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We Need to Invest in Regional Manufacturing Clusters Growth

Modern manufacturing is no longer driven by individual company success – if it ever was. The game has changed and manufacturers must change too. So, what has changed? U.S. regional economies must compete globally. Markets are now global. Also, states and cities now compete globally for talent, investment, and entrepreneurs. Our region and New York State as a whole must help create cluster-oriented and technology-driven industries that can excel in the global marketplace.

Companies must now learn how to be a part of regional and super-regional industry clusters. They must learn to collaborate in order to attract prime industry company investment, to develop new ideas, and to bring them to market quickly. In this way, clustered industries can significantly improve the return on private and public investments in R&D and production capability by providing global leadership in key technologies. Recognizing this impact, both advanced and emerging economies are making investments and promulgating policies that encourage cluster development and growth. So, what does a successful regional cluster look like?

Successful regional clusters need to:

- **Leverage local strengths:** Regional clusters should be built upon existing successful clusters and the comparative strengths of a larger geographic region.
- **Encourage self-organization:** Clusters should be developed from the ground up where private businesses take the lead with the assistance of educational institutions and economic development agencies. Private companies are in the best position to identify opportunities, gauge competitive strengths, and mobilize wider community support.
- **Pool resources and share risks:** Cluster initiatives can maximize their impact by pooling their resources

and organizing their programs within the framework of comprehensive, overarching strategies. This assists in sharing inherent risks. Successful initiatives require that companies leverage and exceed public funds at the outset and throughout subsequent rounds of growth and expansion.

- **Grow a trained workforce:** Attracting and growing companies isn't enough to build a sustainable cluster. The entire ecosystem should be in place to include providing for growth in the available workforce and upscaling learning and training of the existing company workforce as skills needs change.
- **Connect clusters with local universities and research labs:** Research in universities and national labs should be coordinated with regional industry clusters.
- **Provide long-term commitment:** Given the long-term horizon of significant investment and R&D programs, companies must know that federal and state support will be consistent, predictable, and sustained.
- **Provide reasonable incentives:** Leveraged public incentives are usually necessary. There has been an increase in the intensity of global competition in many key industries. Government seed grants, loan guarantees, tax credits, and other financial incentives are critical in supporting company decisions on where to locate their manufacturing investments.
- **Monitor and measure:** Performance of the companies and the industry clusters must be monitored and measured. Measuring performance is important to gauge which tools work, make a compelling case for continued private and public support, and keep a focus on results. In the end, it is the outcomes and results that are achieved that will demonstrate the need for continued investment of time, talent, and resources.

Most would agree that technology and manufacturing clusters have been a part of the success of regions for some time now. Today, it must become an intentional effort by both private and public sector partners. At MACNY, we look to continue our support of this effort and to find additional ways to assist in its use and success by our members.