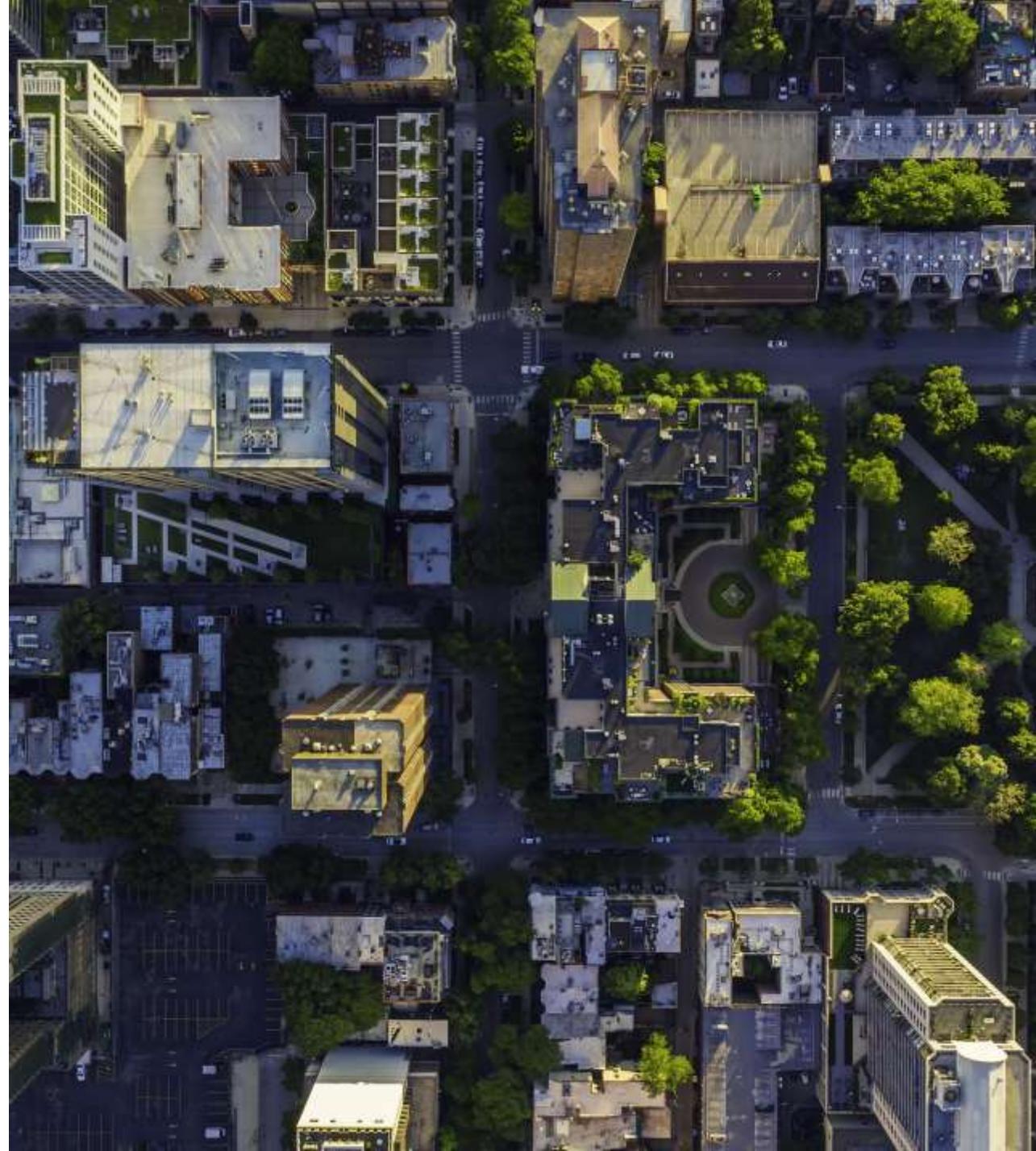
BEYOND IDENTIFICATION

Session 5 | Shifting from cluster analysis to strategy and development

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



BEYOND IDENTIFICATION

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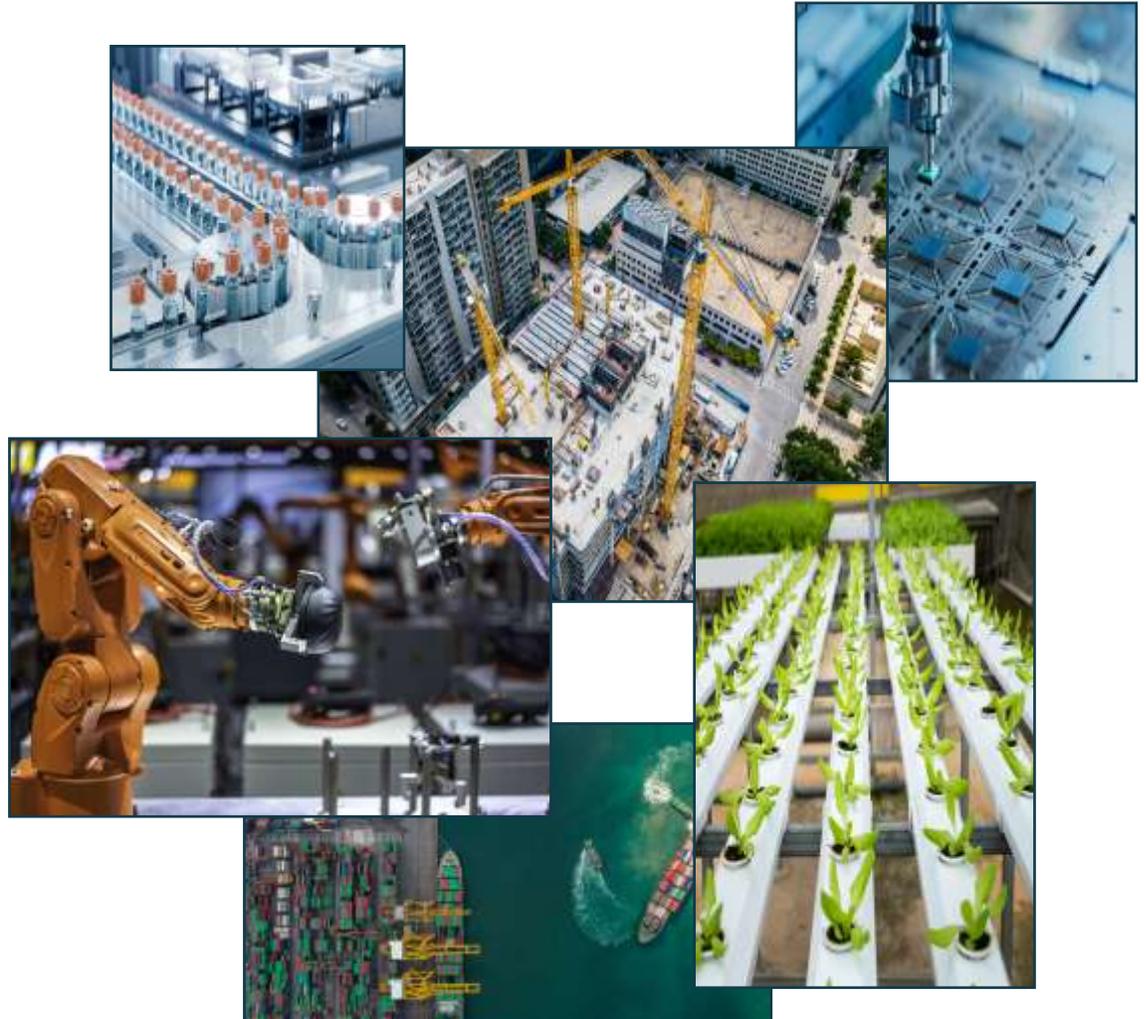
DAY AGENDA

1. Strategy & initiative design
2. Creating a cluster org.
3. Measurement & evaluation
4. Evolving your approach

WHAT COMES NEXT?

1. Cluster strategy development
2. Design initiatives (and organization?)
3. Implementation and measurement
4. Evaluation
5. Evolution or wind-down

Note: This module does not seek to fully address these issues but provides an overview of the factors affecting the next stages of cluster development.



FRESNO FUTURE OF FOOD

Central Valley Community Foundation decided to support the local food cluster as an extension of its fight for economic equality. They built their strategy around grassroots aid organizations and local farmers, with support from key partners across the state. The effort accelerated with \$65M from EDA matched by \$56M locally and created two new initiatives while expanding the overall capacity of regional support organizations.

F3's long-term operations will be distributed: many of its workforce efforts and industry assistance are being integrated into statewide projects, and a new tech commercialization nonprofit, F3 Innovate, is pursuing long-term sustainability with university partners.

* Sources: Interview with Karen Aceves, consultant to F3; [EDA F3 award page](#); [F3 Innovate](#); California Jobs First [Sierra San Joaquin Regional Investment Plan](#).

CLUSTER STRATEGY & INITIATIVE DEVELOPMENT

- Cluster strategy is like an economic development strategy
- Continue to emphasize:
 - Private sector engagement
 - Activities that are appropriate for public/nonprofit support
 - Work that can achieve desirable outcomes
- Adapt approaches from other regions to fit you...
- ... but don't be afraid to be original

RESOURCES FOR CLUSTER STRATEGIES

HOW TO

- German Cooperation (GIZ). 2021. *Cluster Development Guide*.
<https://www.giz.de/en/downloads/giz2021-en-cluster-development-guide.pdf>
- RTI International. “Resource Library: Industry Cluster Development.” Building Better Regions.
<https://www.buildingbetterregionscop.org/resources/library/>
- New Growth Innovation Network. *Tech Equity in Action Report & Worksheets*.
<https://techequity.newgrowth.org/>
- ICIC. (2017). *Cluster Growth Toolkit*.
<https://icic.org/research/economic-development/cluster-growth-toolkit/>

EXAMPLES

- Porter, M.E. & Monitor Company Group. (2003). New Jersey Life Science Super-Cluster Initiative.
https://www.isc.hbs.edu/Documents/pdf/NJ_lifescience.pdf
- Rittenberg, J. (2025). “Clusters feature prominently in local strategies.” *Excel*.
<https://excelregions.com/2025/08/20/clusters-feature-prominently-in-local-strategies/>
- Tallwood Design Institute & Business Oregon. (2020). *Identifying Drivers and Barriers for Investing in Oregon’s Mass Timber Manufacturing Supply Chain*. https://cdn.prod.website-files.com/6226677145b2b59b6d72e665/622b8a43138a6c142fe450a7_Oregon%20Mass%20Timber%20Manufacturing%20Supply%20Chain%20Analysis%20-%20Final.pdf

CLUSTER ORGANIZATIONS

- Cluster organizations are entities that focus on developing specific clusters
- Most successful cluster organizations:
 - Facilitate public-private engagement
 - Access multiple funding types
 - Operate cluster initiatives that the public sector could or would not
- A dedicated organization is not always needed to support a cluster's needs

CLUSTER ORGANIZATIONS VS. INITIATIVES

CREATE A CLUSTER ORG.

- You have long-term plans for cluster support
- New org. is needed for:
 - Initiative requirements
 - Financial sustainability
 - Embedding public-private leadership

NEW INITIATIVES IN GENERAL ORG.

- Uncertain future
- New org. would complicate financial picture
- Initiatives can be managed by existing entities
- Private leadership can be integrated without new org.

WASHINGTON MARITIME BLUE

In 2017, Washington's Department of Commerce launched a new cluster initiative to advance sustainable ocean tech and operating companies. The state incubated the cluster strategy's early years but, in 2019, supported the creation of a separate 501(c)(3).

Maritime Blue better positions the cluster for private participation and funding and has more freedom to explore investments and asset ownership than the state. Its board includes a mix of public, nonprofit, and private directors, and its steadily-growing funding now is roughly 60% grants (mixed sources), and 40% revenue from contracts, rent, & membership. It is operating shared pilot tech projects, career programs, and an incubator/accelerator.

* Sources: EDA [2017 i6 award](#); WA Commerce [2019 press release](#); WA Maritime Blue [site](#) and [2024-205 annual report](#).

CLUSTER LEADERSHIP QUESTIONS

Answer the following questions to help plan for whether your region's cluster development activities may be better served by a cluster organization or a broader economic development organization.

- What organizations lead economic development activity in your region?
- What role does the private sector play in leading these organizations? Board positions, advisory councils, other, none?
- Are there ample financial resources for these economic development organizations to operate currently? Or are they struggling with sustainability?
- Are these organizations able to accept fee-for-service payments? To own assets used by the private sector?

MEASUREMENT & EVALUATION (M&E)

- Measurement
 - Tracking what you do (operations and outputs) & immediate outcomes
 - Happens alongside initiative implementation
- Evaluation
 - Assessing impact of your work on larger goals
 - Happens after a period of implementation
- Important for:
 - Adjusting initiatives & strategy
 - Building support from funders & partners

Tips:

- Do both M&E!
- Start early
 - Post-initiative eval likely will cost more, be less accurate
 - May be impossible to capture impacts from before you start measuring

FUNDING M&E

- Many projects ignore M&E to maximize program delivery
- Federal grants can be used for M&E
- Assess funder priorities to find the right frame
 - Connect to formal research (e.g., case studies, data sets)
 - Use to increase community participation & feedback
 - Drive local or national replication (e.g., strengthen field, promote region/funder)



LOGIC MODELS: TOOL FOR STRATEGY, MEASUREMENT, & EVALUATION

- Logic models are useful for structuring cluster development strategies
- The model pushes stakeholders to connect goals to project activities, activities to outputs, and then list the metrics that will be used to assess outputs and outcomes
- This not only forces stakeholders to consider the validity of their strategy, but also to create an evaluative framework

Logic model example and framework.

Figure 2. Logic Model for Mapping Coalition-Level Goals to Project Activities and Output and Outcome Metrics

Goals	Project Activities	Outputs	Output metrics	Outcome metrics
<ul style="list-style-type: none"> Workforce Development (e.g., increase number of qualified workers for target industry with a focus on historically underrepresented workers) 	<ul style="list-style-type: none"> Construct specialized facility for training Design training program with industry Perform outreach to enroll participants Increase employment of graduates in industry 	<ul style="list-style-type: none"> Facility constructed and equipped Training program designed and trainers identified Participants enrolled Participants graduating Graduates hired by industry 	<ul style="list-style-type: none"> Facility constructed and operating Training program launched Number of participants enrolled Number of graduates Number hired 	<ul style="list-style-type: none"> Increased pool of qualified workers for target industry Average salary of jobs in industry relative to private-sector average Total number and share of workers enrolled, trained, and hired by race, ethnicity, gender, and county
<ul style="list-style-type: none"> Technology Adoption (e.g., to address industry needs and improve competitiveness) 	<ul style="list-style-type: none"> Construct specialized facility for technology development and demonstration Support industry-higher education innovation collaboration License promising technologies to industry 	<ul style="list-style-type: none"> Facility constructed and equipped Partnerships developed between company and higher education Specific technology development projects funded Promising technologies licenses 	<ul style="list-style-type: none"> Facility constructed and operating Events convened for companies to present needs and faculty to share ideas Applications for technology development submitted Projects awarded 	<ul style="list-style-type: none"> Number of projects awarded Number of licenses Industry-higher education relationships developed through the application and award process continue via collaboration on other funding opportunities
<ul style="list-style-type: none"> Goal 3 	<ul style="list-style-type: none"> Activities 	<ul style="list-style-type: none"> XX 	<ul style="list-style-type: none"> YY 	<ul style="list-style-type: none"> ZZ

RTI International and SSTI created this graphic for a *Strategic Planning Tool: A Tool to Guide the Assessment and Execution of Build Back Better Regional Challenge Coalition Activities*.

EVOLVE STRATEGY & INITIATIVES

- Change is an inevitable part of cluster development
 - Ineffective initiatives don't address problem sufficiently
 - Successful initiatives will solve issues, create new needs
 - Broader tech & economic forces can change industry, region
- Course correct on the go as needed and when doing so maintains your goals and mission
 - *Example:* If recruitment for a TA program is poor, strengthening marketing likely makes sense. Broadening eligibility may be appropriate or could alter the nature of the program you're offering.

PACIFIC NORTHWEST MASS TIMBER

Stakeholders in Oregon and Washington have been collaborating on timber cluster initiatives since 2016. The goal has been to produce and export high-value wood products, rather than raw timber alone.

Over time, the strategy has shifted. The industry has expanded from a manufacturing focus to add more tech development and mills. Geographically, the Washington and rural footprint has increased, driving attention to urban-rural cross-cluster connections.

Impact has been slow but is rapidly building. In addition to tech advances, the cluster has seen multiple mills make significant upgrades, major improvements to its port facilities, and new manufacturer investments in the region.

* Sources: Interview with Marcus Kauffman, Pacific Northwest Mass Timber Tech Hub; [IMCP profile](#); [Mass Timber Mfg. Supply Chain](#) report.

PLANNING FOR CHANGE

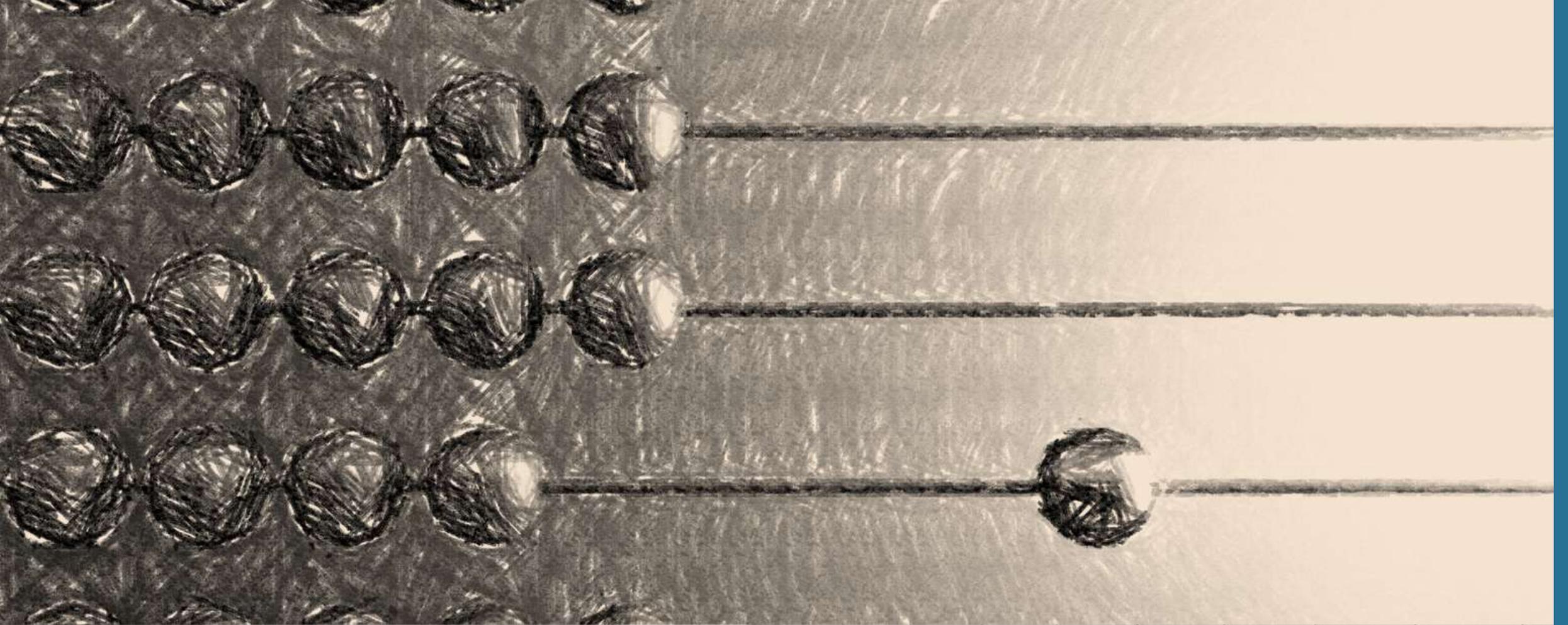
- Budget for M & E to provide data for changes
- Facilitate open communication with partners, clients
- Build priority checks into overall plan (e.g., every 4 years)
- Work with partners to offload initiatives that have support but no longer address a major need
 - *Example:* Annual awards event to build public recognition => Maybe economic development org. becomes a sponsor instead of host after first few years
 - *Example:* Industry TA is a focused effort for 10 companies and then staff encouraged to spin off or partner with appropriate entity (e.g., MEP, SBDC, LLC)

WINDING DOWN A CLUSTER APPROACH

- Eventually, your cluster may no longer be a priority for development
 - Success may lead to the industry needing less assistance
 - Limited results may mean public dollars are better spent elsewhere
 - As part of the regional economy, cluster will continue to merit some support
- Thoughtful transition usually better than abrupt end
 - Hand successful initiative operations, lessons to partners
 - Adopt reasonable timeline so industry can adjust with minimal harm

BEYOND IDENTIFICATION TAKEAWAYS

- Think long-term about cluster development from the outset
- Weigh local pros and cons before creating new organizations
- Invest in measurement and evaluation
- Plan for evolution and even wind-down of cluster initiatives / development



FEEDBACK SURVEY

<https://forms.gle/3pnKS65AYjctXcw7>

AUTHOR & ACKNOWLEDGEMENTS

Jason Rittenberg, Principal at Excel Regional Solutions, is the primary author of this curriculum.

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

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EXCEL REGIONAL SOLUTIONS

This curriculum was developed and made available to the public thanks to a generous grant managed under fiscal sponsorship from the Federation of American Scientists.

Thank you to the practitioners who were interviewed about their local clusters:

- Karen Aceves
- Dean Amhaus
- Debbie Franklin
- Jennifer Hankins
- Marcus Kauffman
- Melissa Roberts Chapman

Invaluable contributions, feedback, and editing were provided by:

- Annie Cruz-Porter
- Alex Jones
- Ellen Zimmerli Marrison
- Eric Smith

Thanks also goes to the cohort of 13 regions who tested this curriculum in live training, offered in collaboration with the [National Association of Development Organizations Research Foundation](#), and the cohort of seven practitioners who beta tested the self-guided curriculum.