



## **Foundations of a ViTAL Economy**

Clallam County, Washington  
Economic Development Council

**December 30, 2002**

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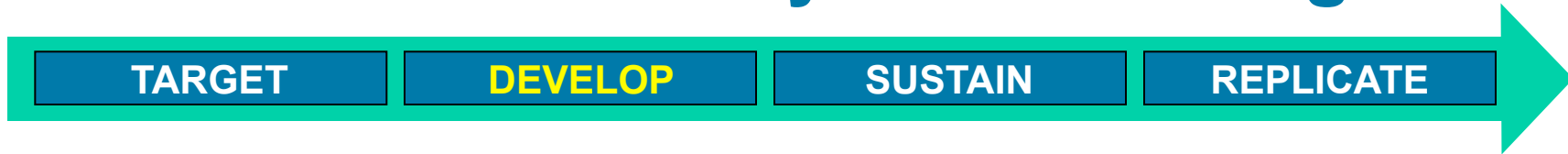
# Focus of this Foundations Report

- **Articulate progress of cluster teams within a ViTAL Economy context.**
- **Provide observations of the perceived cluster strengths and weaknesses.**
- **Identify social, financial and business foundations of cluster success.**
- **Commend cluster results that deserve to be replicated by others.**
- **Point out areas for improvement and make infrastructure recommendations**
- **Establish a context for the relationship of industry cluster team work thus far to the expanded economic research enabled by the recent OTED grant award.**

# Foundations of a ViTAL Economy

- The Unique Place We Call Clallam County
- Issues of Challenge and Opportunity
- ViTAL Economy Scale of Progress for Each Cluster
- Foundations for Successful Cluster Growth
- Infrastructure Recommendations to Insure Continued Success
- Team Progress on ViTAL Economy Cluster Success Cycle
- Connecting OTED Research to Community-Based Research

# The ViTAL Economy Scale of Progress



The ViTAL Economy Scale of Progress highlights the status of key indicators that form the foundation of Clallam's efforts to build uniquely sustainable competitive advantage in the 21st. century economy.

- **TARGET for Immediate Action**
- **DEVELOP Strategies for Improvement**
- **SUSTAIN Efforts to Insure Progress**
- **REPLICATE this Model Effort**

# Cluster Collaboration

TARGET

DEVELOP

SUSTAIN

REPLICATE

- The single-minded vision of all of the existing clusters to see themselves as a unified team dedicated to improving the economy of the county is worthy of high praise and needs to be replicated again and again as the clusters move ahead.
- This level of connectivity, collaboration, and commitment to changed spending has already received positive attention from both the local press and Washington State officials.
- This ongoing and selfless collaboration among diverse industry clusters is Clallam's greatest economic development achievement to date and remains its strongest foundation for building a sustainable, ViTAL Economy.
- It will be important to take the time to detail the key elements of this successful collaboration to insure that they are preserved as the county moves forward as the economic development model for the entire state.

# Agriculture Cluster Mapping

TARGET

DEVELOP

SUSTAIN

REPLICATE

- The agriculture cluster has done an outstanding job of mapping its resources. We recommend that the work that they have done be used as a model for all of the cluster teams.
- This mapping has resulted in a substantial action plan for a cluster that shows great promise for becoming a valuable component of the county's economic revitalization efforts.
- This mapping has also resulted in a deeper appreciation across the clusters of the assets that agriculture can bring to the table.
- It is important to remember that the mapping process is a dynamic one that should accurately reflect all of the resources that are presently available to the clusters.
- It will be important to consider institutionalizing the process of keeping the cluster maps up to date.

# Forestry Contingency Plan

TARGET

DEVELOP

SUSTAIN

REPLICATE

- The opposition that the Forestry Cluster will continue to face is very real as it tries to increase the timber harvest and preserve cost effective and fire inhibiting best practices that promote forest health.
- If best case projections fall significantly short of reality, the cluster will need a plan for increasing the value per board foot of harvest.
- This plan may include new markets, specialized milling, secondary forest products, and the exploration of higher value uses of the species in the existing harvest.
- The cluster should resolve in this plan whether special forest products belong in this cluster or the agriculture cluster.
- The cluster may want to consider the pursuit of this plan as a sound business practice even if the new Republican Congress and others permit a significantly increased harvest of Clallam timber.

# Agriculture & Forestry Collaboration

TARGET

DEVELOP

SUSTAIN

REPLICATE

- These two clusters have linkages that may benefit from more structured collaboration with each other as they both move ahead.
  - **These linkages include:**
    - The need to maximize the value per acre of harvestable land
    - Special Forest Products whose raw materials would come from the forests but be processed and sold like the lavender and wool by-products of the agriculture cluster.
    - Potential collaboration on “green” cultivation and harvesting practices and the opportunity to become a statewide model of how these practices can co-exist with industry cluster success.
    - Potential collaboration on an environmental education program that could attract students, tourists, researchers and high-profile champions at the state and national levels.



# Marine Cluster Progress

TARGET

DEVELOP

SUSTAIN

REPLICATE

- The recent positive economic development news for this cluster is very encouraging but the next challenge will be to sustain this progress including the following:
  - Insuring that current projects are successful
  - Building strong relationships with WSDOT
  - Support the increase of the Port's competitive advantage
  - Build a strong working relationship with the Port Administration
  - Insuring adequate local training for new marine jobs
  - Insuring adequate housing for new workers
  - Collaborating with the Forestry Cluster on its needs
  - Insuring that the promising Clallam aquaculture industry continues to see the county as a place that can adequately support its growth

# Education & Training

**TARGET**

**DEVELOP**

**SUSTAIN**

**REPLICATE**

- The county's educational and training offerings are important foundations for sustainable economic growth.
- Assembly of new offerings can be a lengthy process involving many levels of government bureaucracy.
- The current shortage of qualified instructors and the need to attract new ones further complicates this problem.
- Plan to support 4- year offerings at the new University Center on the campus of Peninsula Community College.
- Significant gaps in this area can cause potential higher wage workers to leave the area for training and never return.
- Lack of an educated and trained workforce can discourage business relocation to the county.
- It is important that Clallam take immediate steps to identify and fill its most pressing gaps in this area. This will insure that the county has a trained workforce to fill the higher wage jobs that new employers will bring to the area.

# Technology Jobs

TARGET

DEVELOP

SUSTAIN

REPLICATE

- The wage level of high tech jobs is very desirable.
- Clallam offers a lifestyle, natural environment, and network infrastructure that could be attractive to high tech workers and firms.
- A strategy for identifying Clallam's existing high tech job holders must be developed and executed.
- Connectivity and collaboration among this expanded group, who already understands what Clallam's offerings to this sector might be, is an important component of growth in this sector.
- Proper statistical treatment of the role of King County in the Washington State technology picture is important. Otherwise, local expectations may be skewed by the presence of this data.
- Opportunities to attract other high wage technology jobs that are not in the information technology sector should also be pursued with vigor.

# Tourism

**TARGET**

**DEVELOP**

**SUSTAIN**

**REPLICATE**

- Focus on Clallam as part of a regional tourism opportunity that includes both Seattle to the East and Victoria to the West and leverages research that is available about visitors to both of those markets.
- Develop strategies, with the help of local education resources, to leverage Clallam's substantial eco tourism opportunities as leisure, educational and scientific research magnets for the county.
- Establish a long-range strategy to build full-time, year-round, living-wage employment opportunity for tourism industry workers.
- Begin work on both short and long-range plans to decrease travel time to the county by air, land and water while focusing on an in-county experience that is both tourist friendly and efficient.
- Build a visitor package that treats every tourist as a potential economic development resource for the county.
- Develop life style vacation experience packages that connect diverse authentic venues across the Peninsula to increase extended stays.
- Address tourist demand for online booking of vacation experiences.

# Integrated Finance Strategy

TARGET

DEVELOP

SUSTAIN

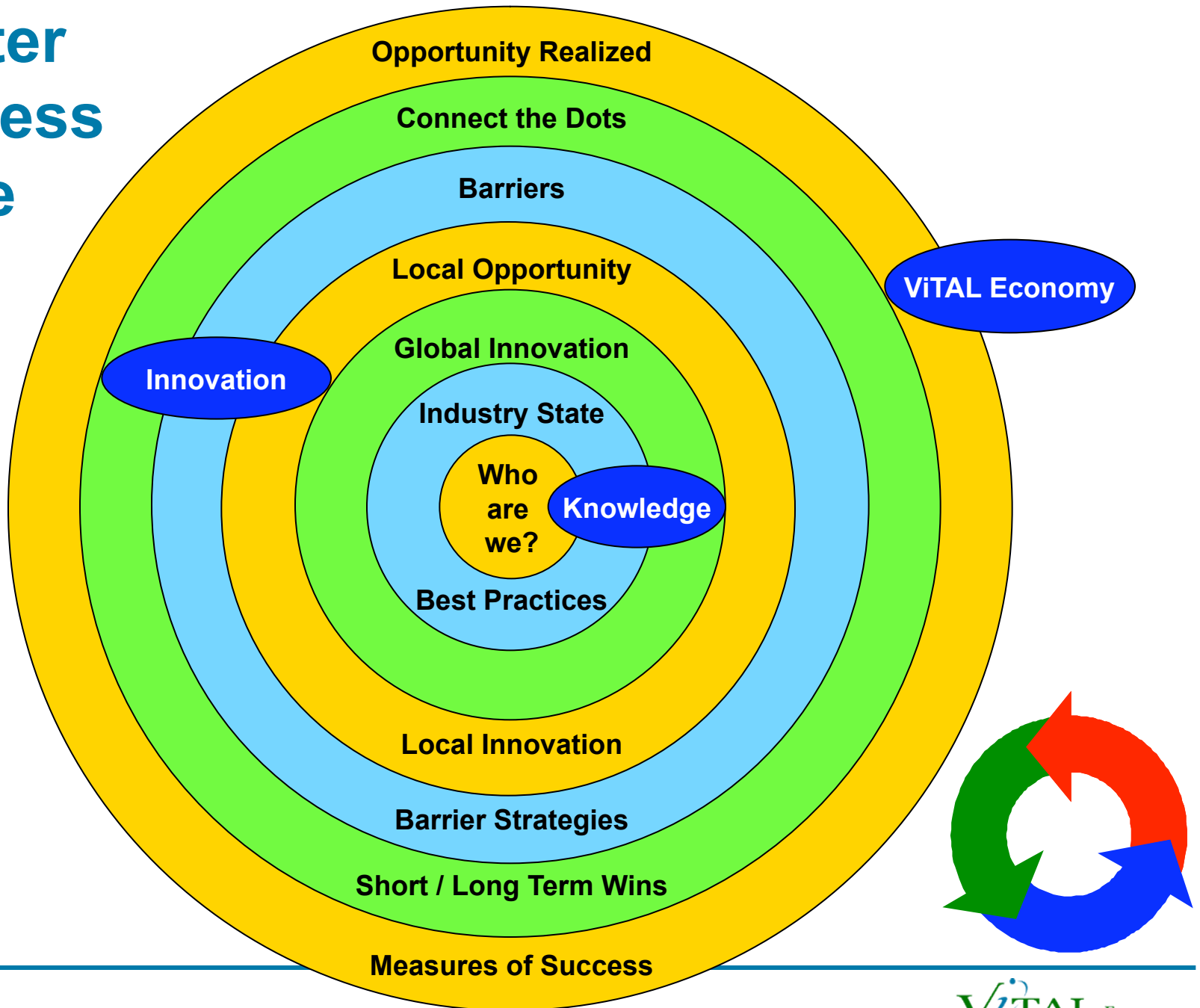
REPLICATE

- The counties entrepreneurial culture has no infrastructure to support its start-up and emerging businesses.
- Access to angel, loan and venture capital is poor.
- Angel investors on the Peninsula are not organized into a network.
- Loan pooling, sale lease-back arrangements and public debt re-financing are not effectively tapped to lower the costs of credit.
- Local entrepreneurs want a more robust local finance facility but local finance institutions are still evaluating its potential impact.
- Experienced management and national support of a local finance facility will be key components of the facility's success.
- An education program needs to be developed to help local finance institutions understand that a local finance facility will supplement their efforts rather than bring unwelcome competition.
- Legal structures for the facility also need to be established.

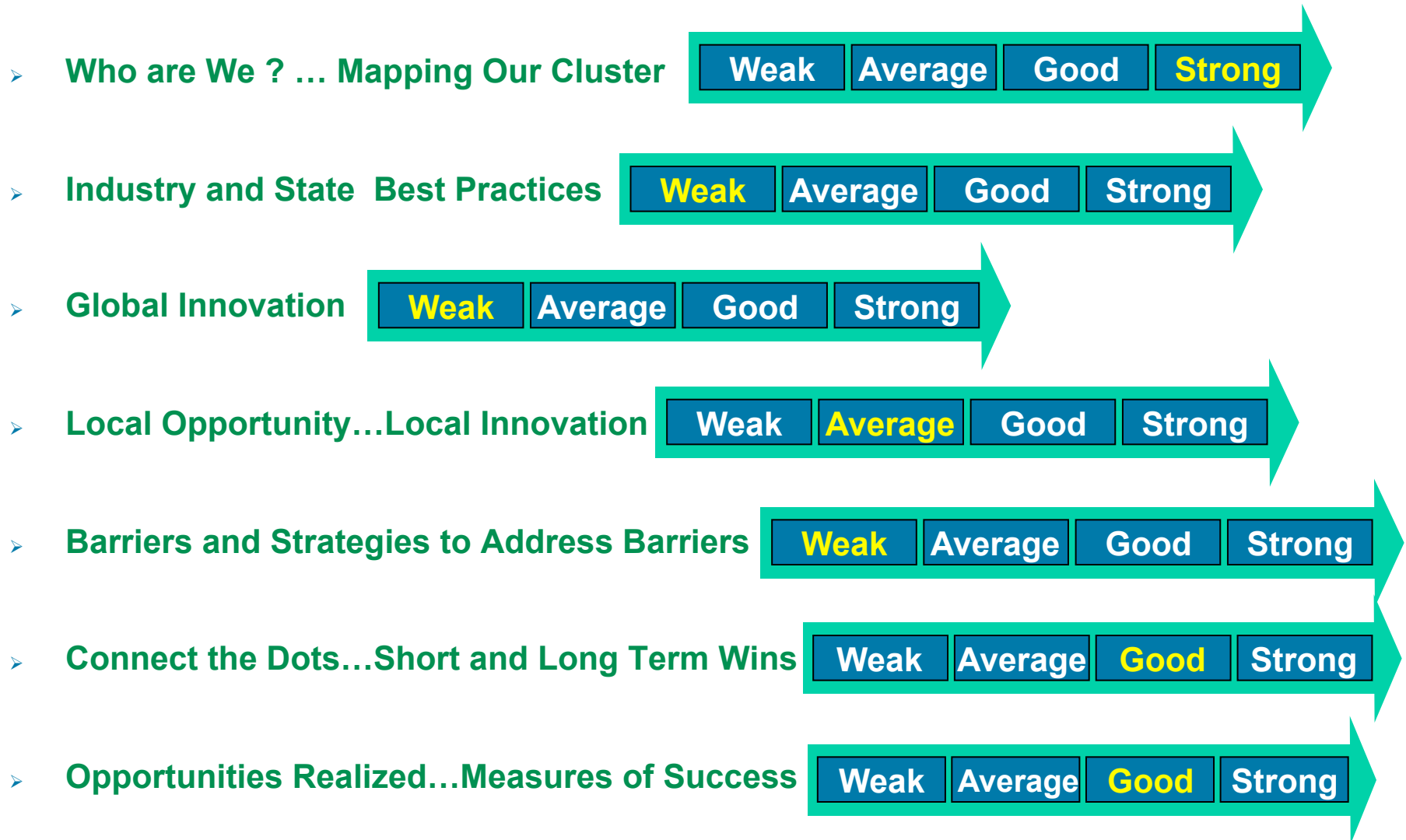
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# Cluster Success Cycle

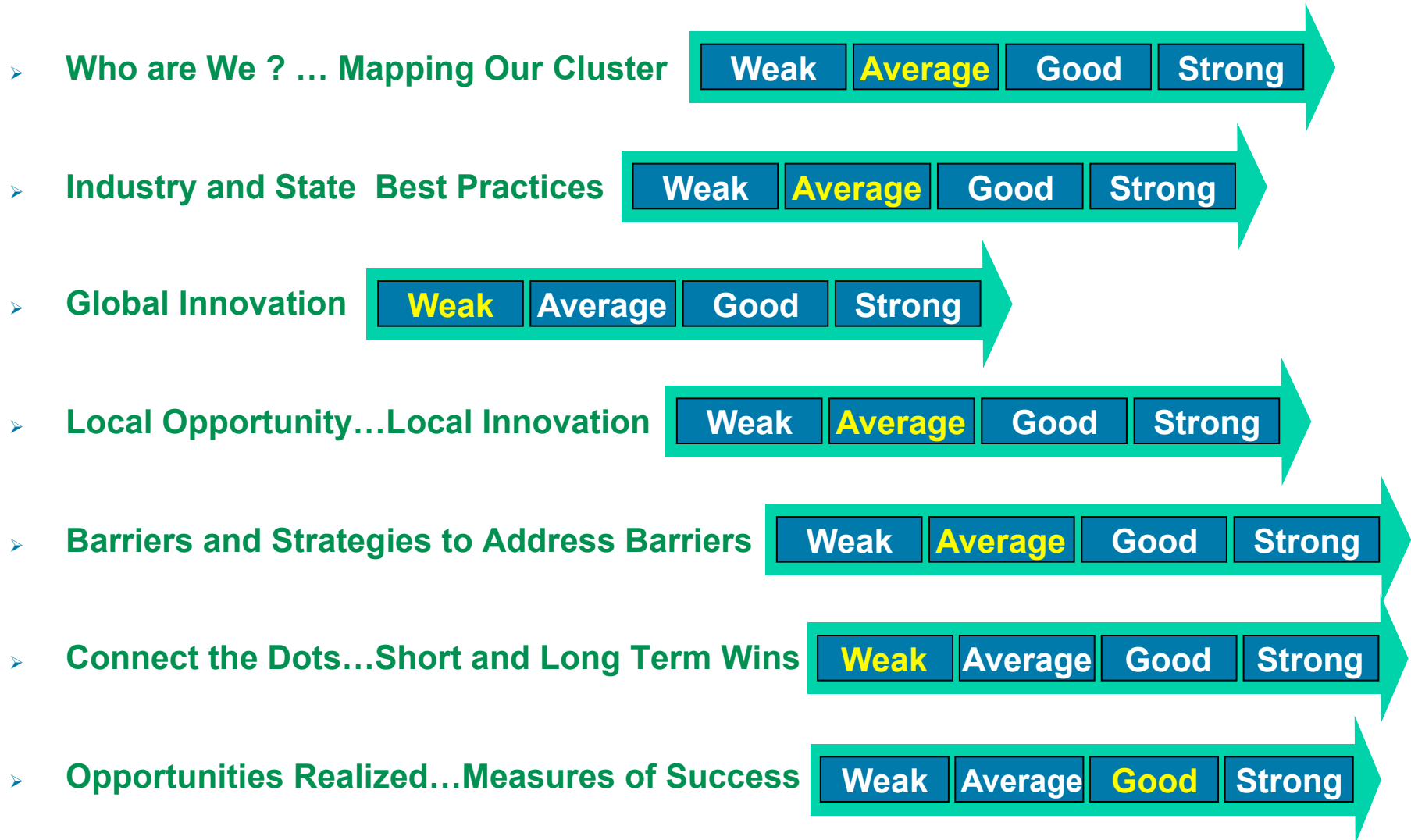


# Agriculture Cluster Status in the VE Cluster Success Cycle





# Forestry Resources Cluster Status in the VE Cluster Success Cycle



# Marine Services Cluster Status in the VE Cluster Success Cycle

Who are We ? ... Mapping Our Cluster

Weak Average **Good** Strong

Industry and State Best Practices

Weak **Average** Good Strong

Global Innovation

Weak **Average** Good Strong

Local Opportunity...Local Innovation

Weak Average **Good** Strong

Barriers and Strategies to Address Barriers

Weak **Average** Good Strong

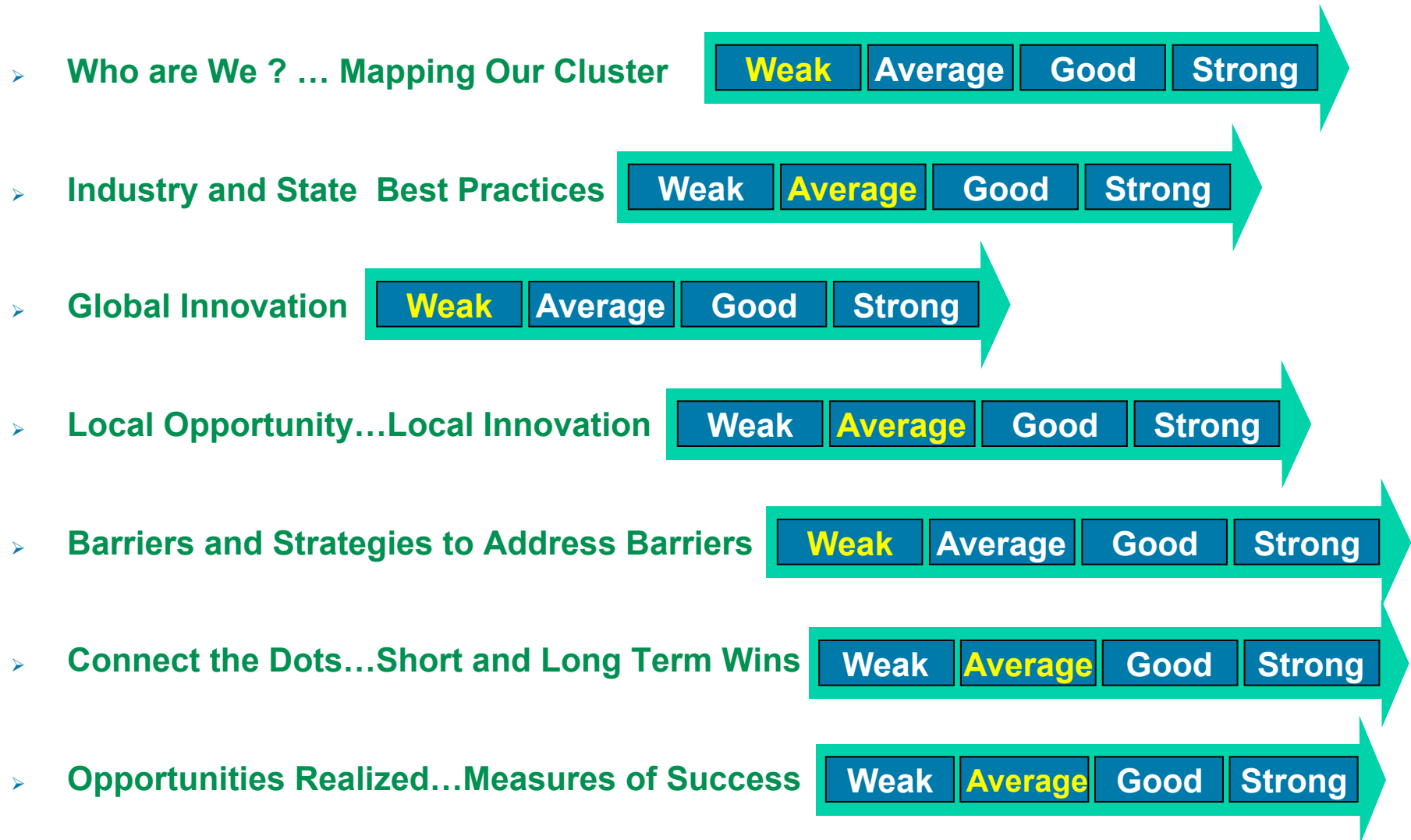
Connect the Dots...Short and Long Term Wins

Weak Average **Good** Strong

Opportunities Realized...Measures of Success

Weak Average Good **Strong**

# Tourism Cluster Status in the VE Cluster Success Cycle



# Education & Training Cluster Status in the VE Cluster Success Cycle



# Technology Cluster Status in the VE Cluster Success Cycle

➤ Who are We ? ... Mapping Our Cluster

Weak Average Good Strong

➤ Industry and State Best Practices

Weak Average Good Strong

➤ Global Innovation

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➤ Local Opportunity...Local Innovation

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➤ Barriers and Strategies to Address Barriers

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➤ Connect the Dots...Short and Long Term Wins

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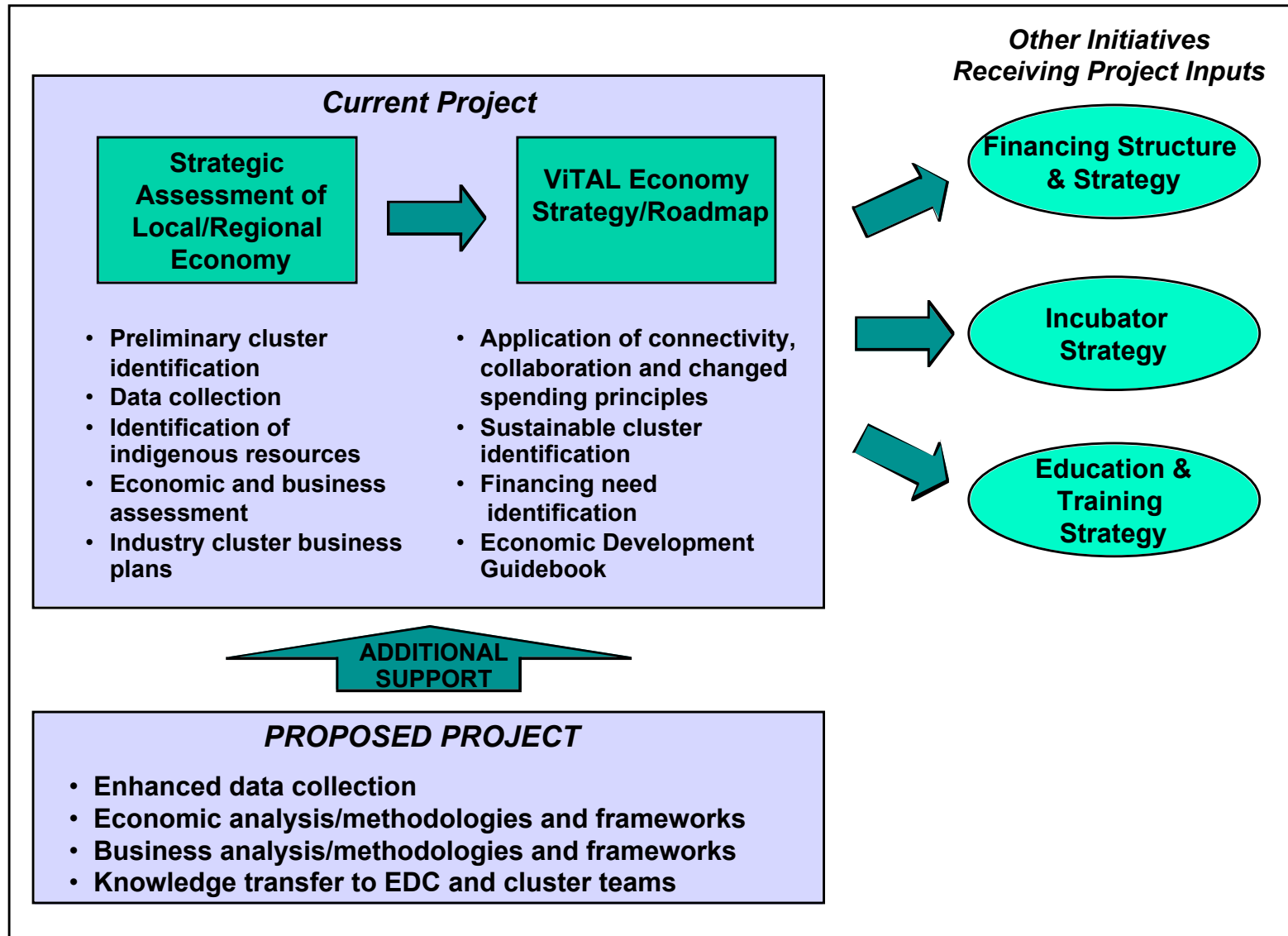
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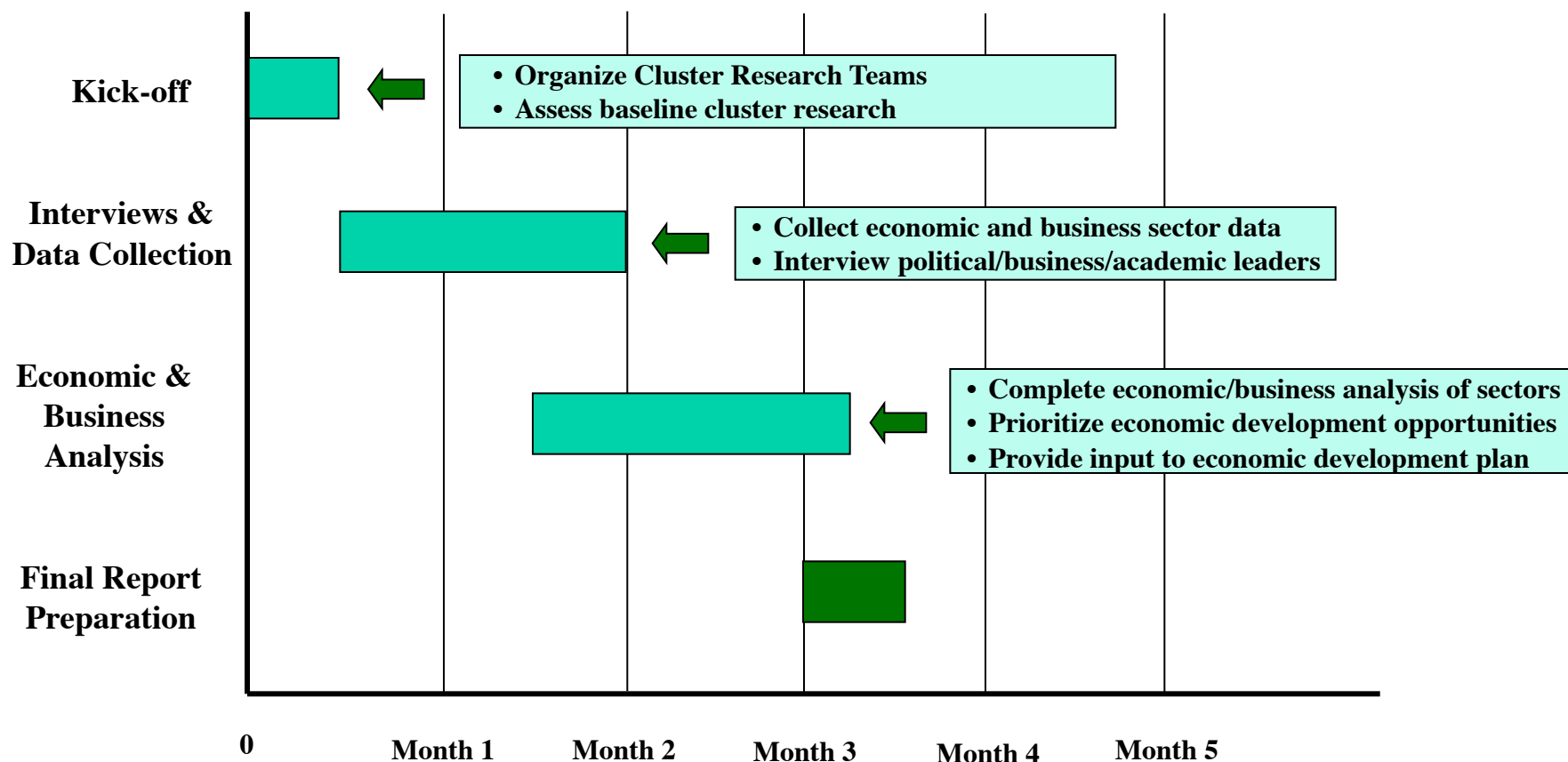
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# Relationship of Current to New Project



# Detailed Economic and Business Strategy Assessment Completed with Each Cluster Team

## RESEARCH AND ASSESSMENT WORK PLAN

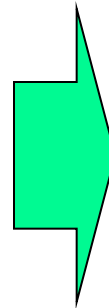




# Assessment and Cluster Strategy Development Supported by Outside Resources

## Issues

- There is a lack of readily identifiable economic and business data at the county and state levels on the industry sectors being examined by local teams
- Local teams typically do not have deep industry knowledge in industry sectors under consideration
- Local teams do not have the required capabilities in economic and business analysis to identify and complete the analysis necessary to identify specific opportunities in each industry sector
- Team members can not devote the time needed to properly collect data and complete the necessary analysis because they have their own businesses or government agencies to operate



## Dangers

- Lack of proper data, limited team capabilities and lack of time is likely to result in missed opportunities
- Lack of rigorous economic and business analysis is likely to result in the promotion of ill-advised economic development initiatives
- In the long-run, this is likely to result in the failure of the economic development efforts

# Rural Economic Success Requires World Class Resources

Regional economic development initiatives need to bring in outside experts who can complete in depth data collection and rigorous, quantitative, economic and business analysis -- these experts should answer the following questions

- What are the local, regional, state, national and international economic and environmental trends that effect each industry cluster, and how do these economic trends effect the investment attractiveness for the industry cluster?
- What are the local, regional, state, national and international business trends that effect each industry cluster, and how do these business trends effect the investment attractiveness for the industry cluster?
- Given the above, what specific opportunities in each industry sector have the best investment potential in the context of the goals of sustainable development and promoting economic development?

# Clallam County Economic Development Goals

Clallam County has goals of reducing unemployment from 6.4% to 5.9% and reducing the wage disparity by \$117 million by 2007

CURRENT	
Wages:	\$25,211
Population:	65,000
Employed:	23,095
Unemployment	6.4%
Total Wages (2007)	\$676.1M

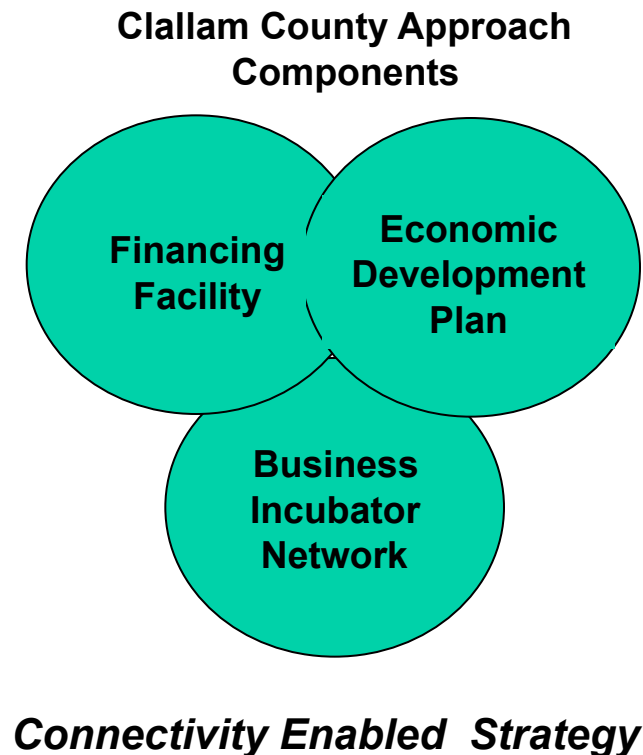


GOALS BY 2007	
Wages:	\$31,250
Population:	70,750
Employed:	25,380
Unemployment	5.9%
Total Wages (2007)	\$793.1M



REQUIREMENTS
<ul style="list-style-type: none"> <li>• 2285 new jobs @ 40K</li> <li>• Upgrade 5000 existing jobs by \$5000 per year</li> </ul>

# Clallam County is pursuing a comprehensive program for catalyzing economic growth comprising an inter-linked economic development plan, financing facility and business incubator



Approach Benefits
<ul style="list-style-type: none"><li>• Approaches economic development from a practical, business standpoint</li><li>• Provides all the components needed to drive economic growth<ul style="list-style-type: none"><li>– economic development strategy</li><li>– sources of new business financing</li><li>– business incubator network</li><li>– connectivity plan</li></ul></li><li>• Insures that all economic development efforts are focused and consistent by linking the financing facility strategy and the business incubator strategy to the economic development strategy</li></ul>