

MISSISSIPPI RIVER REGIONAL PLANNING COMMISSION INDUSTRY CLUSTER AND REGIONAL TRADE REPORT

A Guide to Building Knowledge Based Industry Clusters That Drive the State's Economy

This report was prepared by the Mississippi River Regional Planning Commission through funding provided by the U.S. Department of Commerce-Economic Development Administration (EDA), Dairyland Power Cooperative and Xcel Energy. The statements, findings, conclusions and recommendations do not necessarily reflect the views of EDA, Dairyland Power Cooperative or Xcel Energy.

This Mississippi River Regional Planning Commission (MRRPC) is a Commission of nine counties located in western Wisconsin formed to provide research, planning and development services to its member governments in the areas of land use, economic development and intergovernmental cooperation. The Mississippi River Region has been designated as an Economic Development District by the U.S. Department of Commerce-Economic Development Administration (EDA) through annual economic development research and planning activity conducted by the MRRPC. Maintaining this designation since 1977 has allowed the communities and businesses in the Region to be eligible for EDA research grants, loans, and public works grants. The Commission is governed by a board of 27 Commissioners appointed by each county board and the Governor. The Commission office in La Crosse, Wisconsin serves as a resource center for civic organizations, students, local and state officials, economic development organizations and the public.

A special acknowledgement is owed to the County Boards of Buffalo, Crawford, Jackson, La Crosse, Monroe, Pepin, Pierce, Trempealeau and Vernon counties who are the member governments of the MRRPC. Without their cooperation and support this report would not of been possible.

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September 2001

ABSTRACT

This report has categorized the Region's 600 plus industries into 13 industry clusters to gain a better understanding of the economic base of our Region. From this information economic recommendations and opportunities are provided for each county on how to further integrate its industries with the ten knowledge-based industry clusters that drive the State's economy.

This report points out that by pursuing recommendations that take into consideration economic base and knowledge-based industry needs the Region will increase its capacity to build and attract knowledge-based industries and workers. These knowledge-based industries and workers are needed to compete in the global marketplace and to correct a statewide projected decline in personal income levels compared to many other states and the Nation.

EXECUTIVE SUMMARY

Economic forecasts presented at the Wisconsin Economic Summit in late 2000 show Wisconsin's level of personal income and wealth declining substantially over the next two decades in comparison to other states and the Nation as a whole. The reason for this decline is based on the lack of high technology industries. Wisconsin is highly dependent on old economy industries and is not experiencing the prosperity other states are enjoying from such industries as high tech equipment, software, computer services, financial services, consulting, communication media, and non-store retail. To counter this economic decline it is recommended that we develop strategies that further integrate the Region's industries with the "knowledge-based" industry clusters that are driving our State's economy.

Knowledge-based industry clusters have been identified in a statewide report which states that other businesses and institutions will prosper if the state's ten knowledge-based industry clusters thrive. The clusters were given the name "knowledge-based" since they rely heavily on intellectual capital and could also be regarded as technology-based industries. In order to relate these knowledge-based industries to the industries in the Mississippi River Region this report groups over 600 industries in our region into 13 industry clusters based on their Standard Industrial Classification (SIC) Code which are listed on Page 14-1. Each of these 13 clusters is then assigned to one of the ten knowledge-based industry clusters based on its similarities with it.

Economic development strategies or opportunities for each of the nine counties in the Mississippi River Region are provided based on each county's economic base and economic development concepts that compliment knowledge-based industry cluster growth. Many of these strategies or opportunities are based on a survey that was mailed to industries throughout the region. This survey was designed in part to gather industry input and output needs to promote intraregional trade and knowledge-based industry growth. Each county therefore has a listing by industry of what raw materials are needed to make their products and what the end products are for those industries that returned a survey.

This report is divided into 14 sections. Section 1 introduces the reader to our Region's industrial base, the ten knowledge-based clusters driving the State's economy, and Wisconsin's need for high technology jobs to correct a projected decline in income and wealth in comparison to other states and the Nation. Sections 2 – 10 provide a more in depth look at the economies of each of the nine counties and what knowledge-based clusters are most prevalent in the county and recommendations or opportunities for the county to pursue to build its industry base. Section 11 includes 13 maps that geographically illustrate the industry concentration within the Region based on the 13 clusters and the knowledge-based clusters these industries are most closely associated with. Section 12 contains a copy of the cover letter from the Governor that accompanied a survey that was mailed to approximately 600 industries in the Region to get feedback on their economic development needs and to find out in more detail the raw materials or components they need to produce their products and to identify more clearly what specific end products they make. This information was collected in order to develop intraregional trade opportunities, or the buying and selling between businesses and industries within the Region, as opposed to outside the Region. Section 13 is the Mississippi River Region Industry Database with over 600 industries that is on an Access program. Searches can be conducted on any combination of the 12 input variables shown. The 13 maps shown in Section 11 is an illustration of 13 database searches based on our Region's 13 industry clusters. Section 14 is a list of the Standard Industrial Classification (SIC) Codes that was used to classify and group the Region's industries into clusters. SIC codes were developed by the federal government for the purpose of grouping businesses producing similar products or services.

This report illustrates that the three clusters contributing the most to the economy in terms of both number of firms and employees in our Region are 1) Wood and Furniture Products; 2) Machinery, Equipment and Electronic Products; and 3) Food Processing firms. The three knowledge-based clusters most closely tied

to these SIC Code derived clusters are: 1) the Agriculture Business and Food Processing Cluster; 2) the Papermaking and Forest Product Cluster; and 3) the Machinery Manufacturing Automation Cluster. Economic Development strategies and resources applied to these clusters will therefore likely generate greater benefits to the Region's economy than the other industry clusters based on their economic weight in terms of number of companies and jobs. If these three clusters obtain the technologies and the technology workers needed to compete in today's global marketplace many of the other less concentrated industry clusters will also benefit as will the business service sector of the economy. It is for this reason the report included, to the extent practical, all the industries that the Commission could identify so economic development groups can use the report, the survey results and the database to supplement the data they already have in regards to their local economic development opportunities.

The reason for dividing this report into 14 sections is so it can be more user friendly for a variety of groups and organizations. Some groups may not be interested in the information contained in all 200 plus pages of the report. For instance a committee of a county board or a civic organization may be only interested in the sections of the report that pertain to their county. In this case we can change the title of the front page of the report to Mississippi River Regional Planning Commission Industry Cluster and Regional Trade Report for XYZ County. In this case we would provide the committee with copies of Section 1, the appropriate county information in sections 2 through 10, Section 11 – the maps, Section 12 – the letter and survey, the parts of Section 13 containing the database that relates to their county, and the abbreviated portion of Section 14 that describes SIC coding. By dividing the report into sections, information can be specifically tailored to various business and economic development needs.