

CLEVELAND–NORTHEAST OHIO

TRANSITIONING OLD ECONOMY INDUSTRIES TO NEXT ECONOMY GROWTH

POPULATION IN 2010: 4,139,022 • EMPLOYMENT IN 2010: 1,913,039
GROSS VALUE ADDED (GVA) PER PERSON IN 2007: \$33,558

Cleveland-Northeast Ohio is in economic transition and its successful reinvention will depend on redeploying historic assets to new competitive arenas.

Cleveland-Northeast Ohio is home to a \$170 billion economy (as of 2008 in nominal dollars) that is anchored by the large Cleveland, Akron, and Youngstown metropolitan areas and encompasses several other smaller, but distinct, metropolitan, micropolitan, and rural areas. The region as a whole not only shares labor, capital, and supply markets but also a common history in steel, rubber, chemicals, and automotive assembly. Once a leader in this industrial/manufacturing-based economy, Cleveland-Northeast Ohio has seen its competitive advantages in this sort of production erode in the face of global competition. For decades, the region’s manufacturing base has been contracting, and, in recent years, the area’s productivity rate grew at less than half of the U.S. pace as it experienced some of the worst job losses in the nation. At the same time, Cleveland-Northeast Ohio’s legacy of strengths in its existing skilled manufacturing workforce, multiple top-ranked research institutions, relatively high patenting rates, and strong exporting performance hold out a tremendous opportunity for turning the regional economy to new pursuits in growth markets like clean energy, biosciences, and advanced materials.

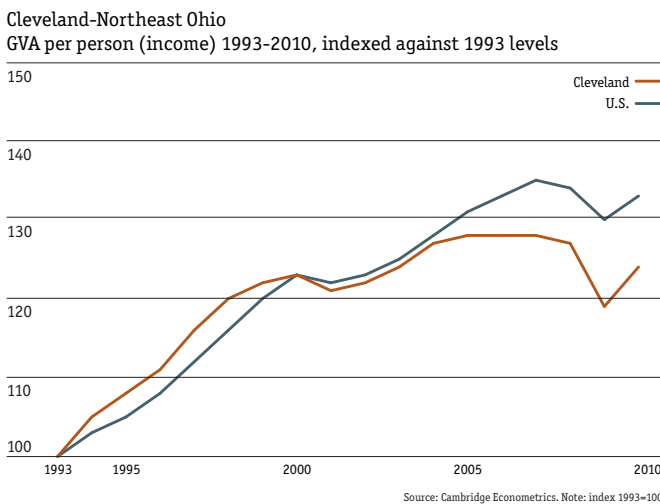
To speed economic transformation, Cleveland-Northeast Ohio is using the metropolitan business planning approach to better connect targeted older manufacturing firms to the regional innovation infrastructure.

Given the urgency to revitalize Cleveland-Northeast Ohio, The Fund for our Economic Future, a unique partnership of more than 50 regional philanthropies, along with the region’s federally-funded Manufacturing Extension Partnership (MEP) affiliate, MAGNET, has convened an unprecedented collaboration of local governments, elected officials, businesses, civic leaders, research and education institutions, and engaged citizens to address regional challenges. Together, this group has embraced the discipline of “business planning” to strengthen the region’s existing and emerging industry clusters, enhance governance coordination, foster entrepreneurship, and develop talented workers to meet current and future demand. Now, nearly a year’s worth of community meetings, expert consultation, and deep analysis has yielded an interim work product that already includes scores of pages of market trend intelligence, extensive quantitative and qualitative analysis, and the development of a highly detailed change-initiative. An initial focus is the manufacturing sector, which still directly employs 17 percent of all workers in Cleveland-Northeast Ohio, indirectly drives over 45 percent of total regional employment, and contributes 18 percent to the state’s gross domestic product. While manufacturing remains crucial to the regional economy, the sector has lost the innovative edge necessary to compete in the future economy. In particular, Cleveland-Northeast Ohio’s estimated 1,600 small to mid-size manufacturing firms have typically focused on cutting costs to stay competitive rather than investing in their innovation capacity. It is a dynamic that must change.

Hence Cleveland-Northeast Ohio’s major catalytic initiative: the proposed Partnership for Regional Innovation Services to Manufacturers (PRISM) will help transition older manufacturing firms to new high-growth markets.

Here, the challenge has been well defined. Many of Cleveland-Northeast Ohio’s “traditional” small to mid-size manufacturing firms have lost much of their ability to pursue new opportunities after years of cutting costs to respond to competitive pressures rather than investing in innovation-boosting activities. Therefore, Cleveland-area business, civic, and government leaders have together designed PRISM as a well-planned intervention to attack that problem, and embedded their plan in dozens of fine-grained pages of specific operational information, yearly financials, and return-on-investment estimates. As called for in these plans, PRISM will with carefully tailored interventions help the region’s small and mid-sized manufacturers better connect to and leverage the region’s existing innovation infrastructure by providing them with hands-on business planning and management assistance, marketing insights and analysis, and links to other relevant regional resources. In terms of execution, the initiative will be directed by MAGNET, the MEP entity, which will augment its decades of experience helping manufacturers with new and expanded capacity in market research, analytic tools, and partnership management. With PRISM’s high-quality assistance, many targeted firms in polymers, chemicals, and metals could translate well into such in-demand pursuits as global health, flexible electronics, transportation, and clean energy, among others.

PRISM’s implementation plan is ready to go, and a network of Cleveland-Northeast Ohio economic development and local government entities and officials is committed to helping the initiative effectively and efficiently execute its mission and services. The region’s business planning team, including regional and local government officials, is now engaging with federal and state government leaders and other private and civic stakeholders to acquire the policy, funding, and programmatic support and flexibility necessary to successfully launch PRISM and sustain its operations over the long-run. In this way a new sort of bottom-up collaborative push is aiming to restructure business-as-usual.



Left
Cleveland’s income was overtaken by the national average at the start of the decade and has stagnated since then. The recession has further widened its income gap with the U.S.