

ALASKA FORWARD

TOWARD A NEXT GENERATION ECONOMY

A Cluster Initiative Sponsored by the Alaska Partnership for Economic Development



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Why did the Alaska Partnership for Economic Development form?

- Structure for statewide EDOs and others in the field to collaborate
- Allow focus on statewide planning and strategy, start to eliminate stovepiping
- Larger “umbrella” organization could accept funding
- Distinct from past statewide planning efforts

Why the Call to Action?

- Federal money in decline
(no more Senator Stevens)
- Oil in decline (~85% of State revenue)
- Need to strengthen the Third Leg – the remaining private sector economy



Alaska Forward: Toward a Next Generation Economy

Alaska's first statewide economic development strategy

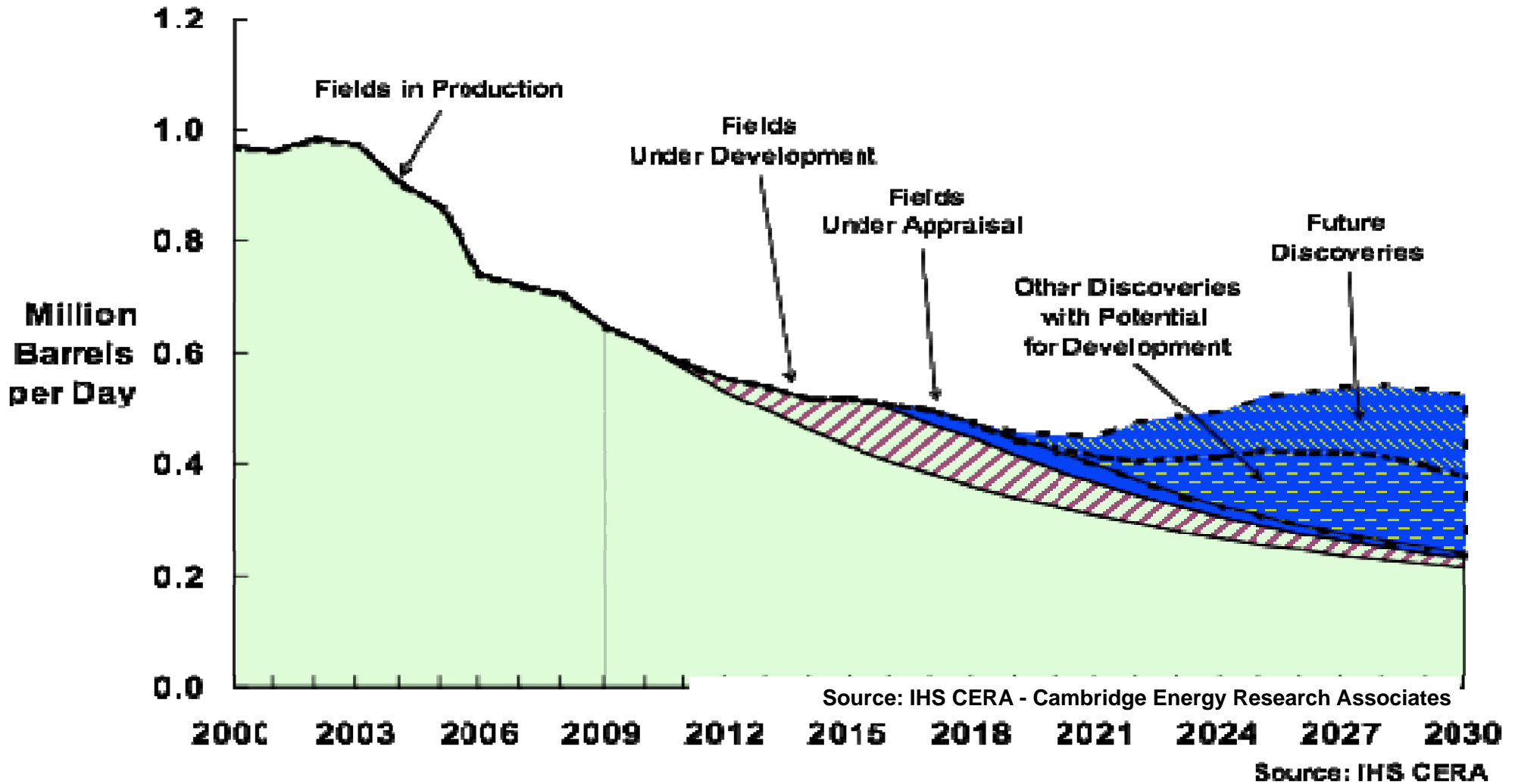
- **Phase 1**– Situational Analysis: an “economic reality check.” *completed*
- **Phase 2** — Strategy Development and Implementation: developing recommendations for new economic development directions, policies and practices AND taking actions to implement change. *ongoing*

Phase I – Situational Analysis Report

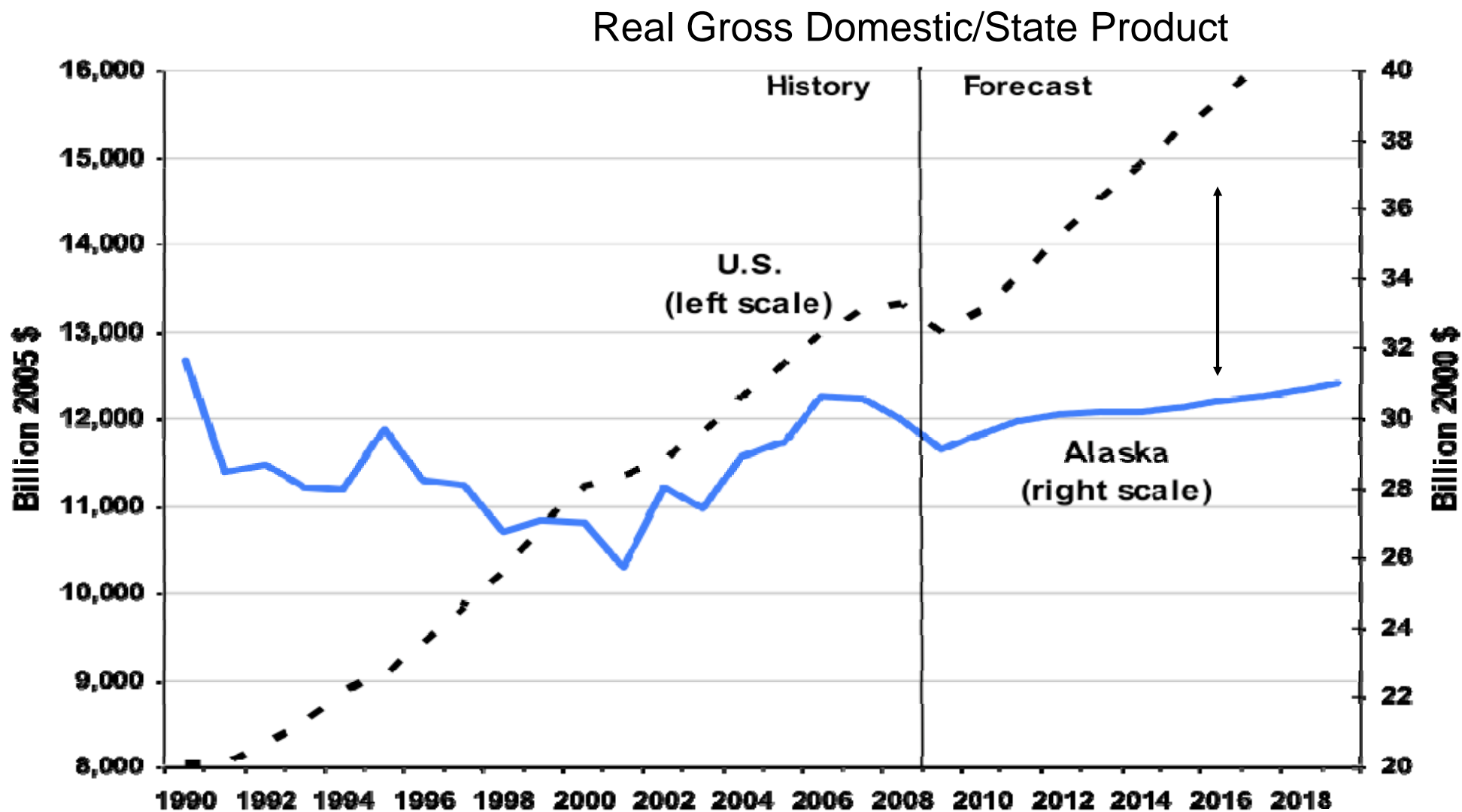
- Economic Profile and Forecast
- Alaska's Industry Cluster Portfolio
- Competitive Benchmarking
- Global Market Opportunities
- Analysis of existing economic development objectives and strategies
- Assessment of Entrepreneurship and Business Climate
- Final Report - A Path to the Future

Energy sector: no longer a source of growth

Alaska Oil Liquids Capacity Outlook



The Key Problem: *Alaska's comparative stagnation*



Sources: Bureau of Economic Analysis (BEA) and IHS Global Insight

What do we do about this?

- Cluster development recommended by consultants
- ED Community evaluated recommendations and discovered:
 - Industry Cluster method highly respected
 - Used as a tool to help *create* prosperity
 - Internationally recognized technique to strengthen local economy based on what is presently in the region
 - Recognized by EDA as credible technique for re-building economies
 - Identifies actions that can be taken to strengthen sectors in the economy
 - Strengthens local business networks
 - Clustered businesses are geographically sticky

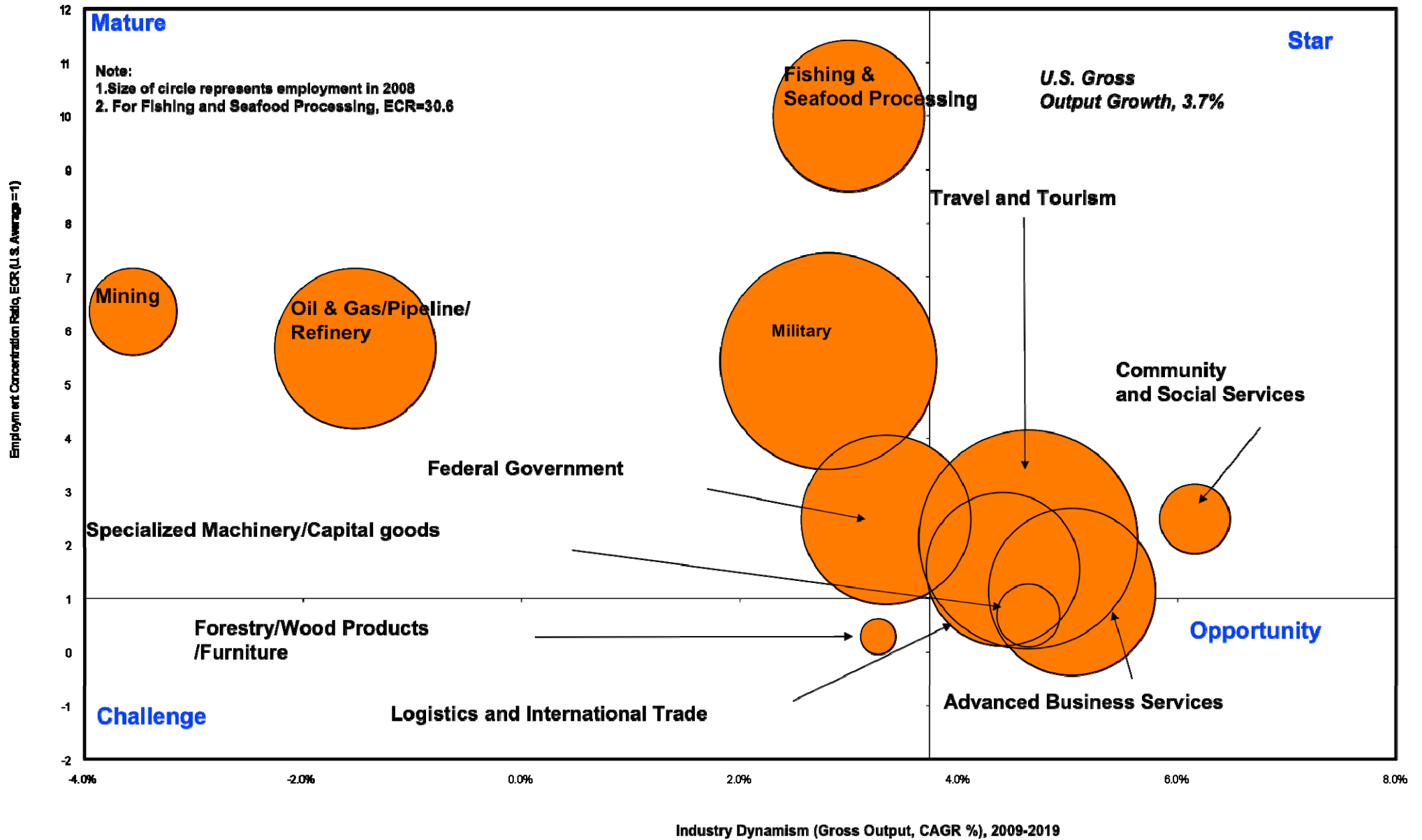
Developing a Dynamic Strategic Plan

- Keep political leaders close & informed
- Identify top actions recommended by clusters
- Incorporate into dynamic “Action Oriented” approach
 - Reflect current industry cluster recommendation
 - Updated semi-annually
 - Used to support funding and legislative requests
- **Most importantly- Led by private sector**

Put Together the Right Team & Resources

- *Alaska Forward* Leadership Council
- Completing the Triple Helix:
 - Universities – Researchers, Academia, Center for Economic Development
 - Private Sector – Industry Associations, State Chamber of Commerce
 - Regulators & Policy Makers – Governor, Legislators, State/Federal Agencies
- Broadened partnerships

Alaska's 11 Clusters



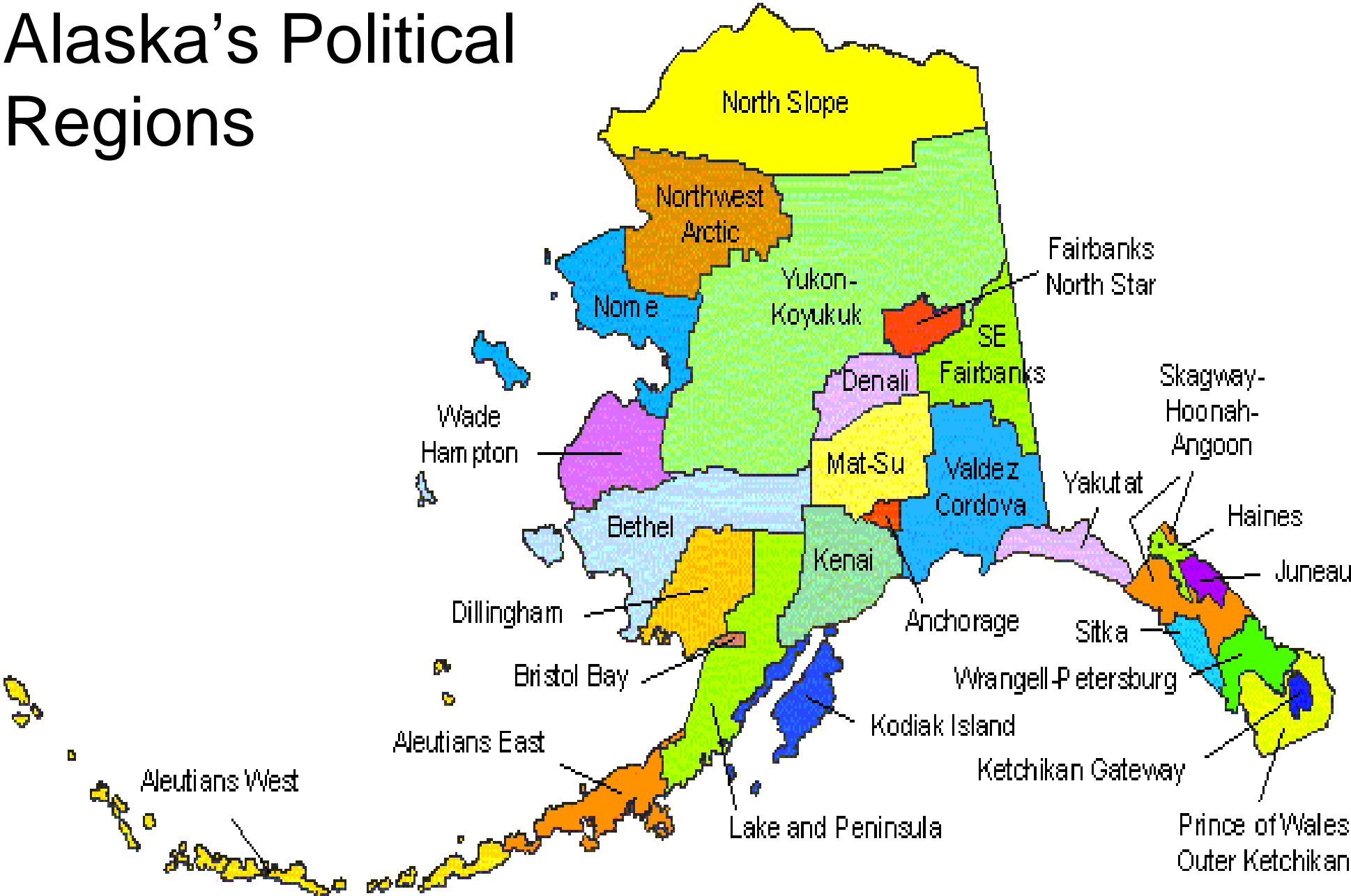
Identify Clusters for Development

- Evaluate clusters for readiness by gauging:
 - Industry's excitement about the process
 - Identification of cluster's NAICS codes, support industries, etc.
 - Coherence of cluster network
 - Seasonal cycle(s)
 - Size of cluster components

Alaska's Cluster Readiness

- I. **Tourism** (work well together, accelerated time frame due to seasonality, positioned for growth as “Star” cluster)
- II. **Alternative Energy** (new & exciting industry, world leaders in certain applications, “seed” cluster)

Alaska's Political Regions



Know Your (Sub) Region

Figure 43. Fairbanks Clusters

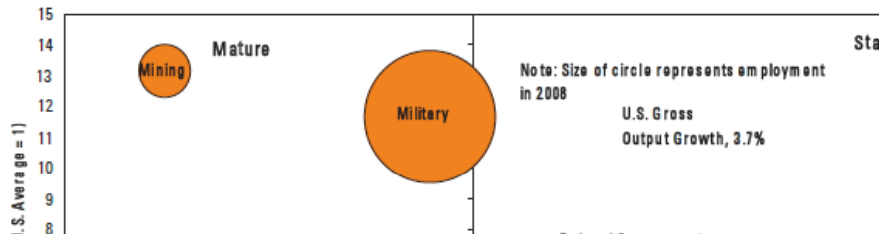


Figure 45. Interior Western Clusters

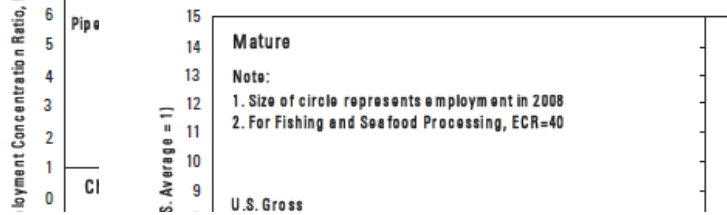


Figure 46. North

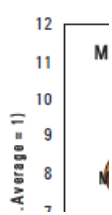
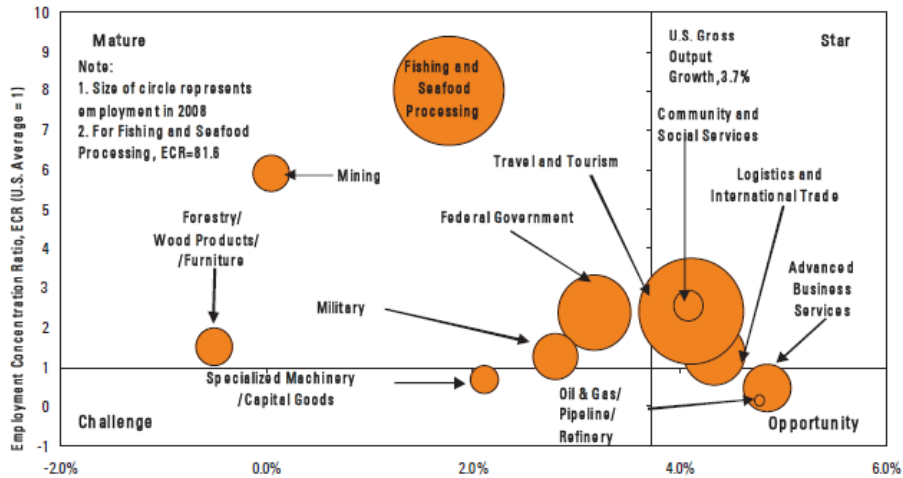
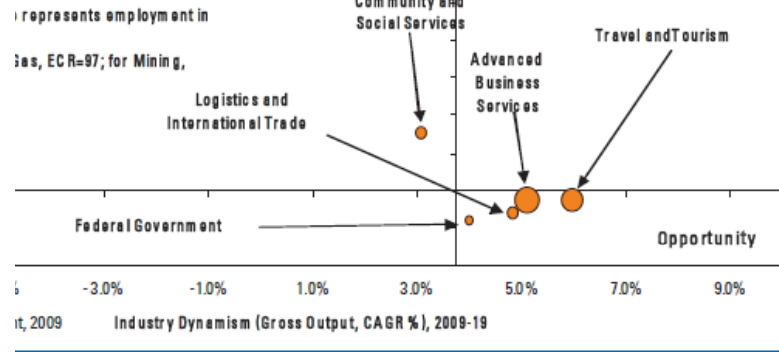
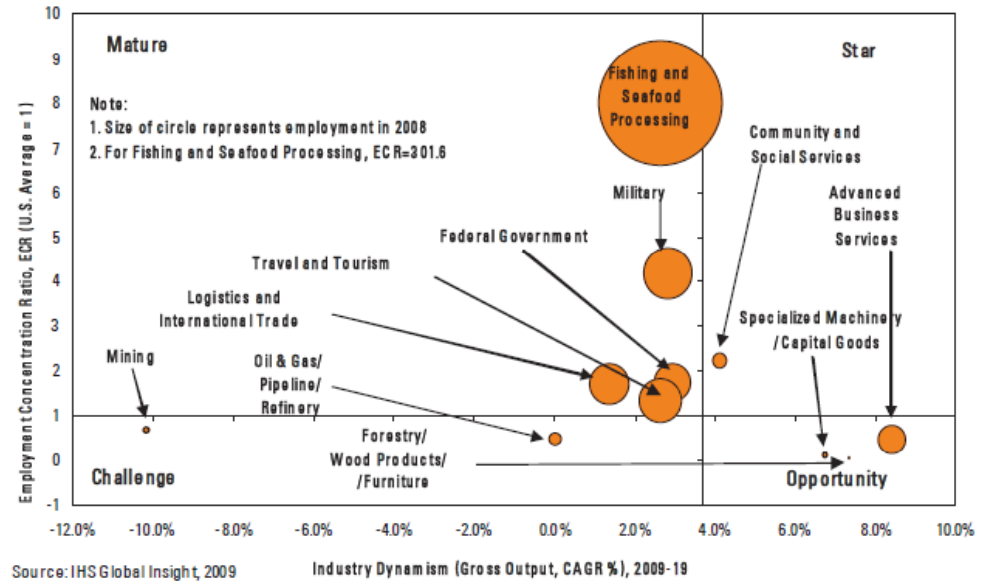


Figure 47. Southeast Clusters



Source: IHS Global Insight, 2009 Industry Dynamism (Gross Output, CAGR %), 2009-19

Figure 48. Southwest Clusters



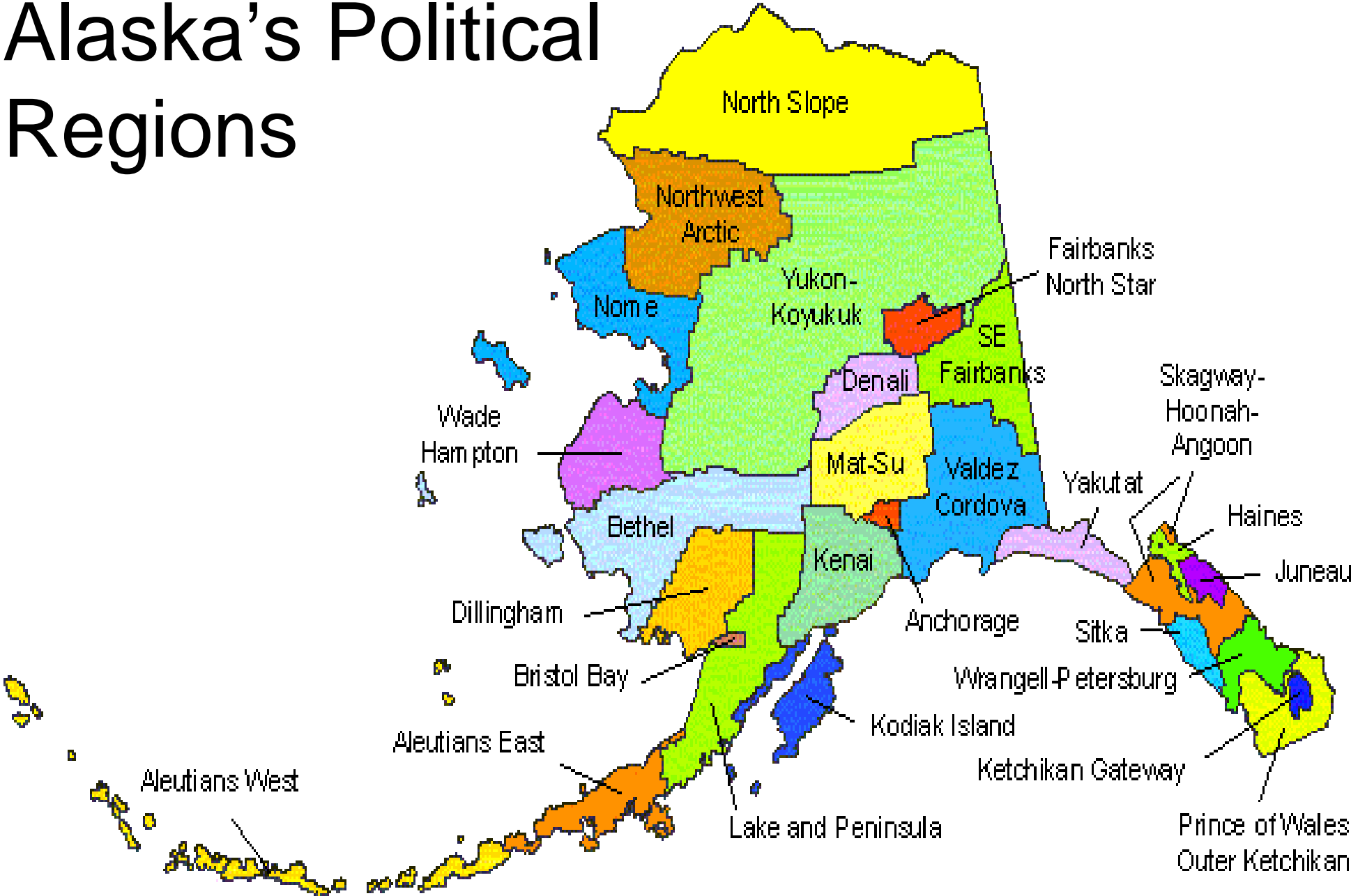
Educate Your Region

- Business community
- Cohort of facilitators
- Chambers of Commerce
- Professionals in ED field
- Boards
- Legislators
- Tribal leaders

Alaska Forward's Relationship With Regions

- Alaska Forward project is hopefully pipeline for other regional processes
- Dispersed regional/local efforts feed into larger statewide initiative to develop policies and strategic approach

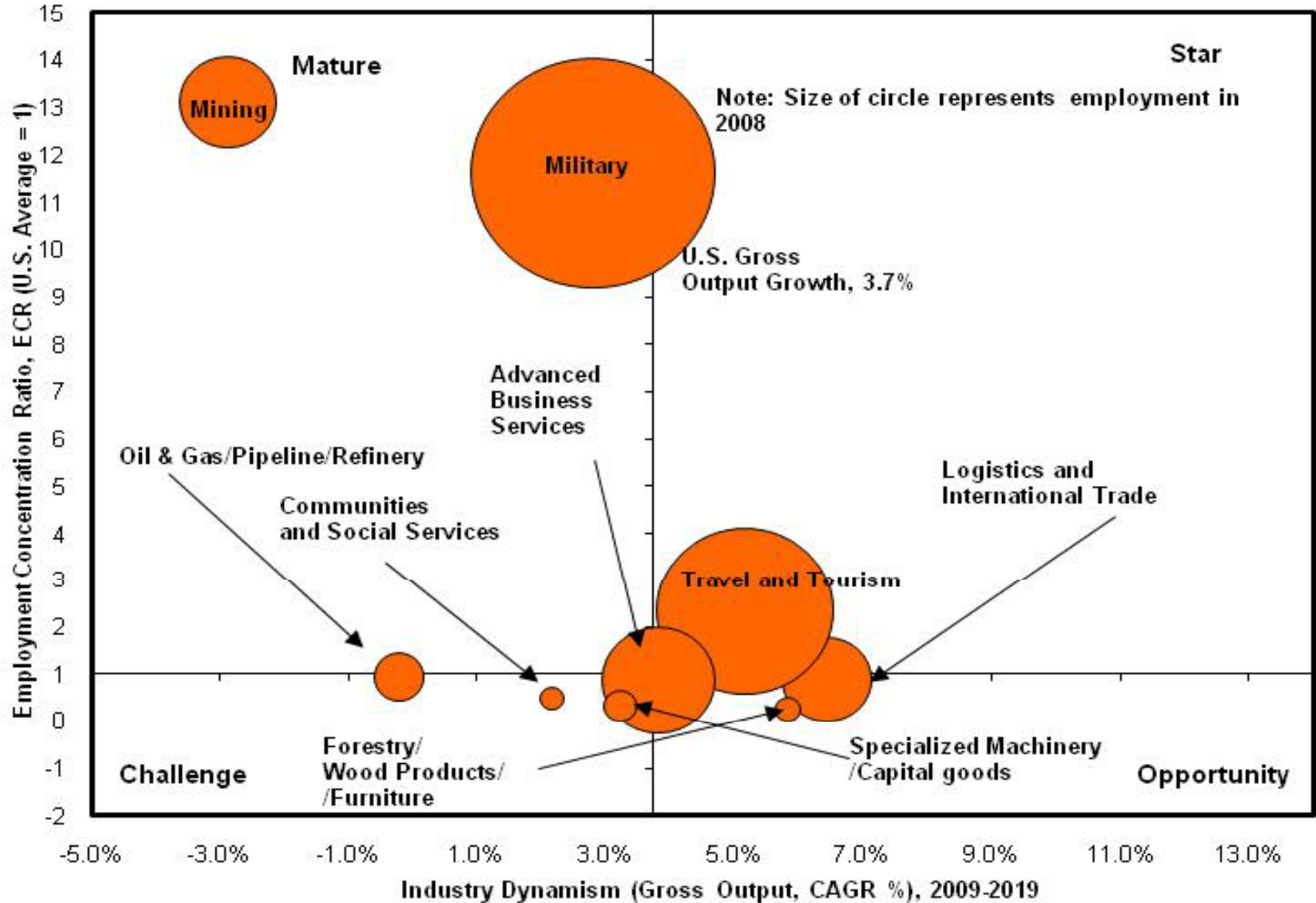
Alaska's Political Regions



Fairbanks' Incorporating into Community's Strategic Plan

- Restructured Comprehensive Economic Development Strategy
- Met with industry groups to gather:
 - Priorities
 - Actions to implement priorities
- In process of developing first local cluster
- Doing work in alignment with Alaska Forward

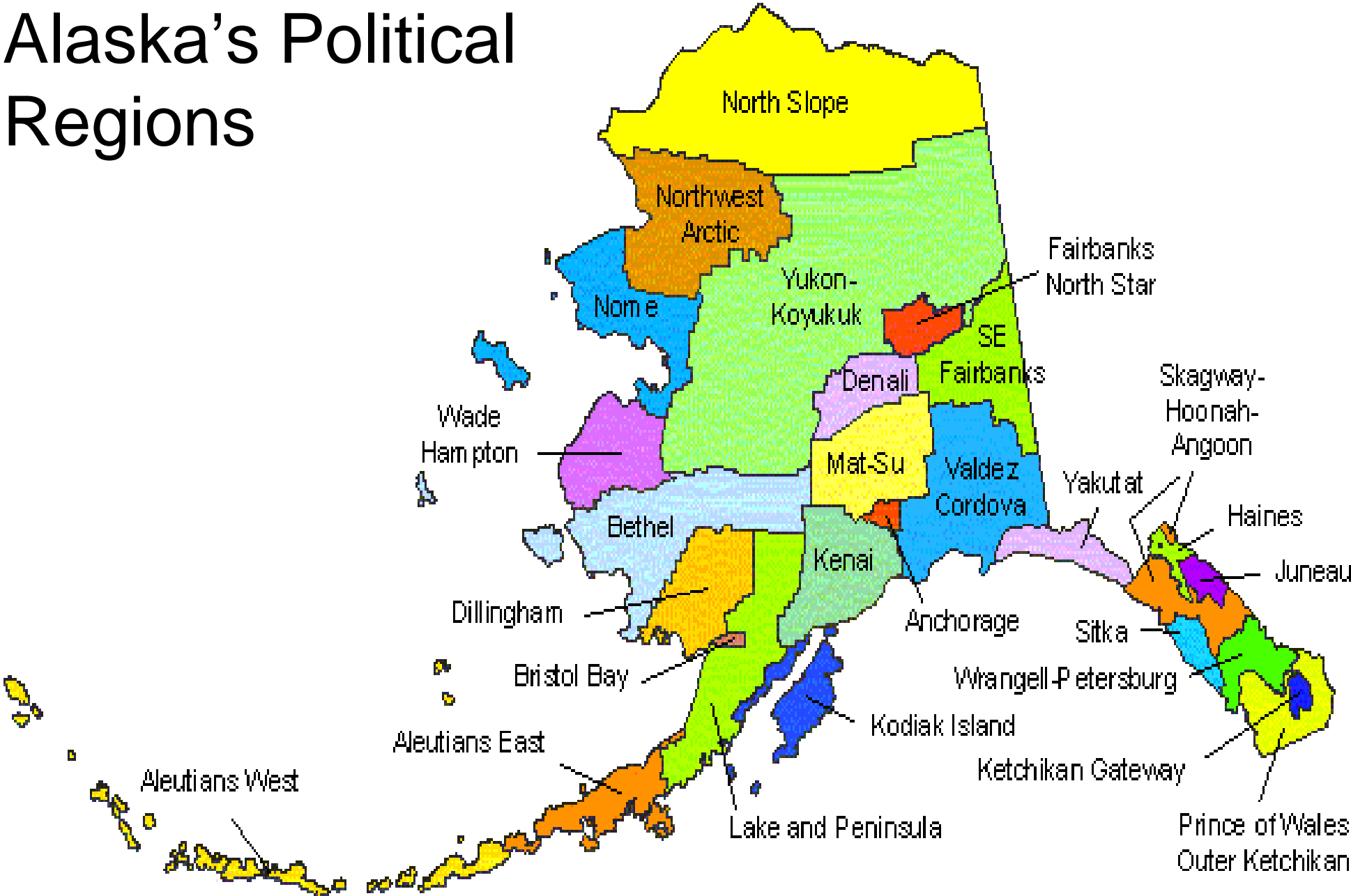
Fairbanks Clusters



Woody Bio-mass Project in Fairbanks

- Seed Cluster
 - Level of energy and passion
 - New manufacturers
 - Many small/micro businesses
 - Challenges with local air quality exacerbated by burning “green wood”

Alaska's Political Regions



SE Alaska Cluster Development – Asset Mapping Approach

- From the Council on Competitiveness:
 - A process that will provide Leaders with an **inventory of key resources** that can be utilized in a development effort.
 - A comprehensive asset mapping initiative will provide a deep understanding of the **key networks and cultural attitudes** that shape the regional economy, **indicate gap areas** that require further investment, and **provide a baseline** by which to judge future progress toward *regional prosperity*.

Alaska Forward Lessons Learned

- Cluster development across large spaces and diverse areas takes time
- A geographic or political region may not be an economic region
- “Proximate” is a working definition in Alaska
- Doing the work yourself leads to richer understanding
- New networks and partnerships have emerged
- Educate yourself, your stakeholders & community

Closing Thoughts

- Cluster development is not the tool for all situations
- Where there is no *prevailing* economy, cluster development process may not be proper starting point
- Cluster development across a vast region is difficult – and not always advisable
- However....We're up for the challenge!