Industry Cluster Guidebook

The Unique Place We Call Clallam County

This Olympic place,

The gentle branches of eternal trees touch me and heal me.

The mountain breezes give me their energy and inflate my soul.

The powerful rivers and wondrous meadows

Instill in me a passion and excitement I thankfully cannot shake.

When I am in this place, I know no fear or anger.

My mind is set free from the puppet strings of society.

Here I can be a human being.

Here I am close to creation, my person is whole, complete.

Deep in these forests, I feel only goodness

And am compelled to be good.

For myself, this place is Olympic

A wilderness traveler - Port Angeles, Washington

Introduction

ViTAL Economy has developed this guidebook as an introductory guide to the formation and management of, as well as participation in, volunteer led industry clusters within the ViTAL Economy based Clallam netWorks economic development strategy. The intended audiences for this guidebook are Clallam Networks industry cluster leadership and cluster participants. This document serves as a reinforcing tool for those trained in ViTAL Economy industry cluster development principles of collaboration, connectivity and changed spending. It can also serve as an introduction into the fundamentals of ViTAL Economy industry cluster development for new volunteers supporting Clallam netWorks.

The table of contents outlines seven chapters of basic information on the Clallam netWorks strategy, its history, current measurable results as of January 2003, and the role of industry clusters within the economic strategy. The guidebook also provides an overview of how to establish and manage a volunteer led ViTAL Economy industry cluster. An addendum to this guidebook provides copies of certain ViTAL Economy process tools and templates used by Clallam netWorks in the successful mapping and development of its industry clusters.

This guidebook is based on the experiences of Clallam netWorks volunteers and the management staff of the Clallam County Economic Development Council (EDC) in adopting the ViTAL Economy strategy in Clallam County. The result is a tailored guidebook that documents the practices and theories of ViTAL Economy, which have most effectively been adopted by Clallam netWorks volunteers in the development of industry clusters that are unique to Clallam County, its resource environment and its cultures.

This guidebook is designed as a stand-alone document that also compliments the Clallam netWorks industry cluster leadership binder developed by the EDC. It is not intended to be a compilation of all strategies, action plans and meeting minutes for any particular industry cluster. This is the role of the industry cluster leadership binder developed by the EDC for use in management and documentation of cluster activities and results. If the user needs more in depth information concerning cluster activity, they should contact the EDC. This guidebook is a reference device that will help cluster leaders and participants stay grounded in the appropriate use of ViTAL Economy process tools for the successful implementation of industry cluster activity.

This document is confidential and intended solely for use by the Clallam County Economic Development Council and the Clallam netWorks industry cluster participants and leaders. The ViTAL Economy tools and processes included in this guidebook are proprietary and confidential to ViTAL Economy, Inc. and Signal Hill Advisors, LLC. Reproduction or distribution of this document without the prior written consent of ViTAL Economy, Inc. and/or Signal Hill Advisors, LLC is prohibited. Any authorized reproduction of the contents of this guidebook must include the copyright protection provided herein.

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I: Clallam Networks 2000-2003

The Clallam Networks initiative has become a model for economic development in rural communities throughout Washington State. Its success to date is the result of a strategic investment by the Clallam County EDC and its funding partners in the adaptation of an integrated strategy for economic development known as ViTAL Economy. The Clallam County EDC is pursuing a comprehensive program for catalyzing economic growth, which comprises an integrated economic and community development plan, financing facility and business incubator.

ViTAL Economy Approach Components

Integrated Finance & Funding Strategy

Economic & Community Development Plan

Business Incubator

Connectivity Enabled Strategy

Overview

• Approaches economic & community development from a practical, business standpoint--we are business strategists first

• Provides all the components needed to drive economic growth
- economic and community development strategy
- sources of new business financing
- business incubator
- connectivity plan

• Insures that all economic development efforts are focused and consistent by linking the financing facility strategy and the business incubator strategy to the economic and community development strategy

It is a strategy that is based on sound business planning techniques, which focus on development of measurable outcomes and benchmarks. This guidebook will help industry cluster participants clearly understand the critical role of industry clusters and their roles as participants and leaders in industry clusters as part of the Clallam netWorks process.

Clallam County Economic Climate and Challenges in 2000

The economic climate in 2000 was anything but rosy in Clallam County. The EDC was looking for a new executive director. The county had just suffered another series of plant closings that left almost 500 high wage earners without jobs. This continuing decline had started in the early 1970's as the forest resources industry was decimated by international competition in

manufacturing and continued through the 1980's and 1990's with the dramatic reduction in timber harvests by 80%.

In May 2000, a local communications company, Fairpoint Communications, sponsored ViTAL Economy into Clallam County. By August of 2000, the EDC and its funding partners entered into a memorandum of understanding to launch a ViTAL Economy initiative in Clallam County. Through a number of community forums and individual community leader interviews, the ViTAL Economy team gathered perspectives on the economic condition of Clallam County and the community's perspective on the future of Clallam County. These community leaders summarized current conditions as follows:
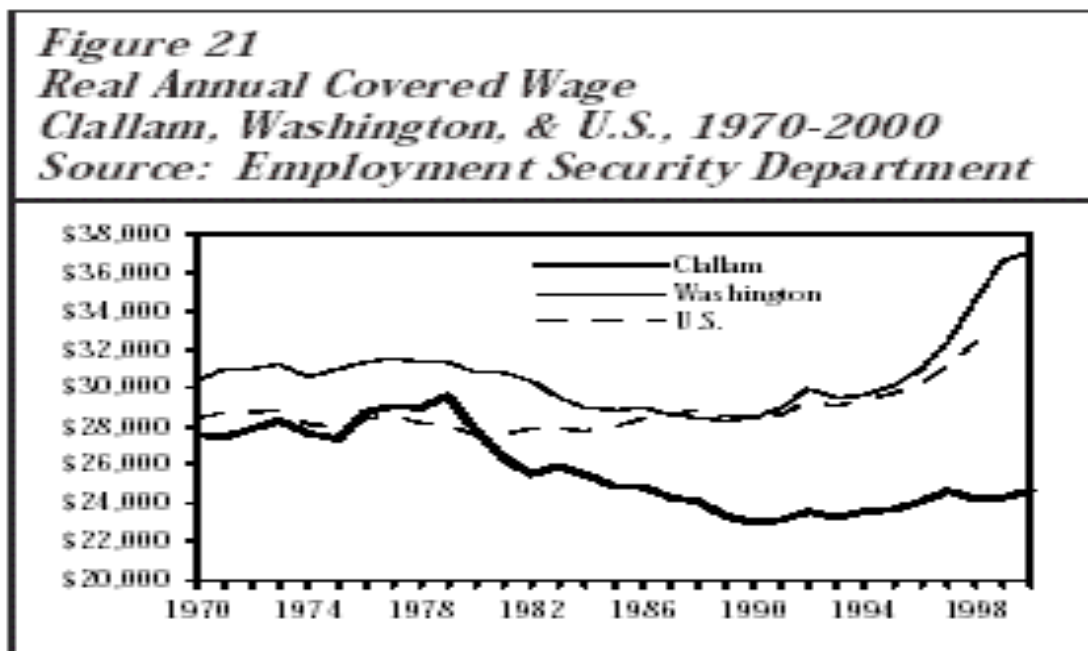
➢ Lack of county wide collaborative behavior

> ➢ East versus West mentality related to geographic separation
> ➢ Split between agencies and taxing jurisdictions
> ➢ Saw each other as competition rather than partners
> ➢ Competing over limited and scarce resources

➢ Culture of dependency and lack of control over economic outcomes

➢ Gradual acceptance of continuous state of economic decline and a limited awareness of the critical need for an economic sense of urgency

➢ Lack of knowledge of economic development assets across county

➢ Lack of an economic development strategy and clinging to old economy behaviors

➢ Economic development seen as the job of government, which resulted in limited private sector or citizen involvement

➢ Location was seen as a liability rather than as a unique asset of significant value

The condition of the finance and investment environment needed to support growth of the local economy and development of new sustainable economic engines was not much better. Community and finance leaders saw significant financial resource and mindset gaps in the county as those listed on the following page.

➢ Debt & Equity Capital for New & Emerging Firms Was Difficult to Obtain

➢ Venture Capital is Non Existent & Foreign To Us

➢ Attraction, Pooling and Leveraging of Angel Capital is Limited

> Financing for Affordable Quality Housing is Difficult

> Limited Micro Loan Availability

> Marine and Tribal Related Financing is Difficult

> Limited Business Access to Revenue Bond Financing

> We are Risk Averse and Opportunity Handicapped

The result of these behaviors created a sustained atmosphere of continuing economic decline, which resulted in the average county wage in 2002 declining from its 1970 level of about $28,000 to $25,000. Clallam County went from approximately 85% -63% of average state wage in 30 years, which is illustrated in the table comparing state and county annual covered wage. This gradual decline has impacted families, healthcare, education, and criminal justice in extraordinary ways. Public jurisdictions have seen a significant decline in their tax revenues

Figure 21
Real Annual Covered Wage
Clallam, Washington, & U.S., 1970-2000
Source: Employment Security Department

largely based on a resource extraction dependent economy. Community leaders decided that a new economic development strategy was needed to address the long-term issues facing Clallam County. Sustainable changes in economic and community development results were needed.

Five-Year Economic Strategy Goals and Progress Report

The focus of the five-year strategy was the creation of a measurable goal in which all elements of the economic and community development planning process could see the role they played and how there role was integral to accomplishment of the overall goal. This allowed each current or future industry cluster team to understand how they should prioritize their action plans to help the overall economic goal be achieved. The strategy integrated the focus of the Incubator and Skills Center and the integrated finance structure.

The result of this integrated economic and community development strategy was the development of measurable goals that would increase job opportunity at both ends of the economic spectrum and would generate increased wages by $210 million per year in the Clallam County economy. A picture of the resulting impact is provided below. This would be achieved by raising the average wage from $25, 211 in 2002 to $31, 250 by 2007. The average wage, instead of falling to 59% of average state wage at the current rate of decline, will rise to 69% of average state wage in 2007. This will result from the creation of 2,285 new jobs at an average wage of $40, 000 per year and increasing the average wage of the lowest wage earners by $5,000 per year. The graphic describing this strategic goal is found in Chapter IV of this guidebook.

Progress towards these goals since 2001 has been significant. Changing the bricks and mortar as well as the culture of an economy is not an easy task. Despite the many past and current obstacles both in and out of the control of Clallam County leaders there is a new sense of optimism across the county. There is a belief that the average citizen, business and local community can take control of and have a positive impact on their shared economic destiny.

On October 31, 2002, industry cluster leadership of Marine Services, Forest Resources, Technology, Agriculture, Tourism and Education and Training presented to the Clallam netWorks leadership and the EDC executive committee cluster project priorities representing $605 million in economic impact and the creation of 1,325 new permanent jobs. As of February 2003 the community partnership of Clallam netWorks has brought to fruition thirteen projects totaling $41, 715, 000 in current economic project value. These projects will provide 535 new jobs paying an average wage of $44, 242 per year. The sustained economic impact of these projects on the Clallam County economy is estimated to be $32, 537, 936 per year.

II: What are Industry Clusters

It is important for cluster leaders to understand the priority role that industry clusters play in the Washington's economic strategy. This chapter will highlight the state's commitment to industry cluster development and describe the difference between traditional and ViTAL Economy industry cluster development.

<u>Industry Cluster Strategy in Washington</u>

Washington State's Department of Community, Trade and Economic Development (CTED) assists in building and sustaining strong social, environmental and economic foundations for Washington, by providing funding and services to local governments, community organizations, and businesses. CTED believes that the economic success of Washington's diverse regions will depend largely on the competitiveness of the key industry **"clusters"** within each region.

Industry clusters are geographical groupings of companies, their suppliers, and the institutions that support them. The formation of clusters allows Washington's regions to leverage their own unique assets to create greater prosperity. In 2001, Dr. Paul Sommers completed a study of economic trends and potential strategies for six of Washington's key industry clusters. The report, available at http://www.oted.wa.gov/PDF/clusterreport.pdf, also identifies a number of other clusters present in the state.

CTED will focus its economic development efforts to help strengthen existing clusters and to nurture emerging clusters so that the competitive advantages of each region of Washington can be fully realized.

<u>CTED will identify and support Washington's industry clusters by:</u>

➢ Continuing to build upon Dr. Sommers' research to identify and characterize Washington's key industry clusters and to assess their needs.
➢ Working with other state agencies and industries within each cluster to gain detailed information on the collective needs of businesses within each cluster.
➢ Forming internal teams to deliver CTED services to meet the needs of each cluster.
➢ Coordinating delivery of state assistance to help strengthen existing and emerging clusters.
➢ Working with the Governor to implement the Industries of the Future Initiative.

CTED will support existing regional cluster efforts by:

➢ Forming internal teams to deliver CTED services to assist these efforts.
➢ Working with other state partners to coordinate assistance to ongoing efforts.

CTED will ensure communities are fully prepared to support cluster development by:

➢ Working with local communities in each region in pre-development, development, and infrastructure activities.
➢ Facilitating community to business interactions and relationships.

ViTAL Economy Industry Clusters versus Traditional Clusters

A traditional industry cluster is a geographically proximate group of interconnected companies and associated institutions in a particular field, including product producers, service providers, suppliers, universities, and trade associations. Clusters arise out of the linkages or externalities that span across industries in a particular location.

Traditional cluster analysis tells us what defines a cluster based on historical definitions of capacity, and then advises us if we have sufficient ingredients to successfully develop such a cluster. Most rural communities would never have in place a sufficient critical mass to meet the minimum requirements for success as stipulated by traditional cluster analysis.

ViTAL Economy defines a cluster based on a community's own indigenous strengths by applying social network analysis to a place. We do not pre-determine what clusters are before we have analyzed what makes a community unique. ViTAL Economy cluster analysis is biased towards action. It defines in a tangible way what success should look like, how it should be achieved and how it should be measured. ViTAL Economy cluster analysis does not pre-judge a communities ability to successfully develop an industry cluster based only on comparative critical mass analysis.

ViTAL Economy industry clusters establish core value linkages both within and across industry sectors. These linkages creatively leverage the indigenous strengths of a region. Clusters are assessed and prioritized in a collaborative process which insures that the critical challenges and opportunities of a region are continually addressed. Strategic connectivity thinking, collaboration, changed spending, integrated financing and information exhaust opportunity analysis defines successful ViTAL Economy Industry Clusters.

The research approach to ViTAL Economy industry cluster analysis uses a business strategy focus based on economic and business attractiveness of a cluster. It develops a prioritization of viable business development opportunities based on experienced political, economic and business data collection and analysis. These opportunities then form the basis for achieving the long-term goals of the economic strategy plan including a plan for managing sustainable economic and organizational change.

III: ViTAL Economy Process and the Role of Industry Clusters

Success in developing a vibrant and sustainable industry cluster within Clallam netWorks requires an understanding of how a ViTAL Economy community thinks about economic strategy and what the role of industry clusters are within such a strategy.

<u>Defining a ViTAL Economy and its Fundamentals</u>

A ViTAL Economy community is a global town square, which enhances quality of life and provides local, regional, and, global access to the resources, and relationships that are needed to compete in a 21st century marketplace *anytime and anywhere*!

ViTAL Economy fundamentals seem so simple but they are difficult to achieve. They require strong commitment and the help of experts who know how to combine them into a unique formula for the success of your ViTAL Economy initiative. Every economic transformation has brought with it fundamental changes in the way we connect and manage resources. Collaboration, connectivity, and changed spending provide the framework that can guide us through the economic transformation we are experiencing today.

COLLABORATION is the essential behavior and management style of a ViTAL Economy. It replaces our desire to control information and resources for our own benefit with a determination to share information and resources for the benefit of all. Our values are no longer part of a secret strategy for our own success but beacons that illuminate a shared vision for a more vital economy. It is the recognition of our interdependence. It is the realization that our interdependence is not a weakness but one of our greatest strengths. Collaboration brings out the best of who we are as individuals, businesses, and communities. It is the essence of how we will lead and manage in a ViTAL Economy.

CONNECTIVITY is the essential enabler of a ViTAL Economy. It is a connectivity that goes beyond infrastructure. It is a connectivity that does not rely on "field of dreams" thinking that "if we build it, they will come". It is strategic connectivity built on a collaborative process that envisions the tangible benefits of new applications and services that go beyond recreational use to fully support new ways to live, work, learn and govern. Connectivity is a mindset focused on connecting human and information resources in new and better ways for the economic benefit of all.

CHANGED SPENDING is the fuel that funds a ViTAL Economy. It is built on the realization that funding drives behavior. In business, employees will concentrate on that for which they are compensated. The same is true for governments. How many of us have seen the promise of a new direction fall by the wayside because budgets did not correspond to policy rhetoric? In a ViTAL Economy, our spending priorities change. They are focused on a shared vision for a

brighter future. They are also crafted to share the risk across a growing pool of stakeholders. Changed Spending is the way we measure success in building a ViTAL Economy.

Industry Clusters within a ViTAL Economy Initiative

The use of industry cluster strategies to improve economic development outcomes has largely been associated with large metropolitan communities. It wasn't until 1997 that the U.S. Department of Commerce was able to document the significant presence of naturally forming industry clusters in rural markets. The study documented that workers in rural industry clusters earn about 13% more, on average, than other rural workers with the same education and experience. What is most intriguing about the studies findings for Clallam County is that those in their 20's and 30's seem to benefit most from this wage premium. And, of the 18 industry segments studied, food processing and lumber and wood products benefited most from a cluster strategy. This would seem to imply particular relevance to the agriculture and forestry clusters. The key reason that industry clusters raise local earnings is the significant rise in productivity resulting from economies of scale and the building of critical mass through collaboration and connection of service and production resources that serve a more diverse set of customers.

Within a ViTAL Economy initiative industry clusters represent the essence of collaboration. They are a natural and measurable way to break down barriers that have artificially separated resources, which if connected provide a critical mass upon which to build expanded and more efficient economic opportunity. Industry clusters are the action vehicles through which community resource teams can apply ViTAL Economy fundamentals and processes in ways that have direct positive impact on their interests, while they learn how to work in a shared interest environment. Industry clusters build long-term understanding of how interdependence and collaboration are more effective than continuing a culture of independent behavior.

Clallam netWorks believes that industry cluster development will result in collaboration among like minded firms within an industry - and even across industries - form alliances and increase capabilities to accomplish that, which may not be achieved by acting alone. The majorities of firms in rural areas, such as Clallam County, are small and lack the financial backing and skills needed to compete in a global economy. A focus on the community's unique assets and missing links will encourage local business expansion, stimulate startup of new companies and attract new investment. Clallam County is focusing on development of industry clusters to achieve some of the benefits listed below.

➢ Greater economies of scale from productivity to marketing to buying power
➢ Information sharing
➢ Creating a diverse pool of skilled workers
➢ Adding value to products and services
➢ Sharing information
➢ National and international recognition

Connecting Opportunity Across Industry Clusters

A core function of industry cluster teams in a ViTAL Economy initiative is to continually look for ways to connect resources to increase opportunity and create a sustainable competitive advantage for a local community. Clallam netWorks will be most successful in the long term if cluster leaders and participants focus on the identification of such opportunities by reaching beyond their own cluster to connect with resources in another cluster. Clallam County has already realized the benefit of this collaborative approach.

The leaders of the tourism cluster have discovered the significant value the Agriculture cluster brings to the Olympic Peninsula tourism experience. The Education and Training cluster has worked with the Marine Services Cluster to identify training expenditures by private companies that were leaving the county and are now being transferred back into the county. The technology cluster has been partnering with the Forest Resources cluster in conjunction with industry research outcomes to develop new national and international technology business opportunities around forest resource knowledge developed historically within Clallam County.

Connecting the dots of cluster resources has been a critical component in Clallam County's ability to attract major economic development projects in the Port of Port Angeles, which will generate hundreds of new high value jobs for years to come. Each cluster was able to identify how major economic project wins for the Marine Service cluster would translate into opportunities for Forestry, Tourism, Education & Training, Technology and Agriculture. Cluster participants and leaders were also able to measure how a specific project win in one cluster aided all of Clallam netWorks. They were able to see how the overall economic strategy goals of job creation, reduction in county versus state wage disparity, and increasing the ratio of private healthcare insurance coverage for the local healthcare system could be addressed by such wins. In a rural marketplace, such as Clallam County, the sharing of resource capacities across clusters is critical to building sustainable economic advantage. No cluster can succeed by standing alone.

IV: Establishing Industry Clusters within Clallam netWorks

Industry clusters are a critical element of the Clallam netWorks strategy. It is important for cluster participants to understand how a focus on industry cluster development evolved, as well as how industry cluster priorities are established within Clallam netWorks.

Clallam Networks Vision and Goals

On July 19, 2001, the EDC's executive director, Jim Haguewood presented preliminary observations and a draft strategic work plan for development of an economic and community development strategy for Clallam County based on ViTAL Economy principles. This work plan was the result of hundreds of interviews conducted with community, government, and business leaders as well as citizens throughout Clallam County since the fall of 2000 facilitated by ViTAL Economy in conjunction with the leadership and management of the EDC. The initial vision for Clallam Counties economic and community strategy was the following:
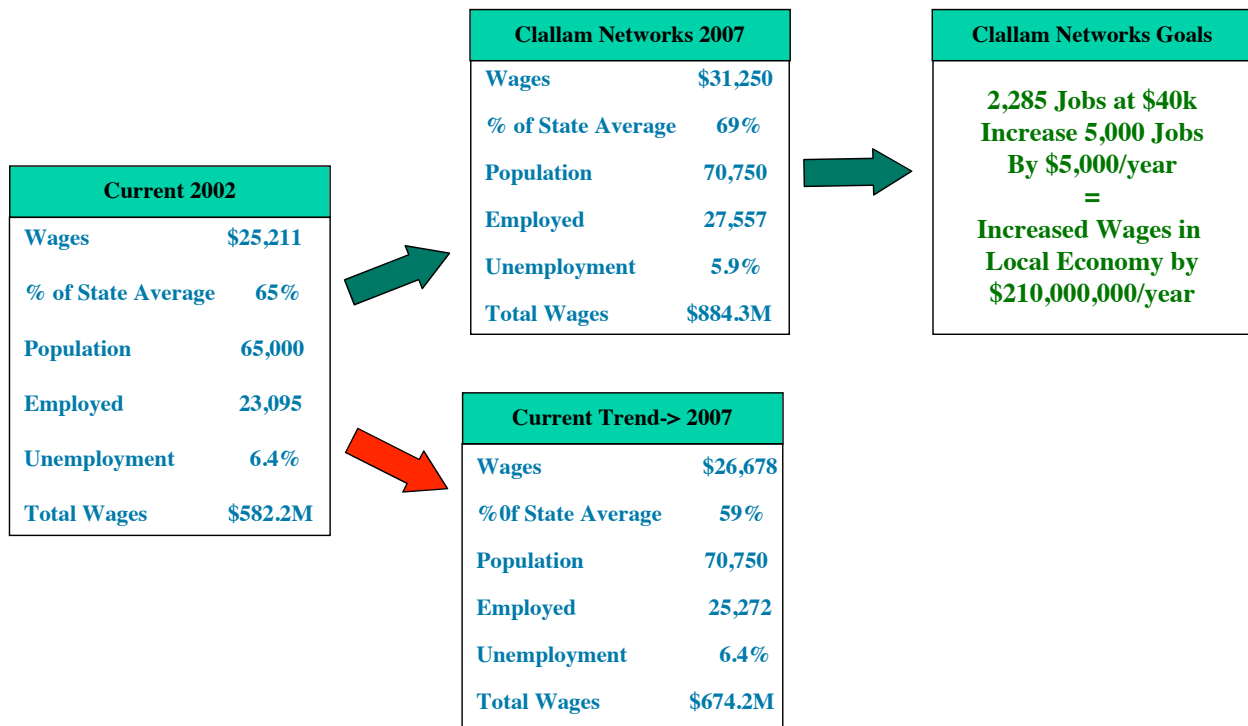
"Create a connected and interdependent community in business, government, education and healthcare to improve economic opportunities and enrich the life of each and every citizen."

The draft work plan outlined a strategy for success based on six key elements. These six areas of focus formed the basis for approval of the launch of Clallam Networks

- ➢ **Focus on development of teams around industry clusters for growth segments identified by the community that leverages our uniqueness.**

- ➢ **Create Issue/Action teams around critical infrastructure challenges in Port Angeles, Neah Bay, Sequim and Forks that will impede positive growth.**

- ➢ **Develop an integrated financial infrastructure to support short and long-term debt and capital needs of the private sector.**

- ➢ **Focus on development of extended stay life style tourism experiences that leverage the unique natural environment assets of the North Olympic Peninsula, and which are entertaining, educational, and interactive.**

- ➢ **Benchmark health service demographic ratio of Medicare and Medicaid versus private payer reimbursements as a barometer of quality wage growth and wealth creation.**

- ➢ **Make sure that all actions, as much as possible, integrate the interests and capacities of the county as a unified community of interest.**

Clallam netWorks was officially launched in September of 2001 with a priority focus on development of a measurable five year strategy plan to reverse 30 years of continuous economic

decline in Clallam County. This strategy included the development of six industry cluster teams, the development of an Incubator and Skills Center business plan and the development of an integrated finance strategy assessment from September 2001 through March 2003. By June 2002, the EDC and the Clallam netWorks steering committee had adopted a specific set of measurable economic goals that would be accomplished by 2007. These goals are best communicated through the exhibit below, which depicts the result of continuing Clallam County's 30 year economic trend versus moving forward with the Clallam netWorks goal of high value job growth and development of family wage jobs at the lower end of the employment spectrum.

Current 2002	
Wages	$25,211
% of State Average	65%
Population	65,000
Employed	23,095
Unemployment	6.4%
Total Wages	$582.2M

Clallam Networks 2007	
Wages	$31,250
% of State Average	69%
Population	70,750
Employed	27,557
Unemployment	5.9%
Total Wages	$884.3M

Current Trend-> 2007	
Wages	$26,678
%0f State Average	59%
Population	70,750
Employed	25,272
Unemployment	6.4%
Total Wages	$674.2M

Clallam Networks Goals
2,285 Jobs at $40k Increase 5,000 Jobs By $5,000/year = Increased Wages in Local Economy by $210,000,000/year

Prioritizing Industry Cluster Focus

The draft strategy plan presented on July 19, 2001 recommended the formation of industry clusters around assets that were identified by people interviewed as part of the initial economic assessment conducted by community led ViTAL Economy assessment teams. These recommendations were then compared to the industry cluster research analysis previously conducted by Dr. Sommers on behalf of CTED. The board of directors of the EDC approved the establishment of six initial industry cluster teams. These were Marine Services, Technology, Agriculture, Tourism, Forest Resources, and Education & Training Centers of Excellence. A Finance Cluster team was also formed to work with ViTAL Economy on the development of a strategy for establishing an integrated finance structure within Clallam County. Since the formation of these initial cluster teams community volunteers have self-initiated the formation of two more industry cluster teams focused on Aviation and Healthcare.

Industry cluster teams establish priorities by defining what constitutes their cluster, mapping resources of the cluster that are unique to Clallam County and then conducting local, regional, national and international research regarding trends within the industry covered by their cluster. Once this economic trend analysis is underway cluster teams are able to make informed judgments regarding trends that could lead to viable action plans and projects that will create economic growth and improve Clallam County's quality of life. Following ViTAL Economy's Value Linkage Process, which is depicted in Chapter VI of this guidebook, prioritizes cluster actions. Action Plans are developed by project teams within the cluster and presented to cluster leadership. These action plans are then evaluated and prioritized for resource commitment by the Clallam netWorks steering committee and sent back to the cluster teams for implementation.

How Industry Clusters Deliver the Promise of Clallam netWorks

Industry clusters are a critical element in assuring that Clallam netWorks is successful. Cluster teams put into action the project plans that enable measurable goals to be accomplished. Cluster teams are also the location within the Clallam netWorks process, where community leaders become familiar with ViTAL Economy thinking and behavior. The ultimate goal of Clallam netWorks is the transformation of the Clallam County from an economy based on traditional industrial attraction towards an economy that is knowledge based and led by connected and collaborative citizens, who are committed to building a ViTAL Economy community. This ultimate goal will only be realized through a disciplined process of business plan development based on the ViTAL Economy Industry Cluster Development Process depicted on the following page.

The ViTAL Economy Industry Cluster Development Process
an increasingly focused economic development process that sustains the efforts of community volunteers with proven methods and business practices

Grow New Businesses

Startup New Businesses

Secure New Business Financing

Select New Businesses to Implement

Research Markets & Business Cases

Define Potential New Business Areas to Pursue

Define Value Linkages and Measures of Cluster Success

Select Leaders, Form Cluster Teams, Map Cluster Assets

Identify Potential Clusters and Business Financing Gaps

Envision the Industry Cluster Process with Community Volunteers

V: Establishing a ViTAL Economy Industry Cluster

Forming a Cluster and Participant Development

The first step in any ViTAL Economy activity is the formation of a collaborative team to guide the activity. Forming a successful industry cluster requires that cluster participants follow a simple but systematic process that will establish a clear path for the productive participation of cluster volunteers. The formation of a cluster should follow the process outlined in the first four steps of the eight steps for managing change.

Step 1 – Establish a sense of urgency for the cluster to be formed
A cluster must have its own sense of urgency separate from the overall sense of urgency established by the community wide economic strategy plan. A core group of champions must believe in the importance of this sense of urgency and be willing to recruit others to the cause.

Step 2 – Form a powerful guiding coalition for the cluster
An industry cluster is composed of a cross section of customers, suppliers, distributors, product or service providers, raw material producers, logistic services, etc. It is the job of the cluster leaders to develop an initial guiding coalition that is representative of the industry cluster. This initial coalition has the responsibility of mapping the cluster, defining the dimensions of the cluster and recruiting cluster participants. This coalition is a community of interest that acts and functions like an integrated marketplace rather than a committee of special interest individuals.

Step 3 – Create a vision for the cluster
The industry cluster participants must develop vision of the future for the cluster that integrates with the overall Clallam netWorks vision. This vision is not what the cluster is today, but what it wants to become tomorrow. The vision should be succinct and powerful enough that others interested in this industry cluster will be attracted to working within the cluster to assure successful achievement of the vision.

Step 4 – Communicate the cluster vision
Each cluster will need a large base of community support for implementation of its cluster action plans. Ensuring that a wider and wider base of constituents understands the importance of the cluster vision is critical to increasing the level of participation in the cluster and the external support for cluster action plans. Every cluster participant needs to be a vision communicator.

Cluster Leadership Roles and Responsibilities

Cluster leaders are responsible for organizing the cluster, communicating the vision of the cluster, recruiting cluster participants, and assuring implementation of cluster actions and achievement of the cluster vision. Cluster leaders are also responsible for maintaining the connection of cluster activities to the overall activities of the Clallam Networks strategy.

Managing Cluster Volunteers

Cluster volunteers are not employees and should not be managed as if they were employees. They are volunteers making a sweat equity investment in the future economic well being of themselves, their family, their organization, and their community. Successful management of volunteers requires that cluster leaders and EDC staff understand the motivation of each volunteer and treat their volunteer commitment as an important asset deserving of a measurable return on investment.

One of the ways to document these motivations is to ask each cluster volunteer, what they want to see achieved as a result of their efforts for the cluster to warrant a priority commitment of 18 months of their volunteer time to the work of the cluster. Benchmarking and documenting these motivations will enable cluster participants to better understand each of their motivations and how each individual motivation is connected to achievement of the cluster vision.

Enthusiastic volunteers are subject to burnout and frustration. The way to minimize this occurrence is to make sure that each participant is focused on an action plan that has specific interest to him or her. When the action plan has been completed connect the accomplishment of the action plan back to the participants stated motivation for cluster involvement. Make sure that cluster participants are not overloaded with too many action plans.

Cluster volunteerism can be more easily maintained, if the cluster participant understands that they are learning new skills that are transferable to other parts of their personal or professional life. Providing leadership-training skills at each level of new involvement within the Clallam netWorks process for the cluster participant is a valuable incentive for continued participation.

The most important role of a cluster leader is to make sure the work is organized and documented and participants are rewarded and thanked for their participation. Some easy steps in organizing work are the following simple phrases, establish the cluster work plan, assign responsibility for work plan action plans, monitor and measure action plan progress, document and communicate results on a regularly scheduled basis, and reward participants for results. Always remember that sharing the credit will win far more support for the work of the cluster than only reserving credit for success to cluster leaders.

Clallam netWorks Industry Cluster Work Plan

The Clallam netWorks economic development process is an ongoing strategy to increase wealth in Clallam County. By connecting current assets in new ways, we leverage what we currently have to increase opportunity for growth and expansion. Clallam netWorks is an industry led, market driven, economic engine to move Clallam County into the 21st Century. Working together we are making a difference. The industry cluster work plan to achieve this is outlined below.

Step One: Assess industry interest and support

A key leader must recruit industry leaders from various sectors of the industry for an initial meeting. During that initial meeting the EDC will review the Clallam netWorks process for industry economic development. By the end of the first meeting the key leader should initiate a call to action. Finally, future meeting times and place for the team to start work should be agreed upon.

Step Two: Industry Team Work Plan

➢ INDUSTRY CLUSTER TEAM: Team building is an ongoing process. It's important to have active participation for most or all of the sectors identified. Teams can be as large as you can build them because later in the process smaller "action teams" will form to tackle specific action items.

➢ BOUNDARY: Discuss the geographic boundary that your team will represent

➢ VISION: Begin the discussion about a vision for your industry cluster. Record where you see the industry in one year, five-year and ten years and revisit the vision as mapping evolves.

➢ MAPPING: Identify all industry sectors within the cluster boundary and begin mapping what assets currently exist on a spreadsheet. Within each sector, be specific by listing company names, services, etc. (The EDC will provide the mapping spreadsheets)

➢ INDIGENOUS RESOURCES: By listing indigenous resources on a spreadsheet you can find unique competitive advantages for your industry cluster within your identified boundary. (The EDC will provide the spreadsheets)

➢ KEY INDICATORS: Key economic indicators will be used to assess the current health of your industry cluster. Historic trends for each indicator are needed to see the trend the industry cluster is facing. These indicators will be watched as action items are implemented to measure the impact. Identify 3-5 indicators that may already be tracked by someone within your cluster and take advantage of work already being done.

➢ DEFINE ECONOMIC VALUES AND OPPORTUNITY: Using the industry cluster mapping and your data research, determine the dollar value of the industry cluster within your defined boundary as it exists. Next, define the capacity of all the current assets in your industry cluster. Put both of these in dollar values. The difference between the current value and the value at capacity is the measurable economic potential of your cluster. Economic opportunity also includes changed spending behavior, one of the three fundamentals of a ViTAL Economy approach to economic development. The action plan needs to communicate and document the positive impact of changed spending in unleashing old economy spending patterns for investment in ViTAL economy behavior. These documented economic values build a story the community can understand regarding the value of your industry cluster.

➢ IDENTIFY BARRIERS: During the course of your work, barriers will be brought up in conversation. Record these and spend some time focusing on the barriers to expansion or change in your industry. This list will be a source of action items as issues arise. The EDC staff will reintroduce the Value Linkage Process to facilitate progress on each barrier through development of a strategy to address each barrier.

➢ ACTION PLANS: Ideas for action items will surface during most every meeting you have. Keep a running list of these to use at this point. Mapping, indigenous resources, key indicators, economic value and barriers are all fertile areas for seeing new ways to connect what your industry currently has to create an economic opportunity. Form action teams around action items and began an outline for building a business case to support implementation of the action item. At this point, you should have a dollar value for each action item for the cost of implementation and a dollar value for the economic value of actions completed.

Step Three: Progress Report

At this point, the EDC will provide a progress report outline for the team to complete for the Clallam County Economic Development Council's Board of Directors. This represents a snapshot of your industry cluster and the work of the team. Team members by industry sector, vision, mapping, indigenous resources, key indicators, economic values and opportunities, barriers and at least two action plans represented by a brief business case will be needed for the progress report.

CONGRATULATIONS!
Upon presentation of the Progress Report you have successfully completed the first phase of the Clallam netWorks process for economic development using industry clusters. The Progress Report will be evaluated by the steering committee of Clallam netWorks. Recommendations for prioritization of action plans within the cluster and identification of opportunities for collaboration and connection of resources across clusters will be identified by the steering committee. Recommendations for priority focus of the industry cluster will be provided to the cluster leaders as a basis to move forward into Phase Two of the Clallam netWorks work plan.

Phase Two of the Clallam Networks Work Plan

➢ Build teams around each action item and create a business case for success
➢ Implement short term wins to gain momentum and support
➢ Increase industry research; locally, regionally, nationally and globally
➢ Evaluate industry research and craft a long-term strategy for your industry that ties to the economic strategy for Clallam County and the Olympic Coastal Region
➢ Remember the Process: Identify the issue; define the action; recruit the team that has a stake in the action being accomplished. Celebrate the success!

Steps to remember in managing the ongoing work of an industry cluster team

- ➤ Set a regular time and place for your meetings. Industry clusters are beginning to meet in their industry environment. (Aviation at the airport, Technology at the 8th Street Tech Center, Health Care at OMH etc.) The boardroom at Bank of America that is used by the EDC is available of course.

- ➤ Record progress through minutes/notes. This will make future, short progress reports to the steering committee easier and faster in the future.

- ➤ Remember ViTAL Economy principles and the goals of Clallam netWorks. Every action item and committee initiative is measured by its development of continuous opportunities to connect and collaborate and change spending behaviors. Every action must have measurable outcomes and benchmarks that lead back to the successful attainment of Clallam netWorks goals and objectives.

- ➤ Select several action items and build teams around those actions. Using the "action" to draw in other industry leaders will increase the support and potential for success. These action teams can work independently of your general cluster meeting and report to the larger group at your meeting. Use each action item as an opportunity for additional participant development, and to validate and/or expand the value linkages defined by your action team members.

- ➤ Start 'business plans' around each action item. Each action item requires a business plan that outlines measurable and achievable results that connect back to fulfillment of the overall strategic goals of the Clallam netWorks vision. Each business plan should articulate the financing requirements that can be supported by the integrated finance resources of Clallam networks and how the Incubator and Skills Center resources can support family wage employment opportunities for Clallam County citizens.

- ➤ Revisit your mapping and indigenous resources. Now that you have reached this point, don't forget the foundation that new ideas will come from. What can you discover about your industry from the information collected so far? Can you add to either list? This is a living document and should be the foundation of your cluster's work. Mapping and leveraging of indigenous resources includes cross-referencing and connecting resources across multiple clusters. Remember that the principles of connectivity and collaboration are two of the three fundamental principles that differentiate Clallam netWorks from other economic development initiatives and are critical to sustainable transformation of our local economy.

- ➤ Please record your wins and progress. Let the EDC know about them so we can get press coverage to keep the energy and support highly visible. Examples: visit a fiber mill, speak before state agencies, get a grant, create jobs, get industry support you weren't expecting, anything that helps your project no matter how small…

VI: Managing a Clallam netWorks Industry Cluster

Defining and Mapping a Cluster

The purpose of defining and mapping an industry cluster is straightforward. We must know who we are and what makes what we are unique before we can build a credible future growth strategy. The mapping process is tedious but critical to the success of Clallam netWorks.

One of the key benefits of the mapping process is the discovery of opportunities to connect with resources and assets that cluster participants either never new existed, or did not understand how they could benefit from connecting to a resource not within their control. Every Clallam netWorks cluster team has struggled with the work of mapping their cluster. At the same time, every industry cluster has developed new levels of economic opportunity and relationships they had never imagined could occur in Clallam County as a result of the mapping process.

The first step in the work of the cluster team is to determine the geographic and industry definition of what constitutes the cluster that will be mapped. Some clusters may choose to limit their geographic focus to Clallam County. Some clusters may have to expand their focus beyond Clallam County to insure that all the critical elements of their community of interest are involved in the work of the cluster as it moves forward.

Definition of what constitutes an industry cluster's area of focus is also very important. Clusters involve the entire value chain of an industry. Some clusters may need to create subsets of their industry clusters to cover specific sectors with their own value chains. An example would be the Marine Services Cluster. This cluster could include shipbuilding and repair, marine natural resources, and comprehensive planning for highest and best use of coastal assets.

The second step of the cluster work plan is to map the collaborative resources of the industry cluster based on the ViTAL Economy industry cluster mapping templates. Once industry cluster resources are mapped, the cluster team must focus on development of a cluster participant matrix showing the collaborative opportunities for value linkage among participants. One of the most important mapping tasks of the cluster team is the identification of the indigenous resources that are unique to the cluster that can be leveraged for global, national or regional sustainable competitive advantage.

The industry cluster mapping process is continuous and is really never finished. The initial mapping stage should take a volunteer cluster team about six months to complete. At this point the cluster team should be able to produce an interim report defining their cluster assets and which proposes a series of economic and community development action plans. The cluster teams should refer to the ViTAL Economy industry cluster mapping templates to complete their work plans in a consistent manner with all other industry clusters.   This mapping is a key component of the ViTAL Economy Industry Cluster Success Cycle depicted on the following page.

ViTAL Economy Industry Cluster Success Cycle
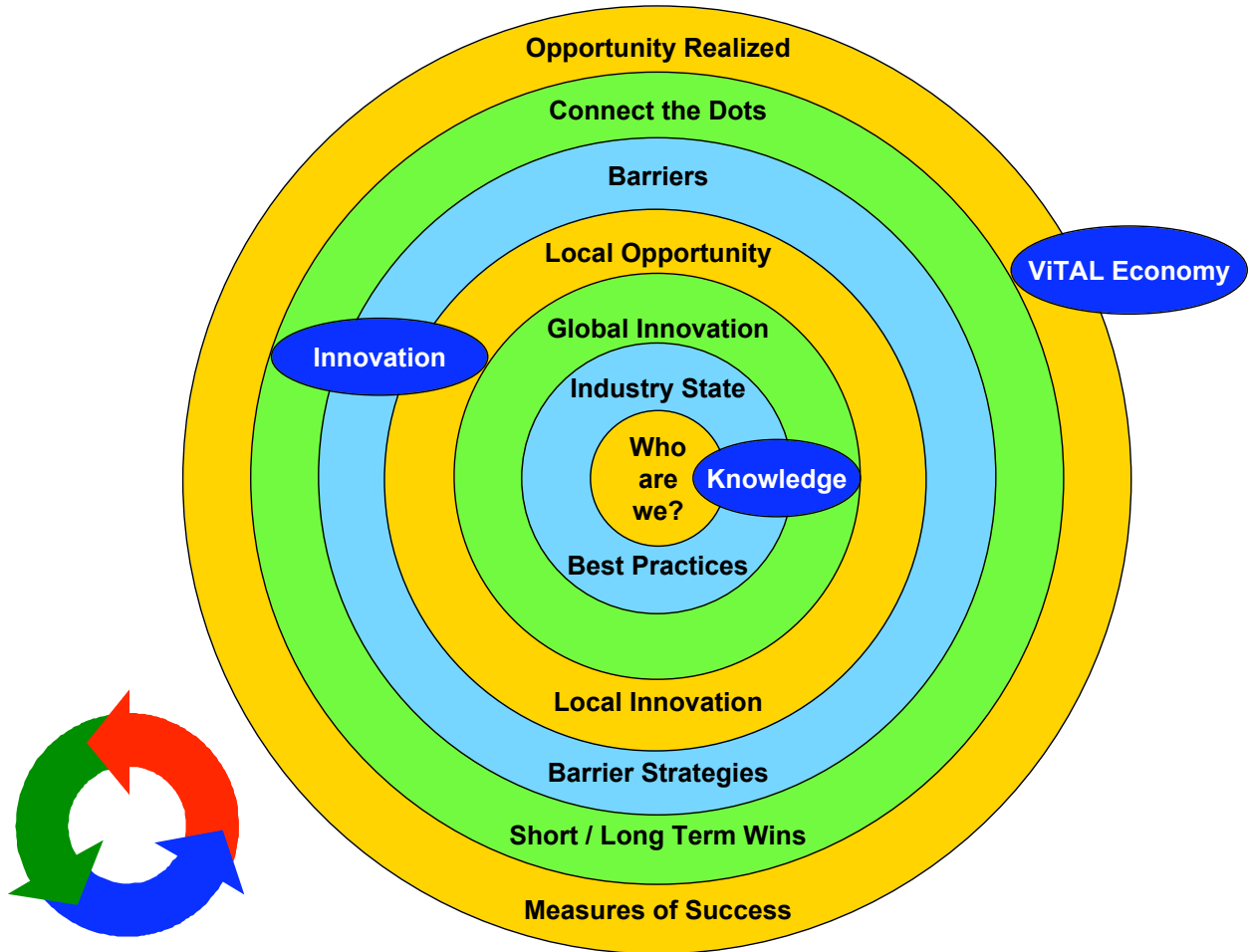
Developing Action Plans and Managing Action Plan Teams

Industry cluster teams will submit their initial work plan to the Clallam netWorks steering committee for evaluation and prioritization of resource support. All cluster work plans are evaluated using similar criteria. The steering committee will assess the sustainability, credibility, economic potential, generation of family wage jobs, growth potential, unique competitive advantage, probability of success, contribution to quality of life and relationships with other clusters of the work plan. The format for submission of this initial report is the October 31, 2002 report format approved by the Clallam networks steering committee and the EDC.

Action plans that implement the industry cluster strategy are evaluated based on a 1-2 page summary report that includes the following elements.

- **Name of action item**

- **Brief description in a few paragraphs of the basic concept including summary details**

- **Collaboration opportunities that enable the action plan.**
  This area will list the businesses, organizations, and resources that are connecting to support this action including what they are willing to do to make this action happen.

- **Timeline for action plan progress and completion**

- **Target market including designation of primary and secondary markets**

- **Economic value impact of the action plan**
  This might include impacts on job creation, changed spending patterns, community health priorities, or community development goals of the Clallam Networks strategy.

- **Cost of implementation**

- **Budget for revenue and expenses related to the action plan**

- **Barriers and strategies to address the barriers to implementation of the action plan**

- **Who prepared the report and the date of the report.**

A project team of the cluster in conjunction with a project management resource of the EDC staff should manage action plans. Action teams should have a leader responsible to the industry cluster team for the success of action plan implementation. Action plan project leaders should be given training in Clallam netWorks project management and project team facilitation techniques. All action plans need to be periodically evaluated in measurable terms in accordance with the ViTAL Economy value linkage and change management processes described below.

The ViTAL Economy Value Linkage Process

All action items within the Clallam netWorks process should be developed using the ViTAL Economy value linkage process depicted below.
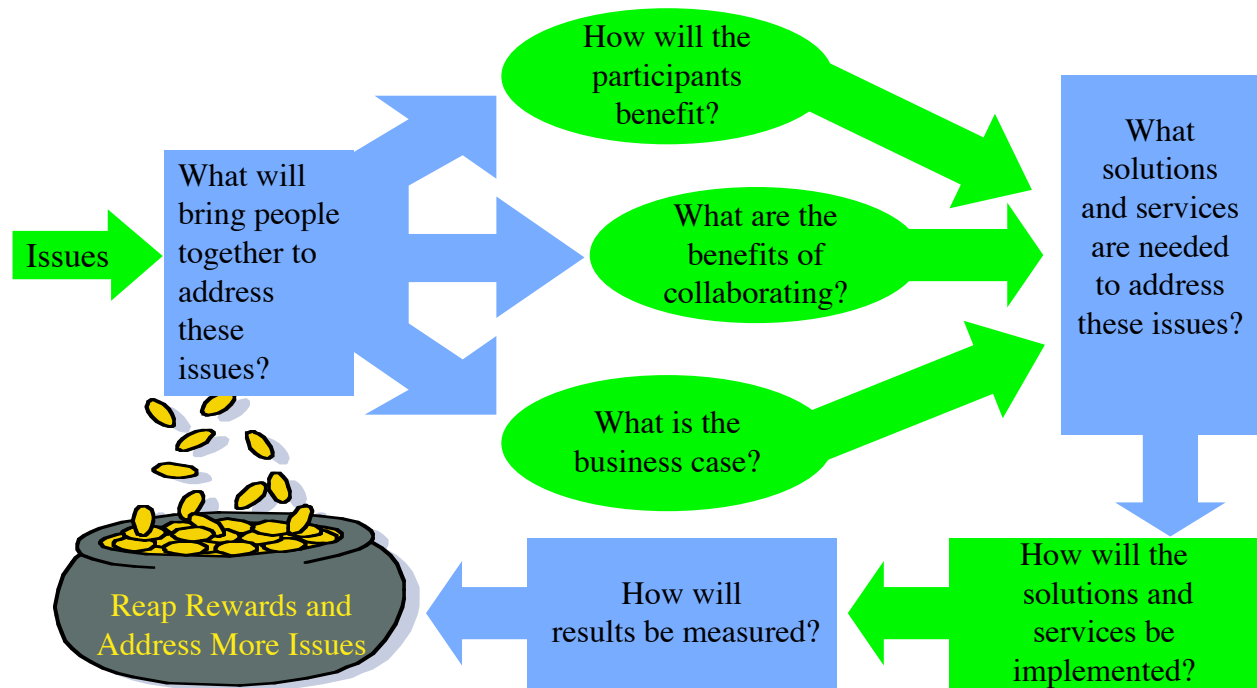
The process starts with the premise that all actions that connect resources must address the key issues of the economic strategy for Clallam County. The value linkage process is the basis for the creation of viable business plans that enable resources to be committed to each action plan. The value linkage process demonstrates the value of collaboration between unconnected resources in measurable ways. It also builds a new culture of economic and resource sharing behavior that enables Clallam County to move beyond industrial age economic development practices that are outdated and inappropriate for the new economic realities of the 21st century integrated marketplace. The key benefits of the value linkage process to industry cluster teams are that it,

➢ Brings the Integrated Marketplace to the table
➢ Defines highest priority issues of the Marketplace
➢ Describes actions that link resources
➢ Defines value propositions for each resource
➢ Connects value propositions to drive action now
➢ Establishes a value linkage environment
➢ Crafts the business cases to drive market growth
➢ Establishes benchmarks to measure success.

Managing Change within a ViTAL Economy Community

Everyone who participates in the Clallam netWorks initiative is involved in managing change throughout Clallam County. If Clallam netWorks is to succeed in aiding the county to transform its economic focus, every action taken within the context of the agreed economic strategy must be managed to achieve change. The ViTAL Economy process is designed around the process for managing change documented over many decades by many business schools and published by Harvard Business School. Every committee and action team should use the eight steps for managing change, listed below, for all project initiatives within Clallam netWorks. If every project plan, committee and strategy is managed with these eight steps in mind, the entire county will be empowered to be positive forces for change.

1- Establish a Sense of Urgency	5 - Empower Others to Act on the Vision
2- Form Powerful Guiding Coalitions	6 - Plan for, Create, and Communicate Short Term Wins
3- Create a Vision	7 - Consolidate Improvements & Produce More Change
4- Communicate the Vision	8 - Institutionalize New Approaches

Establish, Maintain and Update Industry Cluster Research

The establishment of the foundation of industry cluster mapping and research information analysis requires a two-fold approach. The first phase is the mapping of the cluster according to the ViTAL Economy industry cluster mapping templates. This information is usually developed and documented by the industry cluster teams after receiving training in use of the industry cluster mapping templates and research processes.

The second phase of research needed to establish adequate research for an industry cluster within Clallam Networks requires an investment in professional data gathering and analysis resources. Clallam Networks leadership and the EDC reached this conclusion because of the following reasons.

➢ There is a lack of readily identifiable economic and business data at the county and state levels on the industry sectors being examined by the cluster teams.
➢ Industry knowledge capacities presumed to be resident within Clallam County for the prioritized industry sectors at project initiation has proven to be inadequate.
➢ Team members do not have the required capabilities in economic and business analysis to identify and complete the analysis necessary to identify specific opportunities in each sector.
➢ Team members cannot devote the time needed to properly collect data and complete the necessary analysis because they have their own businesses or government agencies to operate.

As a result these resource teams need to be able to complete rigorous, quantitative, economic and business analysis on each industry sector. This analysis should be preceded by an in depth data collection effort and answer three basic questions for each industry cluster:

➢ First, what are the local, regional, state, national and international economic trends that affect each industry cluster in Clallam County? How do these economic trends affect the investment attractiveness for the industry cluster in Clallam County and the Olympic Peninsula?

➢ Second, what are the local, regional, state, national and international business trends that affect each industry cluster in Clallam County? How do these business trends effect the investment attractiveness for the industry cluster in Clallam County and the Olympic Peninsula

➢ Third, 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 the core economic disparity between the Olympic Peninsula and the rest of the State of Washington?

How well these questions are answered will determine the degree to which the economic development effort will drive new economic growth in Clallam County, and for the Olympic Peninsula. Clallam netWorks has determined that the following data gathering and analysis needs to be conducted in detail for each industry cluster in the Clallam netWorks process.

Political, Economic and Business Data Collection

➢ Political trends at the state, national and international level that could affect each industry sector.

➢ Market size, production cost, product pricing and transportation cost data for products within each industry cluster. This data will be collected at the local, regional, state, national and international level.

Business trends data for products within each industry cluster will identify types of products, number of competitors and business strategies for major competitors in each business sector.

Economic Analysis

Assessment of macroeconomic and microeconomic trends that will affect each industry cluster at the regional, state, national and international level.

Business Analysis

➢ Assessment of general business trends and industry segment trends that will affect each industry cluster at the regional, state, national and international level.

➢ Identification and assessment of specific competitive threats and opportunities for each industry cluster in Clallam County at the regional, state, national and international level.

Incorporation into the ViTAL Economy Economic Development Strategy for Clallam County

➢ Overall economic development strategy including identification of recommended linkages between industry clusters using the ViTAL Economy connectivity, collaboration and changed spending methodology.

➢ Identification of specific, attractive products or services that Clallam County can provide at a sustainable competitive advantage and a recommended strategy for developing an industry to produce these products in Clallam County.

Once data collection and analysis is completed the industry cluster and the EDC need to establish a consistent and secure data management system. Each industry cluster, internally on an annual basis and externally every three years with professional industry cluster business strategy based researchers will need to maintain and update key cluster research data and benchmarks.

VII: Institutionalize ViTAL Economy Industry Cluster Development

Step eight in the Change Management process outlined above is "institutionalize new approaches". In order to achieve long-term sustainable transformation of the Clallam County economy, there must be a fundamental change in how the EDC develops and implements its economic strategy plans. This includes organization and leadership structures as well as management systems and budgets. The information outlined below documents how the EDC is changing its fundamental structure and designing new systems to manage the economic growth of Clallam County based around ViTAL Economy industry cluster analysis, development and implementation.

Reorganizing EDC Board of Directors, By Laws, Roles and Responsibilities

During the fourth quarter of 2002, the EDC board of directors, as a result of the early successes of the Clallam netWorks initiative and the mobilization of hundreds of industry cluster participants, approved the adoption of industry clusters as the basis for the development of economic strategies for Clallam County. The executive committee was assigned the responsibility of developing a new board structure that would implement on a long-term basis the industry cluster focus of the EDC. The executive committee, board of directors and membership of the EDC all voted to approve this board reorganization between January and March of 2003.

The objective of the revised structure was to:

➢ Bring consistency between organization and industry cluster strategy

➢ Shift from geographic representation to industry cluster representation

➢ Clarify the roles and duties of Executive Board and full Board of Directors

➢ Strengthen the engagement of all members of the Board of Directors

➢ Identify needs and individual skill gaps on the Board and leverage these skills on the Board and in cluster leadership

➢ Increase private sector participation on Board of Directors

The EDC board of directors would consist of 26 members including seven public partners, seven at-large private members, three at-large regional private members, four chamber-of-commerce appointees, the past president of the EDC, and four sovereign nations. The board member roles and responsibilities will be as follows:

➢ Selected Board members will provide leadership to cluster teams as co-chairman

➢ Craft the economic strategic plan for the County

➢ Establish and carry the "vision" to the public

➢ Assess economic health of the county using key indicators and adjust the strategic plan for maximum result

➢ Identify "similar" counties and compare economic indicators on a regular basis

➢ Keep appraised of global and national trends in industries

➢ Lead fundraising, membership and cluster support efforts

➢ Delegate operational responsibility to Executive Director

➢ Review and evaluate the work of the cluster teams insuring success with support and direct leadership

Clallam Networks Leadership Structure

Industry cluster teams are a key element in the revised leadership structure of the EDC. The Board of Directors will review and adopt the number and focus of industry cluster teams. The concept of the cluster teams is one of inclusion and fluidity. That is, depending upon the issues at hand, the membership may change. Meeting times/dates/frequency will be determined by the team membership.

Members: Cluster team leadership will determine membership on cluster teams. There is no limit on the number of team members.

Cluster Chairs: The Board of Directors will recognize and support the operation of industry cluster teams. Each team will consist of co-chairs, one who will be an EDC Board member and one who will be a representative of the industry.

Selection of Cluster Leadership: The EDC Board President will appoint the co-chairs. The president will review and appoint cluster leadership in January of each year.

Roles/Responsibilities of Cluster Co Chairs:

➢ Coordinate and monitor the work of action teams created within the industry cluster
➢ Assess the needs of action teams and assist in identifying resources
➢ Present progress reports on action items to the Board on a quarterly basis
➢ Identify gaps in team membership and assist in recruiting
➢ Collaborate with other industry clusters in pursuit of county-wide economic development efforts
➢ Research and prepare position/policy statements for board consideration when economic opportunities arise
➢ Support industry assessment within the geographic boundary
➢ Review and evaluate the key economic measurements of the industry within the geographic boundary
➢ Prepare an annual industry assessment and progress report for the Board to be presented in the first quarter for the previous year
➢ Develop a county wide industry strategic plan that supports the Boards planning efforts and present the plan to the Board for approval on an annual basis

Steering Committee Role and Participant Development

The steering committee is composed of the leaders of each of the Clallam netWorks industry clusters. The steering committee has primary responsibility for

➢ Participant recruitment and resource development in support of industry clusters
➢ Maintaining the integrity of and adherence to the Clallam netWorks process
➢ Communicating industry cluster results to the community at large
➢ Reporting to the EDC board of directors on progress towards Clallam netWorks objectives
➢ Providing opportunities for leadership development of industry cluster participants
➢ Identifying opportunities for collaboration and connectivity between clusters
➢ Communicating resource requirements for industry cluster support to the board of directors

It is the role of the steering committee to make sure that all involved in industry cluster activities understand the difference between cluster research, cluster projects and cluster strategy. The strategy is the umbrella under which all cluster work takes place and is the strategic piece of the Clallam netWorks puzzle that enables the entire Clallam netWorks strategy to be realized. The cluster research is what prioritizes the focus of the strategy and provides a basis to benchmark and measure success. The cluster projects are the action plans that achieve the detailed results critical in achieving the intended results of the cluster strategy.

Documenting and Communicating Cluster Results

One of the most critical but often missed steps in the process of successfully managing change is documentation and communication of results and the connection of these results back to the process adopted. There are several stages of results within the Clallam netWorks process that need to be communicated on a regular basis back to community leaders, Clallam netWorks participants and funding partners, Clallam County citizens, and constituencies beyond Clallam County. Each constituency group requires a specific communication strategy. A communications and marketing committee is a critical component of Clallam netWorks success.

Results requiring communication include who is participating in the industry cluster process. Celebrating the connection of resources through the cluster process that leads to new relationships and shared opportunities is important in emphasizing why connectivity, collaboration and changed spending really make a difference. A connection that breaks down traditional turf behavior that has been a cultural reality and prohibited the sharing of resources in the past is a big win to communicate. Implementation of projects and receipt of financing and investment resources are important results to communicate. Documentation of benchmarks and assessment against benchmarks is critical. As people across Clallam County see there own friends and neighbors participating in Clallam networks they will want to jump on the bandwagon as well. Everyone needs to know how he or she can fit in and how their interests can be addressed as part of a total strategy. Success breeds success, but only if others know about it.

Documentation of results serves several important purposes. Clallam netWorks is a transformational approach to economic and community development. As a result, every action taken by a cluster is important for developing a record that can be referenced over the long-term. Industry cluster teams and the leadership of Clallam netWorks must understand what actions have been taken in the past, the intended results of these actions and the actual results that have occurred. The only way to teach others how to successfully build a new economic model for Clallam County is to avoid reinventing the wheel every time a new cluster team invests in a new action. Documentation also enables the cluster teams to make changes as they move forward in a dynamic process, and to understand why they are making a change and what the change will mean in terms of impact on intended outcomes.

It is also important that industry cluster team meetings and those of their action teams be documented for future reference. A significant amount of market intelligence is being gathered through the Clallam netWorks process. The value of this market data as intelligence that can be leveraged is dependent on the opportunity for multiple cluster participants and leaders to access this information to advance future Clallam netWorks objectives. It is the responsibility of the EDC to establish the mechanisms for documentation of and access to information. It is the responsibility of cluster leaders to assure that the information is being developed and documented for use across Clallam netWorks.

One of the most important reasons for documenting and communicating Clallam netWorks results at all levels of the process is attraction and retention of funding partners. Clallam netWorks in its first two years of activity has been able to leverage $4 of external investment for every $1 of local investment in the Clallam netWorks process. Documentation of results and activity has been a critical asset in achieving this level of leveraged investment. Clallam County does not have access locally to all the resources it needs to transform its economy. Expanded external investments in Clallam netWorks will be directly related to the documentation and communication of the work of the Clallam netWorks initiative by all involved.

Assuring Value Linkage Across Industry Clusters

The ultimate goal of the EDC's investment in the Clallam netWorks initiative is the development of Clallam County as a comprehensive integrated marketplace that shares and connects its resources every moment of every day. We cannot achieve that ultimate goal if sharing and connection of resources stops at the edge of each cluster. It is critical that your industry cluster identifies how resources from another cluster can enable greater success within your cluster as well as another cluster. The leaders of the first six industry clusters within Clallam Networks have been extremely successful in advancing this behavior. It is the responsibility of the EDC, the steering committee, industry cluster leaders, and industry cluster participants to assure value linkages across clusters. When value linkage becomes a habit, ViTAL Economy thinking will become part of our DNA, and Clallam County will be the economic envy of Washington State.