



Why Clusters Matter: Industry-focused Strategies for Regional Economic Competitiveness



EDD Community of Practice Webinar
April 8, 2026



EDD CoP

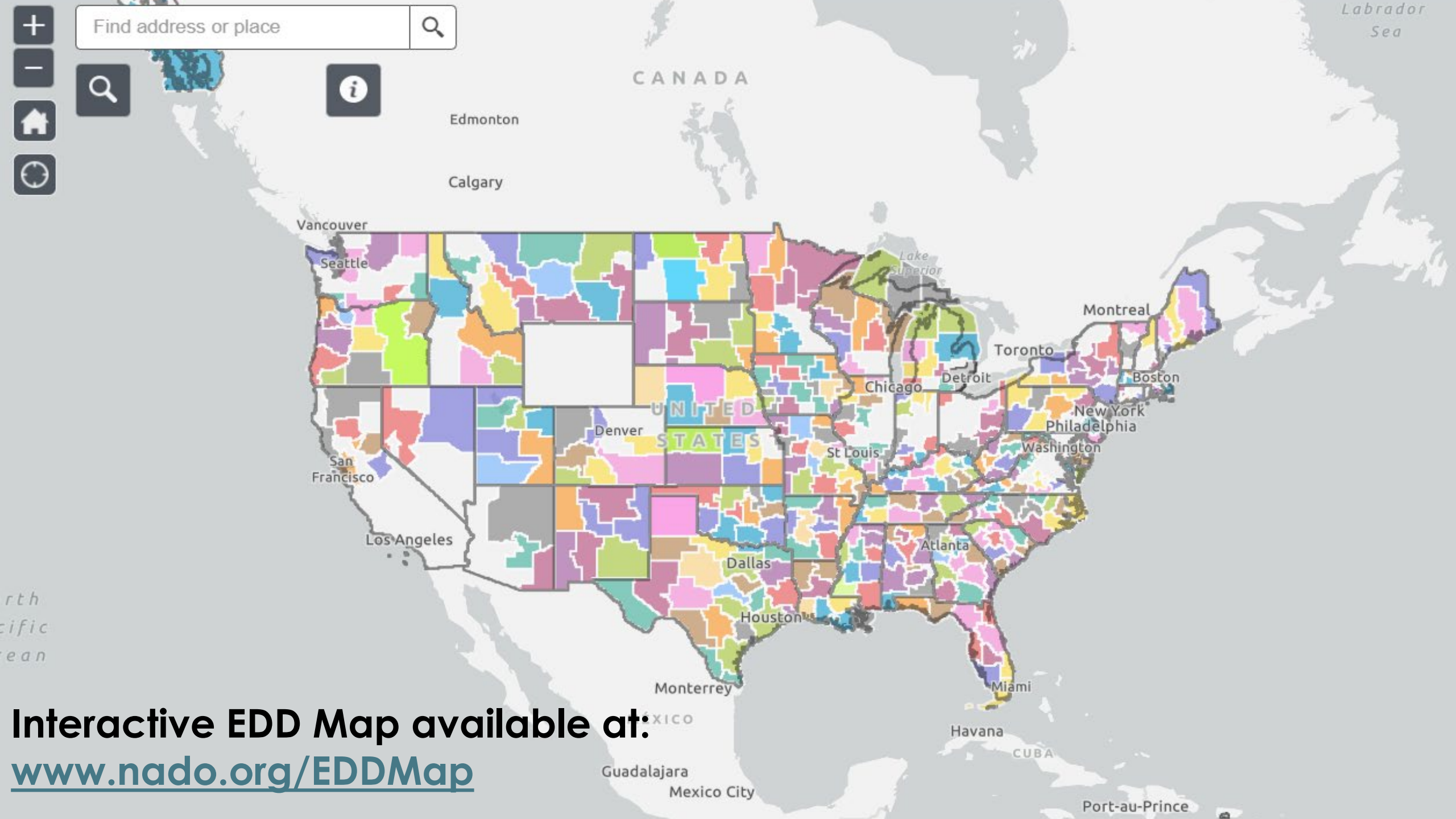
Economic Development District
Community of Practice



More info at: www.nado.org/EDDCoP

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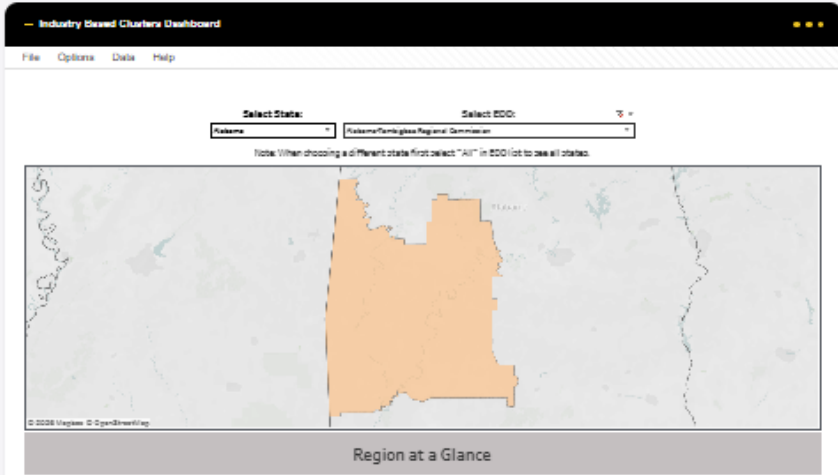
Interactive EDD Map available at:
www.nado.org/EDDMap



Stronger CEDS, Stronger Regions

CEDS Resource & Training Archive

www.CEDSCentral.com

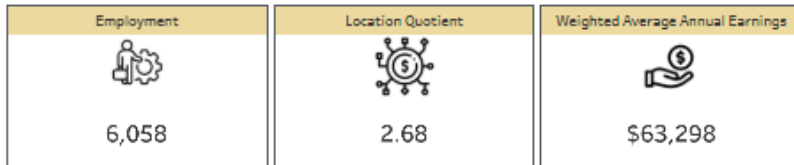


Region at a Glance

Alabama-Tombigbee Regional Commission EDD(s)

Select industry Cluster:

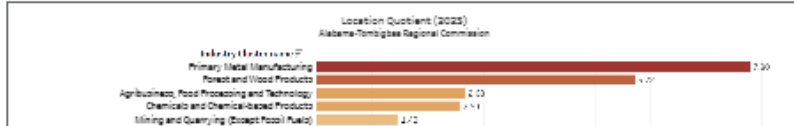
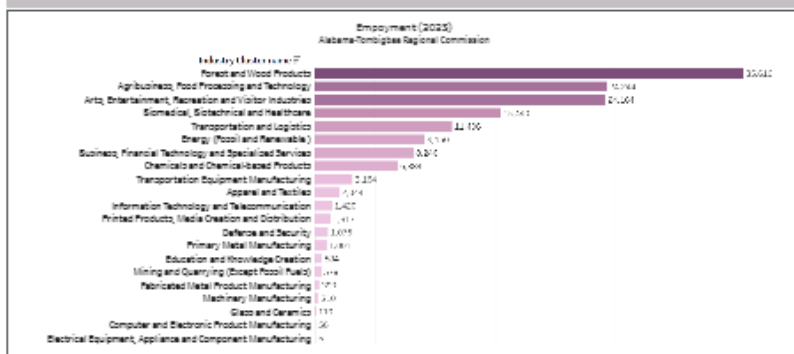
Agribusiness, Food Processing and Technology



Industry Subclusters



Economic Characteristics of Region's Clusters



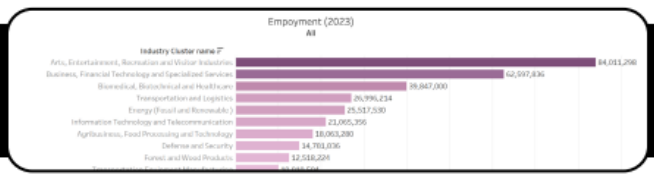
New Regional Clusters Resource from EDA & Purdue Center for Regional Development (PCRD)

04 Viewing Detailed Economic Characteristics

In this section, you will find three charts providing a detailed view of Employment, LQ, and Weighted Average Hourly/Annual Earnings for the selected EDD.

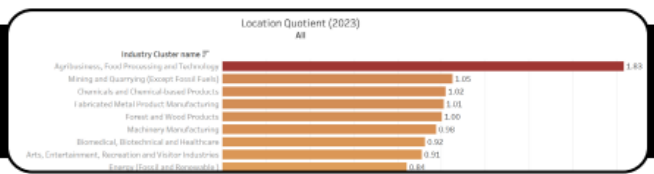
Employment Bar Chart

Shows how many people are employed within each cluster in the selected EDD. Clusters are arranged in descending order, with the largest employing cluster at the top and the smallest at the bottom.



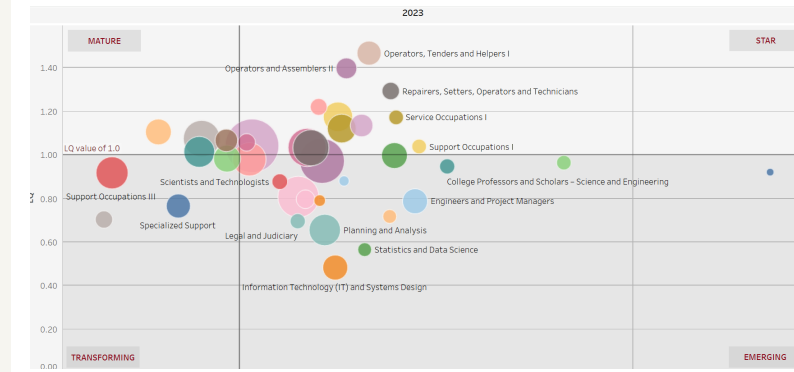
Location Quotient (LQ) Bar Chart

Shows which clusters are more specialized in the selected EDD compared to the nation. Clusters are arranged in descending order, from highest specialization at the top to lowest at the bottom.



Weighted Average Hourly/Annual Earnings Bar Chart

Shows the average earnings in each cluster in the selected EDD, weighted by employment (see methodology document). Clusters are arranged in descending order, from highest-paying at the top to lowest-paying at the bottom.



<https://pcrd.purdue.edu/regionalclusters/>



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Today's Presenters

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Excel Regional Solutions LLC

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Greater Peoria EDC (IL)



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NADO Research Foundation (CA)



WHY CLUSTERS MATTER

Industry-focused Strategies for Regional Economic Competitiveness

Jason Rittenberg
Excel Regional Solutions

April 8, 2026



COURSE ON CLUSTER DEVELOPMENT

WHY THE COURSE EXISTS

- Foundation backed project
- Observed challenges meeting federal interest in cluster- or tech-specific development
- Target three goals:
 - Know how to identify clusters
 - Understand how to prioritize clusters for public support
 - Be prepared to lead your region in cluster identification and prioritization process

HOW IT WAS CREATED

- 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

Self-guided course is available free at: clusterdevelopment.us

KIRSTEN MONTGOMERY

**RESEARCH AND INSIGHTS MANAGER,
GREATER PEORIA EDC (IL)**



Greater Peoria Region

- \$20.5B regional economy across five counties
- ~182,000 labor force supporting diverse industries
- 8,785 business establishments employing over 168,000 people
- Manufacturing: ~24,000 workers, highly concentrated
- Healthcare: ~29,700 workers, largest sector
- Agriculture: \$1B production, 1.5M acres
- Central U.S. logistics hub with road, rail, river, and air access

Cluster Focus



- Advanced Manufacturing & Metals: \$6.27B GDP sector
- Strong specialization in heavy machinery and equipment
- Food Manufacturing: ~\$100M GDP, strong workforce base
- 81,705 workers with transferable skills
- Medical & Life Sciences: largest employment sector
- Anchored by OSF, UnityPoint, and research institutions
- Clusters selected based on scale, workforce, and growth potential



Cluster Needs & Strategy

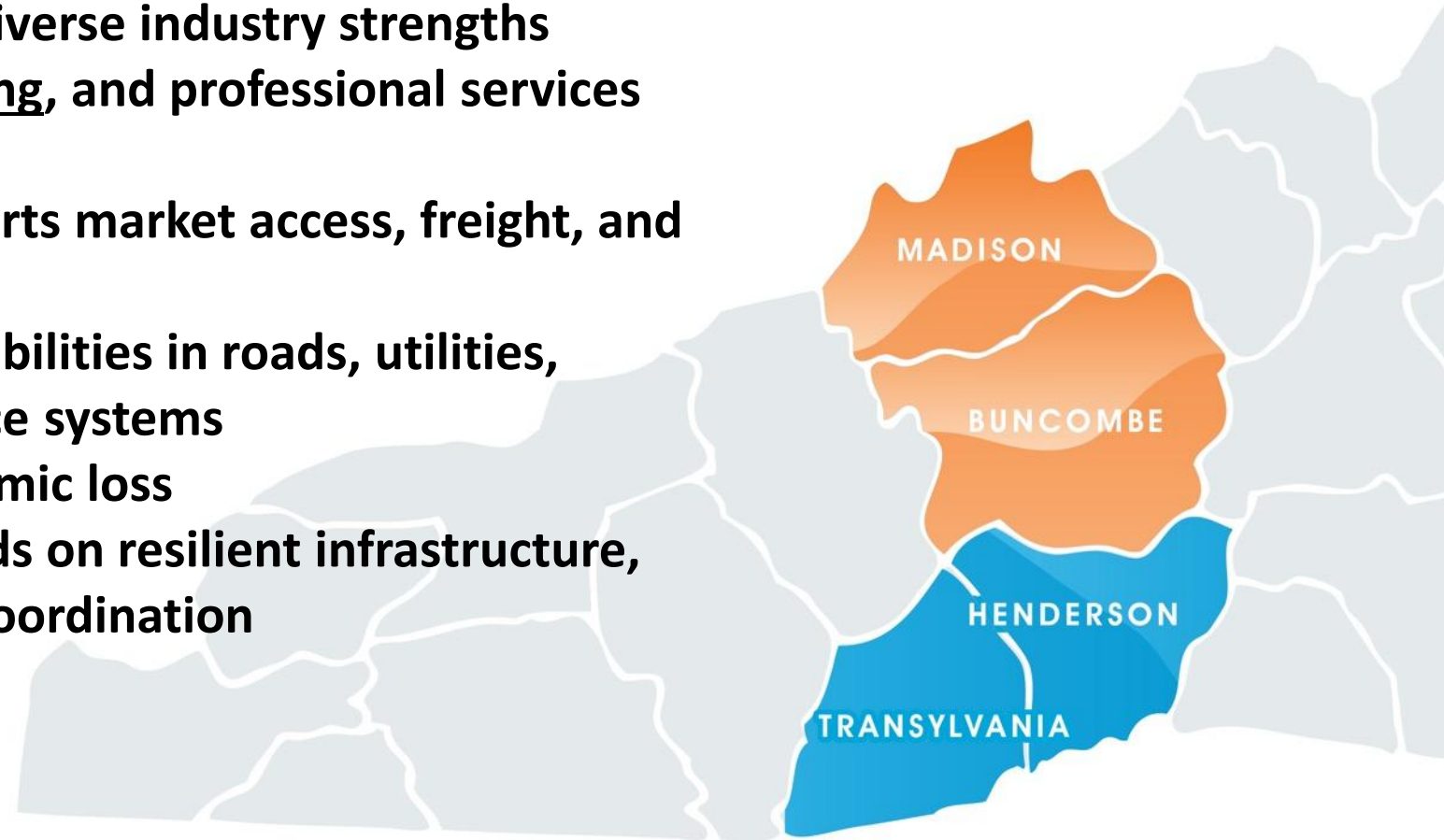
- Workforce alignment: credential attainment below state goals
 - Strengthen supplier networks and industry clustering
 - Infrastructure: strong logistics, gaps in industrial space
 - Competitive costs for labor and business operations
 - Strong training systems and institutional support
 - Align strategy with CEDS priorities
 - Invest in workforce, infrastructure, and partnerships
- 

BRIAN WHITE

**REGIONAL PROJECT MANAGER,
LAND OF SKY REGIONAL COUNCIL (NC)**

Regional Economy

- **\$22B four-county economy with diverse industry strengths**
- **Health care, tourism, manufacturing, and professional services anchor the region**
- **Strategic I-26 / I-40 location supports market access, freight, and connectivity**
- **Hurricane Helene exposed vulnerabilities in roads, utilities, broadband, housing, and workforce systems**
 - **Estimated \$60 billion in economic loss**
- **Recovery is capital-led and depends on resilient infrastructure, workforce stability, and regional coordination**





Cluster Focus: Advanced Manufacturing

- CEDS-aligned core target sector for livable-wage growth
- Key to diversifying beyond tourism and hospitality
- Strengths in mobility (automotive/aerospace parts) plastics, outdoor products, micro-electro mechanical systems
- Recent momentum:
 - Pratt & Whitney \$285M / 325 jobs;
 - GE Aviation \$20M Asheville;
 - BorgWarner \$74.9M / 193 jobs
- Supported by strong education and workforce partners
- Needs: talent, industrial sites, and resilient infrastructure



Current Initiatives

- **WNC Economic Readiness Strategy & Implementation Plan (EDA):**
 - **Asset mapping, convenings, industry council formation, implementation framework (Sept 2025–Mar 2027).**
- **Futures Factory (EDA):**
 - **Planned ~70,000 sq ft advanced manufacturing innovation hub (high-bay + training) to support Industry 4.0 demonstrations/adoption. Add capacity to support training of 800+ additional students**
- **Foreign Trade Zone #301:**
 - **Retention/expansion + attraction + export competitiveness; benefits are firm-specific**
- **Infrastructure Improvement and Expansion:**
 - **Water/Sewer, Transportation, Site Development and Broadband**

WHAT IS A CLUSTER?

A cluster is a concentration of interconnected businesses, assets, and institutions operating in a sector (or related sectors) within a region.

WHAT IS A CLUSTER?

Location quotient is the most common tool to measure cluster "concentration." See session 2 for details.

Here, think of relevant tangible (e.g., research facilities) and intangible (e.g., skilled workforce) assets.

A cluster is a **concentration** of interconnected businesses, **assets**, and institutions operating in a sector (or **related sectors**) within a **region**.

Proximity to suppliers or to related fields that in different sectors are often important to cluster success. This is discussed more in later sessions.

The definition of region here is flexible but usually should be small enough for geographic proximity to be meaningful, such as a metro area or a small state.

ECONOMIC BENEFITS OF CLUSTERS

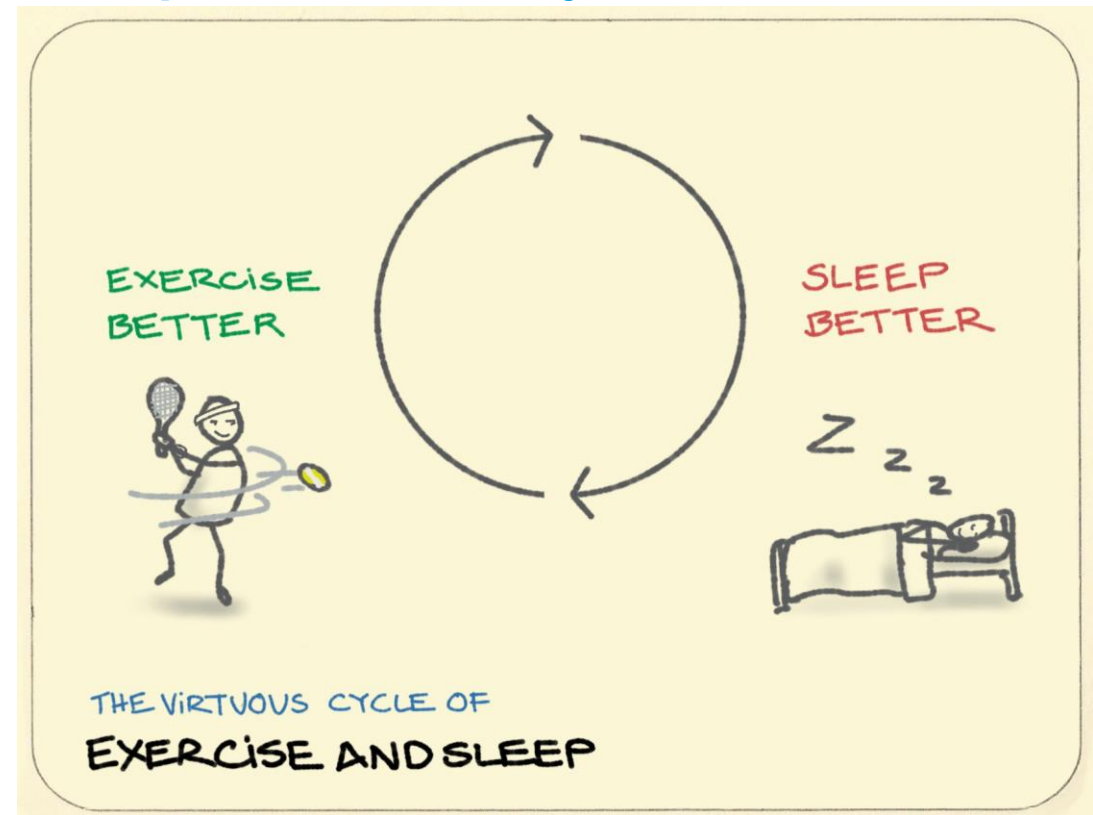
When compared to businesses in the same industry that are located outside of a cluster, **businesses within industry clusters tend to achieve these economic outcomes** for themselves and the region:

- Improved productivity
- Faster innovation
- Stronger supply chains
- Increased entrepreneurship
- More skilled workforce
- Benefits to other sectors

HOW DOES CO-LOCATION IN A CLUSTER ACHIEVE GREATER IMPACT?

- Proximity to suppliers, customers, and competitors shortens feedback loops
- Proximity improves formal and informal communications channels
- Some think proximity heightens companies' sense of competition
- Each explanation describes a sort of virtuous cycle

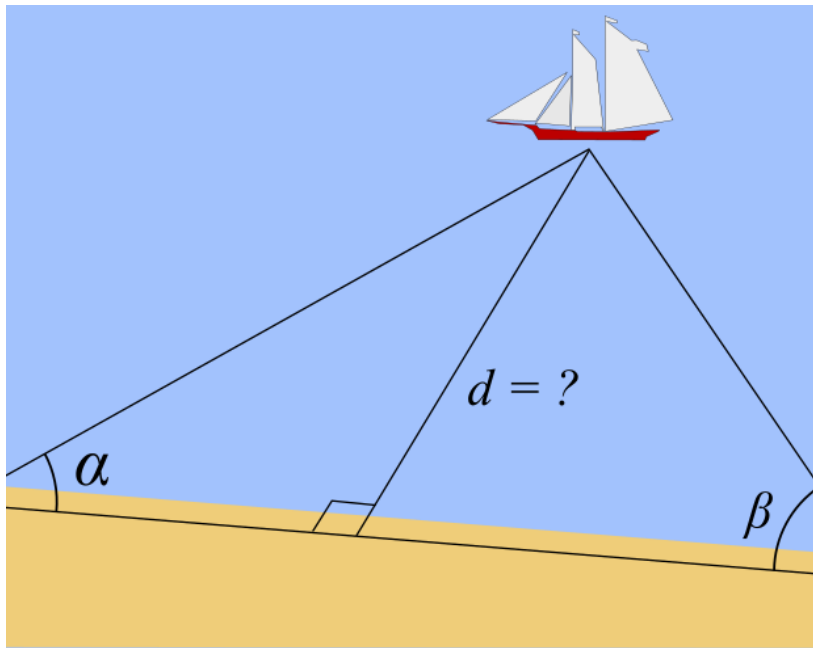
Example of a virtuous cycle.



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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



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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.

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

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EXCEL REGIONAL SOLUTIONS

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REASONS TO LEARN ABOUT REGIONAL INDUSTRY CLUSTERS

You have a limited budget for company recruitment and want to understand how to maximize your impact.

Local education and workforce providers want to organize industry-driven training and need to know where to start.

Your region is seeking greater economic diversification, and you need to identify your existing and emerging clusters.

A federal, state, or philanthropic funder wants to support a regional industry cluster, and you need to start with an assessment.

You think an industry gives your region a competitive edge, but you want to be able to benchmark its strength against your peers.

BASIC PRINCIPLES OF CLUSTER DEVELOPMENT

1. Focus support on the whole industry
2. Engage industry in cluster strategy design and implementation
3. Invest in measurement and evaluation
4. Adapt approach to evolving cluster needs
5. Only do what private sector will not or does not do
6. Design efforts to encourage beneficial private activity / investment

LQ FORMULA

$$LQ_i = (e_i / e) / (E_i / E)$$

Location Quotient for a region's industry [LQ_i]

equals

(Regional economic activity in the industry [e_i] *divided by* total regional economic activity [e])

divided by

(Reference economic activity in the industry [E_i] *divided by* total reference economic activity [E])

LQ DATA TOOLS

Source	Geography	Industry	Key Metrics	Timing	Notes
<u>BLS Census of Employment & Wages</u>	U.S. State County MSA	2-6 digit NAICS*	Employment Establishments Wages LQs	Frequency: Quarterly Lag: 5-6 months	<ul style="list-style-type: none"> Excludes contractors, self-employed, some ag and military High data suppression, particularly at detailed NAICS
<u>Census County/ZIP Business Patterns</u>	U.S. State County or ZIP MSA	2-6 digit NAICS	Employment Establishments Payroll	Frequency: Annual (based on Mar. 12) Lag: 18 months	<ul style="list-style-type: none"> March-only means poor seasonal coverage & less timely Less data suppression than CEW
<u>Proprietary (e.g., Lightcast)</u>	Any	2-6 digit NAICS	Above & may have more	Depends on sources	<ul style="list-style-type: none"> Typically supplement federal data with job postings, other sources Can be expensive May have unsuppressed data
<u>State data portals (e.g., MN LQ Tool)</u>	State County Special?	Variable	Variable	Depends on sources	<ul style="list-style-type: none"> Can be handy for local purposes May be unable to compare to out-of-state peers