

How We Identified Our Regional Industry Clusters of Opportunity

The purpose of this element is to demonstrate how diagnostic information helped you choose your clusters of opportunity and set you on the path to employer engagement and the development of a cluster action plan.

The Workforce Collaborative of California's Central Coast (W4C) has engaged in a five phase process to identify the regional industry clusters of opportunity. This process has combined in-depth research and analytics with continuous input from the region's workforce and economic development stakeholders as well as several iterations of feedback and engagement with regional employers. The W4C's five phase process for identifying and determining the regional industry clusters of opportunity, included;

Phase 1: Compile a list of green industries or segments of interest provided by stakeholders and the economic summary provided by Collaborative Economics.

The first phase of identifying and determining the regional industry clusters of opportunity for the W4C was based on an initial broad compilation of feedback from collaborative stakeholders and informed by the initial regional economic summary provided by Collaborative Economics. Stakeholders brainstormed on green industry segments they would like to see considered for this study.

1. Agriculture (to include water conservation & recycling)¹
2. Innovation/ Knowledge / Technology & Research & Education – Clean Technology Research
3. Green Micro Enterprises
4. Renewable Energy Generation (Solar, Wind, Hydro, Bio Mass, Bio-Fuels (Algae))
5. Green Buildings (Retrofitting/Energy Auditor/Landscaping/Design)
6. Resource Conservation (Recycling, Water, Wastewater)
7. Manufacturing
8. Transportation (Alternative Fuels, Vehicles and Transportation)

Even though the stakeholders largely agreed this initial list of green industries was too large, they also wanted the flexibility to add or revise industries as more information was gathered and considered.

Phase 2: Develop a refined list of regional industry clusters for further consideration.

The second phase of the process really focused on determining which industries should be the focus of additional research and how the industries could be defined to maximize interest and feedback from the employer community while working within the larger regional process. After initially defining the regional industry clusters of opportunity broadly by using both traditional industry definitions (agriculture, manufacturing and transportation) as well as more specific green segment definitions (green micro enterprises, Renewable energy generation, Resource Conservation), the collaborative

¹ [This list was taken from April 28, 2010: Regional Action Clinic #1 Diagnosis and Collaborative Priority Setting.](#)

made the decision to delineate the industry segments into traditional regional economic drivers, which would include agriculture, tourism, the military and the public sector (or government) and green employment segments, which included, land management, energy, green building, recycling, water and wastewater and transportation with an emphasis on alternative fuels.

Phase 3: Complete additional research on the region's economic drivers identified in Phase 2.

The third phase of the process was focused on developing a better understanding of how the region's key economic drivers, identified in the second phase of the process, impact the region's economy and more specifically the workforce. An economic impact analysis² was completed on August 20, 2010 which showed current and expected employment and overall economic productivity currently and expected in agriculture, tourism and the military for the next five years (2010 to 2015). These findings of the research reinforced the importance of tourism and agriculture for the region, both as a substantial employer within the region, a pair of industries that the region has a high concentration in and industries that are expected to continue to grow through 2015.

Phase 4: Convene with stakeholders to refine and prioritize the regional industry clusters of opportunity.

The collaborative gathered feedback from two sets of regional employer workshops (October 11, 12, 2010 and January 13, 2011). The collaborative evaluated data on the Central Coast economy, reviewed economic development efforts in each of the region's county's and factored in the feedback from employers in the workshops, to further refine the regional industry clusters of opportunity definition. Here is a brief description of the three industry clusters.

- 1. Sustainable Tourism & Agriculture in the Central Coast:** Agriculture and tourism are two industries that uniquely define the Central Coast. These industries are also the only broadly defined industries that have a relatively high concentration (LQ>1.0) in each of the four counties within the Central Coast. An examination of this industry cluster would include a comprehensive review of both the agriculture and tourism industries as well as those industries like wineries that are connected to both.
- 2. The Emerging Energy economy in the Central Coast:** The greening of the economy is having a significant impact on how we generate, store and consume energy. This industry cluster would include firms that are producing renewable energy, including developing and producing alternative fuels, developing new ways to use energy more efficiently as well as those firms that are developing new sour
- 3. The Central Coast's Building & Design Industry:** This industry cluster (construction) has already been identified as one the leading green jobs employer in the Central Coast, according to EDD's 2010 survey results. There also several green building and design efforts within the region that the initiative can build on its workforce and economic development efforts for the Central Coast.

² [The economic impact assessment was completed on August 20, 2010 and will be an appendix in the larger report.](#)

Phase 5: Move forward on additional research and employer engagement on the two highest priorities regional industry clusters of opportunity.

In March of 2011 additional workforce research was completed on the phase four definitions of the industry clusters of opportunity. This additional research defined each of the clusters by the most relevant traditional industry classifications (NAICS and SIC) and developed a profile of current and expected employment, key occupations, and wages within the region. After reviewing the research, the collaborative indicated that the employer survey and executive interviews would focus on, sustainable tourism and agriculture and the emerging energy economy as the two priority industries at this phase of the process.

How We Engaged Employers to Develop Cluster Action Plans

The purpose of this element is to describe the ways you engaged employers—how you worked with them to identify opportunities and requirements for growth, and then develop priority economic and workforce strategies that serve as the basis of a cluster action plan.

The research and diagnostic process identified several clusters of opportunity in the Central Coast Region. These include:

Green Building

Green Industry

Agriculture

Tourism

There is sufficient commonality of the issues facing Green Industries and Green Builders to justify incorporating them into the same cluster for purposes of economic and workforce development.

We also recognized that on the Central Coast there is a significant interface between agriculture and tourism. However the distinct differences in the needs of both led to the decision to treat them as separate clusters of opportunity.

Both the Monterey Business Council and the San Luis Obispo Economic Vitality Corporation have and continue to convene robust cluster initiatives as part of existing county economic strategies. The cluster of opportunity data provided by the RICO initiative supports and validates those initiatives and the identical clusters they have identified as having the greatest impact and growth potential. The San Luis Obispo WIB convened a meeting of the Presidents of both the MBC and EVC on March 7, 2010. This

meeting established an agreement in principle to connect initiatives, training programs, research projects, data collection efforts and program design efforts focused on supporting economic recovery and vitality.

The combining, rather than duplication of existing initiatives benefits the counties and the WIBs participating in the Central Coast Collaborative in that it stimulates regional interactions among key players at a level that has not occurred. A greater appreciation of our assets, deficits and foundational knowledge of how systems interconnect is emerging from the initial discussion, laying the groundwork for future communication and cooperation between agencies and industry. As such, we are positioned to leverage resources, reduce duplication and target meaningful interventions as we deploy available resources.

Most importantly, we have a working model that successfully validates a traditional approach to employer participation and ownership; that will serve as the basis to fully integrate Santa Barbara and Ventura counties and their employers into the continuing cluster engagement; as their political and economic leadership attempts to validate cluster based and regional economic development strategies. Until such time, continued outreach will be conducted to the individual businesses in Santa Barbara and Ventura that have expressed a desire in the interview portion of our process, to participate in the functional piece of the initiative. As the San Luis Obispo WIB is both the recognized lead for RICO and the major sponsor/partner of its county effort, it will continue to utilize the Workforce Collaborative of California's Central Coast (W4C) as the communication and coordination mechanism to inform the other counties WIB directors of initiatives, progress and opportunities to participate, in part or in full, as they deem appropriate.

As the initial step in this implementation process we conducted detailed executive interviews of leaders in each of these clusters. The research was conducted by phone interviews with owners and principals of the businesses and also trade associations. Twenty-four interviews were conducted. The businesses that were interviewed were located in the four county regions of Monterey, San Luis Obispo, Santa Barbara and Ventura. Therefore the businesses that were interviewed were representative of the region.

Businesses to be interviewed were based upon lists provided by the Ventura County Economic Development Association, San Luis Obispo Economic Vitality Corporation and the Monterey Business Council.

Each interviewee was emailed additional background information on the RICO Initiative and was given an idea of the questions that they would be asked prior to the interview.

Some of these discussions sought anecdotal responses regarding workforce issues. Occupations that were keys to current success and that would be required to achieve growth opportunities were identified. Recruitment, educational requirements and training issues were also addressed.

Much of the information garnered from these interviews was related to economic development. Respondents were asked what they considered to be keys to the current success and what they considered to be their future opportunities for growth.

They were also questioned about obstacles to their current success and anticipated obstacles to future growth.

Because all of the companies and organizations interviewed were selected in part either because they were models of the application of green technologies or procedures or they were producers of renewable energy, they were asked to describe these applications and also to predict future applications. Also, information was sought about specialized occupations required for current and projected green technologies.

Also each interviewee was presented with a model for implementing an action based regional program, which addressed the opportunities and the obstacles that they had identified. A component of this model was participation on a regional level regarding the current county initiatives for each cluster. Almost universally this regional model was of interest.

We are in the process of communicating with the respective WIBs the response of candidates who expressed interest in regional participation; in order to further explain our purpose, get additional input from them, enlist their help in recruiting other companies that may be appropriate. We believe that this process will result in further building relationships and deepening their commitment to the process. In consequence the effectiveness of the regional approach will be strengthened.

How We Are Leveraging Implementation Resources and Commitments

The purpose of this element is to demonstrate that the initial RICO grant was an investment that successfully leveraged implementation funding and other commitments.

Because on the Central Coast the RICO initiative is in a formative stage, the primary resources that we are leveraging are human, but we believe that the persons committed to this initiative bring formidable knowledge and experience to the collaborative.

We have a strategic implementation model and a detailed action plan for the utilization of those human resources as evidenced by successful launch in both Monterey and San Luis Obispo counties. The development of a regional initiative for the each industry cluster began with the recruitment and formation of Steering Committees of industry champions. The Committees consist of representatives from appropriate leading stakeholders. Representation from all other appropriate business comprises the group as a whole, to prevent the Steering Committees from becoming cumbersome. The Steering Committees defined their mission and goals. They also determined whether supporting research is required and what funding they should pursue to support their initiatives.

The cluster groups as a whole determine what Task Forces are necessary to implement their objectives, identifying potential members of these Task Forces and assist to recruit their members. These task force members report the progress at the various cluster meetings, which occur as quarterly face to faces.

Each cluster works closely with its facilitator to develop a distribution list of key stakeholders and a system for electronic distribution of information about the issues that it is addressing and the actions and decisions that it has taken. This same broadcast email process includes detailed information about the action plans and progress of the task forces. The use of internet communication should be interactive, where through the mechanism of a Blog or other interactive mechanism; stakeholders can communicate.

The Task Forces have detailed work plans with actions, responsibilities and time for completion included. They meet monthly.

Funding is sought to enable the Task Forces to add ad hoc experts in the fields that require solutions to the issues that they are addressing.

This model is action-oriented not deliberative. To achieve this goal we have intentionally limited the size of the three Steering Committees and propose assigning various objectives to different task forces. This model keeps the Steering Committees from becoming unwieldy, while at the same time involving a greater number of individuals in the process. The approach also prevents unrealistic demands on the time and effort of any individual. We have also recommended a process to allow the Steering Committees to electronically communicate with a broad range of interested parties.

Task Forces

Each cluster will recommend and assist in the recruitment of members of the Task Forces. Problems and opportunities addressed by these Task Forces include:

Political

Educational and Technical

Finance

Global Opportunities

Future Market Opportunities

Marketing (Coordination regional concepts and promotion)

Interface Agriculture and Tourism

The functional county compliments of the RICO initiative have both WIB and private sector match driving specific actions plans. As these action plans expand in size and scope to accommodate the participation of employers in the counties who have not engaged via a cluster initiative, a regional convener will need to be identified or created. As such, a business plan to support the effort of an

existing organization or the creation of one to address this specific gap is included as an attachment to this action plan. Private sector contributions for value-added service discovered in the interview phase are anticipated as partial support for the identified costs. Additional revenue is anticipated from public sector partners who will continue to support the initiatives fully, but are able to realize a return on the initiative without the burden of staff time they currently contribute. Government grants will be vetted and sought as appropriate fill gaps in funding around planned initiatives. Finally, as the initiative evolves from cluster-based economic strategies, to corresponding and complimentary sectoral employment initiatives, appropriate Foundation investments will be pursued.

Existing leverage is demonstrated in Monterey County by a combined in-kind and cash match of \$500,000 for the Competitive Clusters Initiative. The in-kind portion is calculated upon the documented time invested in the initiative by the individual employers. Cash match is provided by sponsors including: Monterey County, Monterey Business Council, AT&T, SVS, Fly Monterey, Monterey Peninsula Airport District, Monterey-Salinas Transit, Veritas Associates, CSU Monterey Bay and Monterey Bay 365. San Luis Obispo County has leveraged \$405,500 in cash match from San Luis Obispo County, SLO WIB, Morgan Foundation, PG&E, So Cal Gas Company, Rabobank, Bank of America, AT&T, First Solar, Sunpower and Sierra Vista Medical Center. Additionally a joint application was submitted on behalf of the region for an i6 grant (1.5 million) through EDA and a Jobs and Innovation Accelerator proposal is also in the works. An attached business plan demonstrates the required versus current investment necessary to create a truly regional initiative that would meet the current needs expressed by the employer base.

How We Are Achieving Sustainable, Systemic Change

The purpose of this element is to demonstrate that the RICO process has helped change the overall approach to workforce and economic development in your region

Because the Central Coast is still involved in the formative stages of the RICO process sustainable, systemic change currently is limited, but if the projected regional collaborative models for the targeted industry clusters are achieved, these changes will be substantial.

Within counties in the region the RICO process has already achieved changes to the over-all approach to workforce and economic development. The Monterey & San Luis Obispo WIBS, Monterey Business Council and SLO Economic Vitality Corporation have coordinated the purchase and use of an industry-standard, subscription based tool. The organizations will utilize the tool in conjunction with the Clusters of Opportunity project to improve its service offerings to the business community; as well as to understand shifting demographics and trends that impact decisions on how to invest our larger training resources. The product is a natural catalyst to help coordinate and align economic development, workforce development, education and private sector initiatives focused on maintaining and growing the areas competitive base. It is anticipated that adoption of the tool will drive continuous improvement in the public sector as we will be able to analyze economic impacts of higher education, the continued performance of our competitive clusters, return on investment of training programs, labor pool

composition and skill gap analysis, map assets, conduct economic impact scenarios and discern gaps or surpluses in educational programming.

The projected model for implementation of the RICO initiatives in the three identified industry clusters will constitute a systemic change, because none of these clusters have ever participated in a collaborative approach on a regional basis, with the possible exception of a Central Coast Wine Team Association. The same is true for the WIBs and economic development organizations. Its geographic expanse and strong local perspectives and loyalties have conspired against recognizing the advantages and collective resources that will result from regional initiatives.

The proposed model and its objectives will be sustainable in part because they are action oriented and achieving objectives will enhance the commitment of participants.

Continuing funding will be necessary to sustain the efforts to continue to seek current data and to establish the regional communications system with their stakeholders that are envisioned in this report as well as provide facilitation support. It is hoped that a portion of this funding at least will be available through the RICO program.

Other funding will be sought for the initiatives that evolve from the Task Forces' efforts to pursue each cluster's defined opportunities and their efforts to resolve their obstacles.

Some of these opportunities and obstacles, as the research has determined, are:

OPPORTUNITIES

GREEN INDUSTRY

Markets for solar energy are growing at a very fast pace, but technological advances will be required to increase efficiencies and make solar power sustainable without subsidies. Economic growth by attracting supply chain companies was identified as a major opportunity.

Expansion of markets geographically was an important opportunity.

Generating high quality bio fuels from waste is also a substantial opportunity for growth.

Applications for the storage of electricity from renewable energy sources will expand.

Selling renewable energy to utilities is another significant opportunity

AGRICULTURE

For vineyards the value added of turning grapes into wine produced in the region is paramount. Branding associated with the Central Coast will support the additional wine production. Distribution sites and logistics (bringing wine to market) are also essential.

Attracting tourists to the area who have an interest in wine and smaller vineyards marketing directly to restaurants and wine aficionados will promote growth for the smaller vineyards. Word of mouth from

retailers and restaurants, also from tastings and wine clubs will also contribute to the promotion necessary for the smaller vineyards.

The supply chain of barrel makers, warehouses, bottlers and labelers could be stimulated by growth in wine production on the Central Coast.

Bringing jobs and production home for a safer food supply will be another basis for growth.

Wine tasting and SIP tours provide a real opportunity. Collaboration for this process with Chambers of Commerce and Visitors Bureaus will facilitate the development of regional wine and eco tours.

TOURISM

Funding of tourist promotion is critical to future success. This process should involve partnering and collaboration.

The permitting process should become more manageable to allow filmmaking in the region. Canada is a huge market for the Central Coast, if they have the means of exploiting it.

The Central Coast needs to draw more attractions, events, sports, festivals and so on.

They also need to develop more tours for small groups with multiple locations in partnership with tour providers that will tour the entire region. These tours may appeal to retired baby boomers.

They need to promote group visits and corporate retreats.

'AG tourism' provides a major opportunity. These opportunities involve 'tech tours.' And also self-guided tours. There are opportunities for meeting planners to offer day trips in the region. Post and pre-conference excursions are important. Cruise ship shore excursions also present opportunities.

Because the travel industry is very global, the area needs global promotion, with tours tied to a major destination that is internationally recognized.

An alliance between the wine associations, the Farm Bureau and tourism associations could promote this interface. There is a wide range of things to see from Seafood farming and processing to winemaking, as well as eco tours, which are currently being promoted.

There are opportunities for eco and green agriculture conventions

Some agricultural tours take an historical perspective and project that perspective into the present. Ventura County alone promotes 27 agricultural tours.

The Channel Islands offer Eco Tours, and utilize bike trails. Patagonia is a company that supplies outdoor gear and promotes Eco tours and related tourism in the area.

In addition to an historical background, on Agro tours technical and scientific education can be the motivating factor, and farmers from other areas comprise the majority of the participants in these tours.

“Diversity of crops and the high-tech aspect of farming on the Central Coast are what draw people to the Agra tours.

One interesting idea proposed was for a culinary tour program. Farms and ranches would have culinary visitor centers for tourists, where they could taste various foods and get some background on what they were eating. These culinary tours would tie into restaurants promoting that their food was fresh and homegrown.

OBSTACLES

GREEN INDUSTRY

Regulation and compliance issues were major obstacles. The uncertainty of Government subsidies was a potential obstacle. The need for more efficient manufacturing techniques was also cited, as was attracting capital. These renewable energy companies and recyclers are currently not economically sustainable without subsidies or incentives.

Technology will have to keep pace with the demand for renewable energy and to enable it to be economically competitive.

Regulation and “red tape” will be a major inhibitor of growth.

Lack of capital to invest in automated manufacturing and internal product design was mentioned.

AGRICULTURE

The greatest obstacles are economic – cost of labor, scarcity of capital and inefficiencies in operating cost.

Most of the respondents mentioned regulation as the major obstacle. Regulatory burdens impose compliance expenses which are not commensurate with the modest improvements that would result. The difficulty of obtaining permitting is a related issue. The cost and delays associated with obtaining permitting is preventing innovation.

The next most important issue is associated with immigration. The absence of guest worker passes creates conflicts associated with hiring legal workers.

Urbanization is creating conflicting demands on the water supply. “It is a tug of war between the cities and agriculture.”

The cost of living is also an obstacle. “Where are the workers going to live?” For the same reason it is difficult to recruit management level, sales and technical people.

Governmental regulations. An example is base level energy usage. “You couldn’t power a shack with these levels.”

The “neighborhood encroachment “ of residential property on agricultural land and the resulting competition for resources.

TOURISM

The two largest concerns were the state of the economy and marketing.

“The biggest obstacle is the ‘closed door mentality.’ People say ‘We don’t need more people.’ There are the obstacles of territoriality and the ‘We don’t need change’ mentality.”

There are currently no hospitality management programs in any of the regional Universities and Community Colleges.

On-line promotion is essential, but internal IT personnel are prohibitively expensive and outsourcing is becoming unaffordable. A greater supply of qualified people in these occupations is essential, since currently they can demand their own price.

The cost of housing is a great deterrent.

There is no main gateway by air into the area.

It is very difficult to do business in California, because of regulations. For example the legislature is considering a law where all hotels must have fitted sheets.

There is also a shortage of available capital for upgrading properties. The decline in real estate values is one reason for this shortage.

A lack of promotion of the region and qualified people to design and execute the communication strategies that is necessary. Collaborative rather than provincial promotion.

“Room prices and other costs associated with traveling here are a deterrent,”

Water is another obstacle. “Without an increase in the water supply, you cannot do much development. It’s hard to expand. But there is no point in building more hospitality facilities with so many empty rooms as it is.

In accordance with the action plan model each industry cluster will form action oriented Task Forces to develop plans for addressing the means to exploit the identified opportunities and also to find solutions to eliminate the obstacles to success. These Task Forces will develop very detailed action plans with objectives, assigned responsibilities and a timetable for completion of the identified tasks.

If they are successful in achieving their objectives on a regional basis, the process will achieve systemic change. The process will include the contribution of considerable in-kind contribution of time and human resources, and under certain circumstances financial contributions from the participants. In addition for many of these initiatives alternative funding sources will be solicited.

The sustainability of this effort will be largely supported by the achievement of the identified objectives, which will enhance the commitment of the participants. In addition, this success will provide a case for support for additional funding from a variety of sources.