Community and regional organizations vested with the promotion of economic growth and development are constantly searching for effective tools and methods to advance their efforts.

The interest in cluster developments that has been spurred by the work of Michael Porter has renewed interest in targeted economic development efforts.

There has been a concerted movement away from the old philosophy of “shoot anything that flies and claim anything that lands” to more strategic behavior in identifying the specific types of industry to promote at the local and regional levels.
Policymakers and economic development practitioners are now asking the more focused question; in what types of industry does our region have a competitive advantage?

Despite this explosion of interest there are few if any educational or teaching resources available for practitioners interested in initiating, conducting or even evaluating TRED efforts in their local community.

Our intent here is to outline a national effort of university researchers and extension specialists to develop an educational curriculum resources and materials to fill this void.

These materials draw from the forthcoming book, *Targeted Regional Economic Development* (Goetz, Deller and Harris, editors, 2008), and outlines a potential set of materials that practitioners can use in community economic development planning.
Targeting Regional Economic Development: An Outline of a National Extension Educational Program or: TRED: A How-To Guide

Porter Diamond

- **Government Policy**
- **Demand conditions**
- **Firm strategy, structure, & rivalry**
- **Supportive industries**
- **Chance**
- **Locational determinants**

- Factor conditions
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FIGURE 25

The California Wine Cluster

- Grapeseed
- Fertilizer, Pesticides, Herbicides
- Grape Harvesting Equipment
- Irrigation Technology

- State Government Agencies (e.g., Select Committee on Wine Production and Economy)
- Growers/Vineyards
- Wineries/Processing Facilities

- California Agricultural Cluster
- Educational, Research, & Trade Organizations (e.g., Wine Institute, UC Davis, Culinary Institute)

- Winemaking Equipment
- Barrels
- Bottles
- Caps and Corks
- Labels
- Public Relations and Advertising
- Specialized Publications (e.g., Wine Spectator, Trade Journal)

- Tourism Cluster
- Food Cluster

Sources: California Wine Institute, Internet search, California State Legislature. Based on research by MBA 1997 students R. Alexander, R. Arney, N. Black, E. Frost, and A. Shireman.
## Targeting Regional Economic Development:
An Outline of a National Extension Educational Program
or: TRED: A How-To Guide

### Table 1: Location Quotients for Outagaime WI

<table>
<thead>
<tr>
<th>Industry</th>
<th>LQ 2005</th>
<th>Percent Change in LQ 2001-2005</th>
<th>Percent of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>1.518</td>
<td>-3.5%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.055</td>
<td>1.2%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>1.172</td>
<td>-1.1%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Information</td>
<td>0.518</td>
<td>-5.1%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>3.603</td>
<td>13.2%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Real estate and rental and leasing</td>
<td>0.447</td>
<td>6.7%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Professional and technical services</td>
<td>1.558</td>
<td>3.5%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>0.206</td>
<td>27.3%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Administrative and waste services</td>
<td>4.964</td>
<td>-4.6%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Educational services</td>
<td>0.322</td>
<td>-10.2%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>4.908</td>
<td>-2.6%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Arts, entertainment, and recreation</td>
<td>0.137</td>
<td>28.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>3.948</td>
<td>1.9%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Other services, except public administration</td>
<td>0.746</td>
<td>0.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Government and government enterprises</td>
<td>1.687</td>
<td>-2.9%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Federal, civilian</td>
<td>0.028</td>
<td>15.8%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Military</td>
<td>0.492</td>
<td>-6.9%</td>
<td>0.4%</td>
</tr>
<tr>
<td>State government</td>
<td>0.030</td>
<td>-3.8%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Local government</td>
<td>2.634</td>
<td>-1.1%</td>
<td>7.8%</td>
</tr>
</tbody>
</table>
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Figure 1: Porter Cluster: Outagamie County WI

<table>
<thead>
<tr>
<th>Location Quotient 2005</th>
<th>Percent Change in Location Quotient 2001 to 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>-20%</td>
</tr>
<tr>
<td>1</td>
<td>-10%</td>
</tr>
<tr>
<td>2</td>
<td>0%</td>
</tr>
<tr>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>4</td>
<td>20%</td>
</tr>
<tr>
<td>5</td>
<td>30%</td>
</tr>
<tr>
<td>6</td>
<td>40%</td>
</tr>
</tbody>
</table>

Finance & Insurance
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NAICS 311 - Food Manufacturing Industry Concentrations
(County Location Quotients Based on 2001 Employment Levels)
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Other TRED “Tools”

- Firm Location Models
- Input-Output Based Models
- Analytical Hierarchy Procedure
- Community-Business Matching Models
Firm Location Models

\[ y = \begin{cases} 
1 & \text{yes} \\
0 & \text{no} 
\end{cases} = \alpha + \sum_{i=1}^{n} \beta_i X + \epsilon \]

\( y \) measures if a firm of a part industry is present or there has been positive growth over some period of time.
Given estimated values of $\beta$ and data for any given community we can “predict” the probability of the presence of a particular type of firm or growth in the presence of that type of firm.

The higher the probability for a given community suggests that the industry has a higher potential for targeting.
Input-Output Based Models

Simplified Input-Output Transactions Table

<table>
<thead>
<tr>
<th></th>
<th>Agr</th>
<th>Mfg</th>
<th>Trade</th>
<th>Service</th>
<th>HH</th>
<th>Exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$202</td>
<td>$182</td>
<td>$10</td>
<td>$12</td>
<td>$100</td>
<td>$235</td>
<td>$741</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>32</td>
<td>68</td>
<td>2</td>
<td>26</td>
<td>39</td>
<td>300</td>
<td>467</td>
</tr>
<tr>
<td>Trade businesses</td>
<td>47</td>
<td>35</td>
<td>991</td>
<td>334</td>
<td>1,200</td>
<td>172</td>
<td>2,779</td>
</tr>
<tr>
<td>Service businesses</td>
<td>86</td>
<td>59</td>
<td>565</td>
<td>561</td>
<td>1,500</td>
<td>262</td>
<td>3,033</td>
</tr>
<tr>
<td>Households</td>
<td>200</td>
<td>40</td>
<td>205</td>
<td>1,250</td>
<td>1,698</td>
<td>100</td>
<td>3,493</td>
</tr>
<tr>
<td><strong>Imported inputs</strong></td>
<td><strong>174</strong></td>
<td><strong>83</strong></td>
<td><strong>1,006</strong></td>
<td><strong>850</strong></td>
<td><strong>333</strong></td>
<td><strong>1,053</strong></td>
<td><strong>3,499</strong></td>
</tr>
<tr>
<td><strong>Total inputs</strong></td>
<td><strong>741</strong></td>
<td><strong>467</strong></td>
<td><strong>2,779</strong></td>
<td><strong>3,033</strong></td>
<td></td>
<td></td>
<td><strong>14,012</strong></td>
</tr>
</tbody>
</table>

One approach is to look at imports and exports to follow an import substitution strategy through “gap” and “disconnect” analysis.
Driving the shift to the New Economy in Northeast Wisconsin

Click here to download the full report.
Click here to download the Executive Summary.

NEW ECONOMY RESOURCES

Frequently Asked Questions
The answers to all your most pressing questions about the NEW Economic Opportunity Study.

NEW Economic Opportunity Study Report
This is the final strategy report from the study. Officially "Phase III" of the project, the 87-page report, produced by NorthStar Economics, Inc. of Madison, describes five key strategies and 98 action steps for creating a successful, knowledge-based economy in the region.

Regional and Subregional Reports
Phase II economic analysis of the structure of the economy of Northeast Wisconsin and several subregions and projected economic trends for these areas.

County Information
Includes statistics on county workforces, commuting patterns, and...
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Analytical Hierarchy Procedure
Targeting Regional Economic Development:
An Outline of a National Extension Educational Program
or: TRED: A How-To Guide

Community-Business Matching Models
Targeting Regional Economic Development: An Outline of a National Extension Educational Program or: TRED: A How-To Guide

Phase I → Edited Academic Book

Phase II → Practitioner “How-To” Manuel

The challenge that we face is how to provide the practitioner with a range of methods for TRED that can be both theoretically rigorous as well as practical.

An “educational” program based on community strategic planning in the spirit of Take Charge or Community Economic Analysis.
Targeting Regional Economic Development: An Outline of a National Extension Educational Program or: TRED: A How-To Guide

Thank you for your time......