



Madison Region's Strategy for Economic Growth



PHASE 2: TARGET CLUSTER ANALYSIS EXECUTIVE SUMMARY

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THRIVE HERE

Thrive is the economic development partnership for the eight-county Madison Region with a vision to create a dynamic environment where people and businesses prosper. We create value with initiatives that focus on long-term, sustained results aimed at building the region's competitive advantage while preserving and enhancing quality of life. Thrive works in the spirit of collaboration to ensure resources are available to the people and organizations that do business here. We serve the Wisconsin counties of Columbia, Dane, Dodge, Green, Iowa, Jefferson, Rock, and Sauk.

LIVE WORK GROW

Market Street brings original insights and clarity to the evaluation and revitalization of the places where people live, work, and grow. Through honest and informed assessments, *Market Street* can equip you with the tools to create meaningful change. Our solutions successfully merge our experience and expertise with the economic and social realities of our clients. *Market Street's* community partners are successful at creating stronger programs, increasing operational budgets, and creating new quality jobs with competitive wages that improve the quality of life in their communities.

ADVANCE NOW OVERVIEW

The Great Recession has significantly altered the economic landscape of the United States. While some communities are trying to “get back on track,” the **Advance Now** process is a deliberate and proactive effort to strategically position the Madison Region to take advantage of economic opportunities as they reemerge. The Madison Region enjoys tremendous assets, but has, at times, struggled to translate these strengths into economic opportunity.

Regional leaders are thinking anew about the Madison Region’s competitive advantages and the need for visionary, aggressive new initiatives to harness these opportunities. *Market Street Services* has partnered with Thrive to coordinate **Advance Now**, a formal Comprehensive Economic Development Strategy planning process that will systematically move the Madison Region’s economy forward. **Advance Now** will unite fragmented economic development efforts with a comprehensive action-oriented strategy that will enable the eight-county region to compete on a larger scale in today’s global marketplace.

Led by an engaged Strategy Committee of regional leaders from a wide representation of backgrounds, the **Advance Now** process is intended to create an actionable strategy that will not sit on the shelf. The final outcome of this four-phase process will be a detailed program of work for Thrive’s leadership, professional staff, and regional partners to leverage new opportunities that concurrently strengthen the region’s business climate, create new jobs with competitive wages, and preserve and enhance quality of life across the region.

Phase I. Competitive Assessment & Stakeholder Input: The Competitive Assessment provided a detailed look at the eight-county Madison Region’s demographic, socioeconomic, and economic trends in recent years compared to the metro areas of Austin, Texas; Des Moines, Iowa; and Lincoln, Nebraska, as well as the state of Wisconsin and the nation. The realities of the regional economy, well-being of residents, and growth and development of the community were examined. In addition to a community-wide online survey, a series of focus groups and one-on-one interviews were conducted with key stakeholders from throughout the Madison Region to complement the quantitative findings of the Competitive Assessment. This input will directly inform the recommendations of the five-year strategy.

Phase II. Target Cluster Analysis & Marketing Review: The Target Cluster Analysis draws on Phase I research and input to provide a look at the Madison Region’s economy that goes beyond traditional measures of current and potential future

economic activity. Leveraging Thrive's current targets and key stakeholder input, the end result is a well-refined list of business clusters that highlights the most important existing and the most promising emerging targets for Madison's regional leaders to pursue.

The Marketing Review component of this phase assesses the Madison Region's image among national site location professionals and identifies best practice economic development marketing programs across the country.

Phase III. Advance Now Strategy: The **Advance Now** Strategy will serve as a tool unifying Thrive and its regional partners across the eight counties behind a consensus blueprint for economic development in the region. Developed in collaboration with the Thrive staff and driven by the volunteer leadership of the Strategy Committee, the final Strategy will be a detailed and visionary game plan of goals, objectives, and actions to achieve over a five-year period. The Strategy will also position Thrive to obtain a federally approved Economic Development District designation for the eight-county Madison Region.

Phase IV. Implementation Plan: If the Madison Region's **Advance Now** Strategy determines the "what" of the eight-county Thrive region's preferred future, then the Implementation Plan answers the "how." The Implementation Plan is a playbook that will guide the launch of **Advance Now** and drives its ongoing momentum through the five years of implementation. It will provide capacity assessments, measurement tools, plans for years one through five, and other information necessary to successfully implement the **Advance Now** Strategy across Thrive's public- and private-sector partners in the eight-county region.

TARGET CLUSTER ANALYSIS

In the professional practice of economic development, many methodologies have been utilized to identify business targets or clusters; however, many use weak or industry-focused approaches. These overlook critical issues of talent and place-based assets which are important to all businesses. *Market Street's* research method includes an analysis of the characteristics of the Madison Region's workforce—the occupations and types of knowledge that support the region's business structure and activities—as opposed to beginning with an examination of the region's industrial composition. This is a “bottom-up” approach, which stands in contrast to the traditional top-down technique historically utilized in target and cluster analysis.

Recommended targets for the Madison Region were selected based on comprehensive quantitative and qualitative research and answers to questions such as:

- ➔ How have the existing targets of Advanced Manufacturing, Health Care, and Agriculture performed?
- ➔ Knowing what we do about the national economy and the Madison Region's competitive position, do these targets continue to make sense?
- ➔ What new opportunities or challenges have arisen in the regional and national economies?
- ➔ Do the existing and proposed targets provide wages at or above the regional average, and therefore have the potential to increase regional wealth?
- ➔ Are there important diversification components for the regional economy?
- ➔ Are there key occupations, compositions, and skill sets that are transferable across multiple clusters and niches?

RECOMMENDED TARGETS

After an analysis of the performance of Thrive's existing targets—**Advanced Manufacturing, Health Care, and Agriculture**—a close review of the region's occupational clusters and concentrations, and a look at regional industry-level wage and employment growth over two- and five-year spans, *Market Street* proposes the following target business sectors be pursued by Thrive and its partner economic development organizations.

Legacy targets are transitioning sectors in the regional economy with important historical influence and “next generation” potential.

- Advanced Manufacturing
- Agriculture and Food Systems

Leading targets are mature sectors with immense opportunities for growth.

- Health Care
- Life Sciences

Emerging targets are sectors with the potential to create further economic opportunities within the region.

- Design and Technology

In each target cluster, *Market Street* has defined specific **niche areas** within the target sector to help Thrive staff and their regional partners focus economic development efforts.

In addition, **Tourism and Experience** has been identified as an **opportunity area** (rather than a formal target) for the Madison Region. Enhancing the “product” of the Madison Region strengthens targeting efforts in other clusters by working to make the region attractive to an increasing spectrum of talent and firms.

TARGETS		Advanced Manufacturing	Agriculture and Food Systems	Health Care	Life Sciences	Design and Technology
CLASSIFICATION		Legacy	Legacy	Leading	Leading	Emerging
NICHES		Machinery & Materials	Plant & Animal Cultivation	Medical Care & Wellness	Research, Development, & Testing	Technology & Software
		Pharmaceuticals & Chemical	Food Processing	Health Informatics	Production & Distribution	Design & Communications
		Instruments & Precision Components	Food Systems Development & Distribution	Management & Support Operations		Direct-to-Consumer & Specialty Retail
CORE TARGET STRATEGIES	Business retention and expansion	X	X	X	X	X
	Entrepreneurship and small business	X	X	X	X	X
	Internal and external marketing	X	X	X	X	X
	Talent development and recruitment	X	X	X	X	X
	Research and development	X	X	X	X	X
	Infrastructure and site enhancements	X	X	X	X	X
	Quality of life/amenity development			X		X

Prior to presenting these targets to the **Advance Now** Strategy Committee, the *Market Street* team discussed the recommended targets with Thrive staff and the Strategy Committee co-chairs. The Strategy Committee will review and approve the targets for pursuit in the **Advance Now** Strategy.

The Target Cluster Analysis proceeds with a profile and examination of each recommended target. As in the Competitive Assessment, the information is grouped according to the three core areas of competitiveness:

- **People:** Occupational and talent dynamics
- **Prosperity:** Business sector trends
- **Place:** Location assets and competitiveness

The next phase of **Advance Now**, the Strategy, will provide specific tactics to support the development of each target sector. Necessary synergies with educational

institutions and quality of life amenities, a regional approach, and target-specific competitive issues will be incorporated in the Strategy to ensure that Thrive and its partners, throughout **Advance Now**'s five-year implementation, progress holistically and are fully prepared for successful target development efforts.

ADVANCED MANUFACTURING

Justifications

- The historic strength and support of production in the Madison Region coupled with emerging processes pioneered by the region's higher education and research institutions makes the target a competitive fit.
- Occupation trends reflect both a concentration of production occupations and highly-skilled employees, indicating a competitive advantage in the full spectrum of manufacturing knowledge and expertise.
- The region boasts a wide range of postsecondary offerings, from short-term technical certificates to advanced theoretical engineering degrees. This education continuum also includes manufacturing outreach to Pre-K–12 students as well as customized training programs for displaced workers.
- Despite the national downturn in manufacturing, regional manufacturing employment is still relatively healthy. Seven subsectors employ over 2,000 workers, and an additional six subsectors employ over 1,000 workers.
- Ten subsectors within the Advanced Manufacturing target created jobs that are credited to regional conditions in the Madison Region. These growth patterns are encouraging as losses propelled by national and industry dynamics continue.
- Place-based assets such as the Foreign Trade Zone, university research centers, strong technical college training programs for employers, and transportation infrastructure could be more effectively developed and marketed.
- Synergies with other strong regional sectors, such as agriculture, bioscience, and information technology, complement manufacturing capacity and provide key opportunities for cross-sector collaboration.

Findings and Strategic Implications

- Within the Madison Region, many skilled engineering and technical support occupations earn wages that are below the national average. This dynamic is

concerning as the region may have trouble further attracting and retaining a world-class manufacturing talent base. With national manufacturing labor shortages attracting scrutiny, the wages in these occupations should be followed and used as barometer for sector value-add and competitiveness.

- However, wages increased in all Advanced Manufacturing subsectors between 2005 and 2010, and more recently, between 2008 and 2010. Target strategies for these subsectors must emphasize the retention of these positions, as wage growth is a positive indicator of economic health and prosperity.
- A vast majority of precision production program graduates focus on precision metal working, a direct reflection of the Madison Region's strength in that production process. Alignment of talent with regional competitive sectors will lead to long-term sustainability.
- Many subsectors have high shares of aging workers. Such a dynamic underscores the need to be aware of an "aging out" of knowledge and expertise in the regional workforce, and poses challenges for attracting prospective companies that require a large existing regional workforce.
- Career academies, Madison College's planned Ingenuity Center, and national certification programs available in the region poise the Madison Region well to train competitive talent. The region must also continue and expand its efforts to educate Pre-K–12 students, parents, educators, and career counselors about the cutting-edge, high-technology careers available in Advance Manufacturing.
- Primary strategic efforts must focus on retention of existing manufacturers and diversifying regional manufacturing firms to be sustainable through national and global economic cycles and breakthroughs of new production processes.
- Identifying and attracting suppliers of existing manufacturers will be critical to filling in the region's Advanced Manufacturing supply chain, from the inception of a product idea to the final distribution of a finished product.
- Business retention, expansion, and attraction challenges include the perception and realities of a unionized workforce when competing with right-

to-work states, and state-level incentives and external marketing efforts that have not historically been aggressive in promoting the state and region's manufacturing assets.

AGRICULTURE AND FOOD SYSTEMS

Justifications

- The historic strength of agriculture, especially dairy, in the Madison Region and Wisconsin makes this target a highly-supported priority among regional stakeholders. Many of the counties in the region have among the largest agriculture employment bases in the state.
- The increasing global demand on food systems poses great opportunities for places like the Madison Region with well-developed food systems and distribution channels. The need for fuel alternatives possible through agricultural waste and biomass are also projected increase.
- The Madison Region's employment in bioscience, plant and animal genomics, and agricultural sciences is reflected in high concentrations of animal scientists, soil and plant scientists, and agricultural sciences postsecondary teachers.
- Many facets of the regional economy connect to agriculture, as evidenced by 11 subsectors that each employ over 1,000 workers. Such numbers reveal the deep integration of agriculture with regional prosperity.
- The sector offers multiple points of entry for workers across a range of skill, experience, and education levels.
- The continued dominance of regional dairy and grain production is the backbone of the sector. The presence of the World Dairy Expo in Dane County continues to hallmark the importance of agriculture in the region, making the region "ground zero" for the global dairy industry.
- The sector is well supported by the advanced capacity at UW–Madison in both research and practice fields of agriculture coupled with the strong institutional and programmatic collaboration of organizations and trade groups at the local, state, and national levels.
- Food incubator capacity is especially strong, indicating positive investment in building regional food capacity.

- The Madison Region and Wisconsin are already nationally and internationally known for key food products such as cheese and beer, positioning the region well for marketing its diverse and innovative cluster.
- The target poses strong cross-cluster opportunities with Advanced Manufacturing and Life Sciences targets.

Findings and Strategic Implications

- With employment concentrations in niche subsectors such as support activities for animal production, agricultural chemical manufacturing, animal food manufacturing, and alcoholic beverage merchant wholesalers, it is clear that the Madison Region already encompasses the critical mass necessary for a fully-developed cluster.
- Overall, occupations within the Agriculture and Food Systems target show wages that are lower than the regional average. This could potentially threaten the viability of agriculture as an appealing career choice within the region. However, wages in highly-skilled occupational niches exceed national occupational averages and the regional average annual wage. Still, it will be critical for the region to work to attract and maintain high-quality agriculture and specialty food processing operations that offer competitive wages.
- Age distribution in Agriculture and Food Systems indicates much penetration by younger generations, indicating a sustainable workforce. In addition, in 2010, Madison Region colleges and universities conferred 354 degrees in agriculture-related fields.
- Food security concerns, federal regulations, and shifts in global markets generate instability in the sector that must be constantly monitored.
- Opportunities exist for increased coordination and cooperation between the region's higher education and research institutions and the private sector.
- There is strong potential to broaden the Madison Region's "local food" scope to the entire Midwest and better market the region as a producer of high-quality foods and as an innovator of cutting-edge processes.

HEALTH CARE

Justifications

- The Madison Region boasts a historically-strong Health Care sector due to the output and influence of UW–Madison’s School of Medicine and Public Health. In addition, the IT and business roots in the region provide strong technology, management, and support services to the Health Care sector.
- UW–Madison is not the only postsecondary institution with highly-competitive medical education and training programs; all of the region’s higher education institutions offer programs to prepare students and workers in some way for careers in the Health Care field. In addition, middle school and high school programs throughout the region expose the future workforce to Health Care occupations.
- As reported in the Competitive Assessment, the region has a high per-capita number of physicians and hospital beds, compared to the national average and benchmark metros. Many health care providers in the region are nationally recognized for their specializations.
- Several teaching hospitals throughout the region provide residency opportunities for medical students and offer a critical tool to attract and retain physicians to the region.
- The presence and continued expansion of Epic Systems poses an advantage in attracting IT skill that could be more effectively and strategically retained.
- A diverse range of occupations and skill levels in the Health Care sector meet the needs of a broader workforce, from low-skill or entry-level occupations to highly-educated and skilled specialized medical professionals.
- National growth and projections indicate continued expansion as the population ages and as new treatment methods, such as outpatient care, gain popularity.
- Within the Madison Region, the Health Care sector is already closely aligned with Life Sciences activities. The sector also poses the potential for cross-cluster collaborations with the Design and Technology target.

Findings and Strategic Implications

- Over 30 of the occupations in the Health Care cluster are more highly concentrated than the national level. In addition, high employment concentrations in key Health Care information technology and development occupations pose a competitive advantage for the Madison Region in expanding its Health Informatics niche.
- In the health professions and related clinical sciences category, nearly as many doctorates and professional degrees were granted in 2010 as bachelor's degrees.
- Only offices of physicians, under the Medical Care and Wellness niche, have a larger proportion of workers 55–64 than workers 25–34. All other subsectors in the region's core Health Care niches boasted larger proportions of young adult workers than the overall regional share of this age cohort.
- Consistent with national trends, almost all of the region's Health Care subsectors displayed positive short- and medium-term employment growth.
- Many subsectors in Health Care offer wages below the national average, although some wages are growing faster at the regional level than in the U.S. Only offices of dentists pay average annual wages above the national average. These less-competitive wages pose a significant challenge to recruiting and retaining a talented Health Care workforce.
- Most areas of the Madison Region do not have the download speeds, via broadband infrastructure, necessary to engage in two-way telemedicine.
- Ambiguity over federal health care reform implications and a changing regulatory environment will continue to cause uncertainty among health care providers, patients, and support businesses. However, these changes also pose great opportunities for innovative businesses and providers.
- Continued efforts to transition medical technology pioneered by UW–Madison and other postsecondary education and research institutions will be critical to further establishing the Madison Region's target competitiveness. Innovations must be more effectively leveraged to launch start-up firms in the region.

- Retaining the Epic workforce within the Madison Region as young workers turnover will be an important effort in capturing strong health informatics talent.
- As explored in the **Advance Now** Competitive Assessment, the sluggish population growth in most of the Madison Region's counties and net out-migration and low percentages of young adults in some counties pose a major challenge for key niches of the Health Care target that require a growing local population for a consumer base.

LIFE SCIENCES

Justifications

- Many groundbreaking biotech innovations have been pioneered in the Madison Region, including the first human embryonic stem cells grown in a laboratory.
- The region has as critical mass of talent as evidenced by a sustainable continuum of biology-based degrees and high concentrations of employment in research and development.
- Serious research and development that is ongoing at UW–Madison is a key asset in creating and retaining major bioscience and biotech firms in the region. Increased incubator and accelerator space for biotech companies aids further target development.
- According to BioForward, 75 percent of bioscience jobs created in the state of Wisconsin in 2009 occurred in and around Madison.
- There is strong regional and state support for Life Sciences as a targeted sector for attraction and cluster development.

Findings and Strategic Implications

- Within the region, employment in scientific research and development services grew by 149.5 percent between 2005 and 2010, far outpacing national subsector growth of six percent.
- Employees in scientific research and development services are relatively young, indicating a healthy workforce pipeline that will resist leakage of knowledge due to retirement of Baby Boomers.
- Low concentrations of distribution and business-development occupations drive the need to evaluate talent development through the whole spectrum of target components.

- Low wages, when compared against national subsector averages, indicate structural disadvantages for employees. Such dynamics may induce skilled talent to seek out other opportunities in higher-paying markets.
- The federal regulatory environment for Life Sciences testing, development, commercialization, and distribution is a major challenge for entrepreneurs and firms across the U.S.
- Many companies in this target have fewer than 10 employees, underscoring the need to pursue strategic small business support, where resources to grow are easily accessible.
- Competitive disadvantages stem from a lack of venture capital funding. However, while venture capital is debated at the state level, strategic options for formalizing regional and early-stage funding should be pursued.
- According to stakeholder input, the lack of seasoned entrepreneurial managers is acute in the Madison Region, posing a concern for start-ups that need strong leadership to successfully guide a firm through its challenging early stages and for researchers looking to bring their innovations to market.
- There are opportunities for increased coordination and cooperation between higher education and research institutions and the private sector to bring more innovations to market and generate start-ups and jobs within the Madison Region.
- While there is much public sector growth in the cluster through UW–Madison’s activities, there is a need to continue to grow and develop Life Sciences more fully on the private sector side.
- A coordinated and recognizable marketing program is seriously needed to bring the Madison Region’s Life Sciences sector additional visibility and outside investment. In the past the region has not asserted itself as a hotbed of biotech activity as aggressively and as well-coordinated as other U.S. regions.

DESIGN AND TECHNOLOGY

Justifications

- Higher education assets, including the UW–Madison’s Wisconsin School of Business, education technology, and information systems degree programs, drive highly-skilled talent to the region for education opportunities.
- The region boasts a vibrant arts community, walkable downtown areas, and high quality of life that are attractive to professional, creative, and young workers.
- The Design and Technology target offers cross-target applications with Life Sciences and support for a diverse range of business sectors that exist regionally, nationally, and globally.
- Growth in co-working and incubator spaces across the region pose major opportunities in attracting, housing, and clustering start-ups and small firms in this sector.
- Design and Technology occupations can utilize the Madison Region’s young professional workforce, exhibited by favorable age pipeline ratios in its subsectors.

Findings and Strategic Implications

- The sector offers regionally competitive earning potential for workers across skill levels.
- High-tech GDP growth in both the Madison and Janesville metros are in the top quartile of the largest and smallest metros, respectively, in the U.S.
- The region experienced strong IT employment growth between the fourth quarters of 2005 and 2010.
- The region is struggling with a lack of venture capital and competitive incentives to invest in long-term research and development and high-tech markets. In addition to growth in capital capacity, the Madison Region needs

increased social capacity through support for technology networking organizations and events.

- Low passenger capacity and relatively few affordable flight options at Dane County Regional Airport impede the ease of business travel to other markets.
- Design and Technology wages, while competitive within the region, are lower than national averages in the target's occupations and industry subsectors.
- Talent attraction and retention competition with other nearby major Midwestern metros with vibrant amenities and opportunities to attract young professionals and recent college graduates.
- The sector offers compelling potential to transfer technologies driven by higher education institutions, such as educational technology research, to the marketplace.
- Additional degree programs and more focused specialties in existing degree programs offered in the Madison Region will be necessary to continue to hone cluster talent.
- More effectively marketing the Madison Region to current young residents and startups and potential firms and talent will be important in order to position the region as a hub for innovative and creative firms.
- Continued efforts to expand technology infrastructure and quality of life amenities in downtowns and central city areas throughout the Madison Region will retain and attract Design and Technology firms and talent.

OPPORTUNITY AREA: TOURISM AND EXPERIENCE

Justifications

- Regional beauty, coupled with proximity to natural resources and a diverse scope of tourist attractions position the Madison Region as a destination for those seeking one-of-a-kind experiences. Hundreds of activities and sites in the Madison Region attract visitors each year, including Camp Randall Stadium, agritourism sites, Taliesin, Ironman Wisconsin, retail, the International Crane Foundation, and Ho-Chunk Gaming.
- A dynamic tourism economy can be a vital mechanism for future Madison Region diversification, and provides the additional benefit of establishing a reputation for individual communities as attractive places to visit or live.
- The money tourists spend is often retained in the regional economy and can reinforce many of an area's service-oriented businesses. Visitors and the money they spend in the Madison Region can bolster local municipalities' tax receipts; bring business to regional retailers, attractions, and restaurants; and guide further development of amenities that promote residents' quality of life.
- Many occupations in tourism are low-wage and allow unskilled workers a way into the labor market, providing much-needed opportunities for a component of the population whose job prospects have been severely impacted by the Great Recession.
- Efforts are already underway through discussions on creative placemaking, initiated by the chair of the National Endowment for the Arts and the Wisconsin Arts Board.
- Travel and Experience, as a component of the Target Cluster Analysis, does not represent a standalone cluster to be targeted, but an opportunity area that can be further developed and integrated into the region's other clusters. Potential synergies with target sectors include eco-tourism and recreation, agritourism and local food tourism, downtown and cultural tourism, and expanded regional experience packages.

Findings and Strategic Implications

- Spectator sports employment grew 20.4 percent between 2005 and 2010, outpacing the national contraction of the subsector.
- Blackhawk Technical College and MATC's Hospitality and Tourism clusters prepare students for careers in this opportunity area.
- The Madison Region generated \$2.9 billion through tourism in 2010. Some of the individual counties in the region—Dane, Sauk, and Rock—draw among the highest expenditures in the state, and are responsible for a share of nearly 20 percent of the state's total tourism income.
- In 2010, tourism created 24,270 full-time job equivalents, generated \$447.18 million in total resident income, and \$42.24 million in local government revenue in the Wisconsin Dells Area (comprised of the City of Wisconsin Dells and the Village of Lake Delton).
- According to stakeholder input, there is a strong need for a regional tourism plan that incorporates business development activities.
- In addition to traditional marketing activities, the region must also focus on building relationships with travel writers, travel bloggers, and national food critics. Such outreach can help earn national and international accolades and expand marketing reach significantly.
- Major challenges include connectivity between the Madison Region's high-value tourism communities and sites and the current low capacity and high cost of airfare at the Dane County Regional Airport.
- The lack of hotel capacity puts strains on the region's lodging facilities when numerous events are held simultaneously in an area of the region.
- This opportunity area has great potential to be more fully integrated into the region's nationally-recognized quality of life amenities and local food culture. Establishing and communicating a stronger identity as a place to visit and play will be a key strategy for this area.

CONCLUSION

The Madison Region has historically been sheltered from major economic downturns like the Great Recession or declines in particular sectors due to its base of stable employment in government and education. However, as funding challenges threaten the region's reliance on public sector employment and wage growth, the Madison Region is now more than ever in need of a holistic approach to targeted economic development. This approach will be outlined in detail in the next **Advance Now** phase, the Strategy.

The target clusters and corresponding niches and opportunity area identified in this Target Cluster Analysis are Advanced Manufacturing, Agriculture and Food Systems, Health Care, Life Sciences, Design and Technology, and Tourism and Experience. These targets represent the highest-value opportunities for employment growth in the eight-county Madison Region. They merit prioritization in terms of time and resource investments from Thrive, its regional economic development partners, and the Madison Region's private sector business leadership.

Successfully developing and maintaining these clusters and taking advantage of competitive assets across many sectors requires varied but complementary strategies: existing business retention and expansion, small business and entrepreneurial development, research and development, talent development, and external marketing, attraction, and recruitment. Focusing efforts on only one or two of these target strategies will be inadequate to maximize the Madison Region's vast potential for growing these sectors and emerging as a top competitive region in each of its targets.

Key issues to tackle in the coming years of **Advance Now** implementation will be relatively low wages across the targets which pose threats to talent retention and recruitment, and crafting a strong marketing message that effectively conveys the competitive business sector strengths to internal and external audiences.

As the decline of the national recession gradually reverses and the regional economies across the U.S. recover, competition for talent among regions will increase, particularly for highly-skilled workers critical to the Madison Region's targets. Long-term economic growth will be subject to the Madison Region's talent capacity to meet the demands of current and prospective employers. The high quality of life in the Madison Region makes it an attractive location for companies, research institutions, the present talent, and the imminent labor force currently enrolled in Pre-K–12 school and higher education, but the region must aggressively develop and

diversify its regional economy through well-paying job retention and creation in tandem with talent development and recruitment.

It is imperative to understand that targeting specific business clusters for growth does not rule out the pursuit of other quality economic opportunities that become available. However, a regional target-based approach does necessitate focusing resource allocations on a few key cluster areas with the greatest competitive advantages and long-term potential for growth and prosperity. The **Advance Now** Strategy will provide specific recommendations for the growth and development of the priority target clusters profiled in this report.

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