



WHITE PAPER

Taking “Networked” to a New Level: Cluster Initiatives in Western Maine

*Prepared for the Western Mountains Alliance Board of Directors
Strategic Planning Process by Tanya Swain, Executive Director*

May 2011

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Abstract

In these competitive economic times, when most sectors are experiencing shrinking markets and resources, the need for effective, efficient economic development strategies are especially critical for rural economies. Dispersed populations, greater distances from markets, lower educational attainment, and other factors decrease the competitiveness of rural areas. By coordinating support for targeted sectors with growth potential, cluster initiatives can help address issues such as inadequate skilled labor or access to markets, or encourage cooperative ventures to address infrastructure needs such as facilities for small food processors or distribution networks for pellet manufacturers. This paper looks at examples of cluster development in Maine and elsewhere, recommended best practices and a proposed a role for the Western Mountains Alliance in coordinating cluster initiatives to promote sustainable development in western Maine.

Introduction

Western Maine is comprised of four counties on the state’s western border. Linked together by mountains, traversed by several of Maine’s most significant rivers and dotted by hundreds of lakes and ponds, it borders the Northern Forest, the largest contiguous forested landscape east of the Mississippi. The region has successful outdoor recreation facilities including Maine’s three largest downhill ski resorts, the innovative Maine Huts & Trails and Appalachian Mountain Club 100-Mile Wilderness. Western Maine is also home to one of higher education’s top public liberal arts colleges, nationally recognized community health programs, a premier trout fishery for sportsmen, and the list goes on.

But each November as winter closes in, the trees shed their leaves and lay bare the shortcomings that thick green forests, sparkling lakes and soothing rivers hide. Without the foliage, the conditions of some of western Maine’s most modest places reveal more than faded paint jobs -- windows stuffed with insulation, plastic draped foundations and tarped roofs illustrate the challenges of an area struggling to hold onto quality of life in light of a rapidly changing economy.

Western Maine's counties share a similar topography, and an economic heritage that includes natural resource-based businesses such as agriculture, wood products, and tourism. With the region's poverty rates exceeding the state's for nearly a decade, and slower or negative population growth in all areas, it also shares a history of economic decline:

Oxford County's poverty rate showed more variability than the state rate. However, Oxford's rate remained above the state's from 2000 to 2008.

Franklin County's poverty rate had more variability than the state rate from 2000 to 2008. However, Franklin's poverty rate remained considerably above the state rate during almost this entire period.

Piscataquis County's poverty rate had more variability than the state's. It remained considerably above the state rate from 2002 to 2009.

Somerset County's poverty rate trended upward almost every year from 2000 through 2008, and was considerably above the state rate during the entire period.¹

In tandem to the region's poverty rates, higher than average unemployment, lower than average incomes and educational attainment, and an aging population are accelerating the region's economic slide. In 2009, unemployment rates in Western Maine were among the highest in the state, between 9.8 and 12.2%.²

A depressed local economy affects all facets of individual and community life and can spiral into a self-perpetuating cycle of disinvestment and decline. Poorer

In Somerset County, Jackman is a northwestern Maine town bordering Canada with a population under 700. Less than an hour from the Skowhegan area's valleys and fertile farmland, the rugged terrain and scenic vistas of Jackman seem reminiscent of the Rocky Mountains in the American West. Breathtaking views of the Kennebec as it winds through the area greet travelers on Route 201. So too do older trailer homes and many modest properties, often nestled in fantastic natural surroundings.

More than two of every 10 people in Jackman qualified to receive LiHEAP benefits in 2010 and in the last decade, the community's population has declined more than 5%. At a time when economic development seems driven by technology and access to markets, what happens to a community like Jackman?

¹ Ann, Acheson, ed. Poverty in Maine 2010. (Orono: Margaret Chase Smith Policy Center, 2010) pp. 36-55. www.mcspolicycenter.maine.edu/files/povertyinmaine2010.pdf.

² Maine Employment Outlook to 2018. (Augusta: Maine Department of Labor Center for Workforce Research & Education, 2010) http://www.maine.gov/labor/lmis/publications/pdf/projections_2018.pdf.

communities have generally less healthy populations. People have fewer personal assets and are less able to invest in education or retirement. Economic insecurity discourages people from investing in businesses or taking other risks that could result in wealth accumulation over time and significantly improve economic stability. Communities have fewer resources available for recreation or cultural facilities.

Despite many great successes in community and economic development over the last decade, western Maine's economy continues to lag the state's. The root causes of our economic woes aren't a mystery. Over the last 10 years, rises and falls in the region's unemployment rate followed those of the state and were typically 1 to 1.5% higher. In their 2007 article, *A Brief History of Rural Maine Development Policy*, economist Charles Colgan and former Department of Conservation Commissioner Richard Barringer wrote:

*That historic change is underway today in the Maine economy is no longer secret to anyone. That this change has its most severe effects in rural Maine is apparent to anyone who lives in, works in, or visits rural Maine today. The state's traditional natural resource-based and manufacturing industries have for some time been in long-term decline and transition. While the changes are similar to those in other rural regions of New England and the United States, they represent a more formidable challenge in Maine because Maine's well-being has long been rooted in a largely rural-industrial economy. As Maine makes the shift to a more urban post-industrial economy, the question of what will become of the regions at the historic heart of the state's economy and self-image becomes more urgent.*³

Colgan and Barringer focus their history on state-driven rural economic policy grounded in the creation of the Department of Economic and Community Development in the 1960s. Rural economic development strategies in the state have tended to focus on business attraction or retention policies aimed at supporting the region's largest employers.⁴ But this type of economic development is weak in the face of today's global economy.

³ Charlie Colgan and Richard Barringer, *Brief History of Maine Rural Development Policy*. Health Care and Tourism: A Lead Sector Strategy for Rural Maine, ed.s David Vail & Lisa Pohlmann. (Augusta: Maine Center for Economic Policy, 2007) pp. 17-40.

⁴ Colgan and Barringer review state rural economic development strategies from the 1960s through the 2000s. They describe the 1960s & 1970s as the era of "mega project planning" when the state proposed large-scale industrial projects such as oil refineries in several coastal communities and an aluminum smelter. The 1980s is dubbed the decade of "targeted mini-projects" as the state attempted to assist natural resource based industries through technical assistance and infrastructure development that include projects such as expansion of MGA (now the Finance Authority of Maine) and a broadening of the Department of Agriculture's mission to include farmland preservation and market development. The late 1980s and 90s saw the development of enterprise zones and other financial incentives such as tax increment financing (TIFs) created to encourage business development in remote areas by

Colgan and Barringer lay blame for the region's challenges on competition and its effects. In a 2003 article in the Federal Reserve Bank of Kansas City's *Economic Review*, economists offer the same analysis:

*For much of the past half century, rural development has been driven by twin incentives aimed at business recruitment and retention. This strategy is no longer working so well, however, for one simple reason – globalization. In a global marketplace, lower cost business sites abound, making rural incentives much less effective.*⁵

So what does a rural region do?

Ninety percent of what entrepreneurs learn, they learn from their peers or from their own experience, not from economic development professionals, books or in a classroom. Some of the most important skills that an entrepreneur requires are leadership, problem solving, understanding your metrics, how to boot strap, how to forge a team and how to market to women.

Turning Fairfield, Iowa into a Rural Renaissance City

The *Economic Review* article goes on to note that in the 1980s and 1990s, small entrepreneurial companies created nearly 70% of new jobs in the United States. For the last several years, entrepreneurial development has been a buzzword in community development circles. In Maine in 2008, at least 16 programs designed to encourage entrepreneurship existed at the 7-12 grade level; three programs at

the adult education level; 10 programs in the community college system and university system; and eight identified from support services and other development resources.⁶

Building entrepreneurs isn't a quick fix solution for challenged economies, however, and programs designed to foster this kind of development require a long-term commitment. In the early part of this decade, efforts in Maine to support entrepreneurs have focused on training programs and education – resources that some entrepreneurs, especially those from rural communities, may be less likely to

lowering costs and improving competitiveness. Enterprise zones would be reinvented in the early 2000s as the Pine Tree Zone program and would eventually be provided to communities throughout the state. The 1990s also included investments in research & development through the university system.

⁵ Mark Drabenstott, Nancy Novack, and Bridget Abraham. *Main Streets of Tomorrow: Growing and Financing Rural Entrepreneurs – A Conference Summary*. *Economic Review*. (Kansas: Federal Reserve Bank of Kansas, 3rd Quarter 2003) 73-85.

⁶ State of Maine, Maine Quality of Place Council. *Summary of Entrepreneurship Education and Training in Maine*. (Augusta: Maine State Planning Office, Sept. 17, 2008).

access. More recently, groups like Kennebec Valley Council of Governments (which coordinates an “entrepreneurial network” in the Waterville area), Coastal Enterprises Inc., and Women, Work and Community (which both organize women’s business networks) have recognized the importance of peer support for entrepreneurs and working to help new businesses develop these relationships.

Both these types of efforts are aimed at strengthening the skills entrepreneurs need, and developing a supportive culture to nurture people capable of succeeding in this life-path. Anecdotally, they seem to be creating some successes but efforts to develop (and finance) entrepreneurs are only one piece of the puzzle. Regional economics are influenced by natural resource advantages, economies of concentration, and costs of transport and communication⁷ -- conditions that affect the competitiveness of firms. Over the past 20 years, new research suggests that regional economics may also be influenced by the networks – or clusters -- that exist between similar and related businesses. Clusters include the flow of physical inputs and outputs as well as of technological experience, market and business information.⁸

“... competitiveness is seen as a function of specialized and advanced factors of production, sophisticated demand, intense rivalry and varied strategies among firms, and finally, the existence of supplying and related industries, i.e. clusters.”

Clusters - Balancing Evolutionary and Constructive Forces (2009)

Combined with a targeted approach – or cluster initiative -- to identify and build new business opportunities within sectors, these support services for entrepreneurs and the availability of microfinancing may produce greater results for western Maine.

Cluster Development in Rural Communities

“Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. Clusters arise because they increase the productivity with which companies can compete. The development and upgrading of clusters is an important agenda for governments, companies, and other institutions. Cluster development initiatives are an important new direction in economic policy, building on earlier efforts in macroeconomic stabilization, privatization, market opening, and reducing the costs of doing business.”⁹

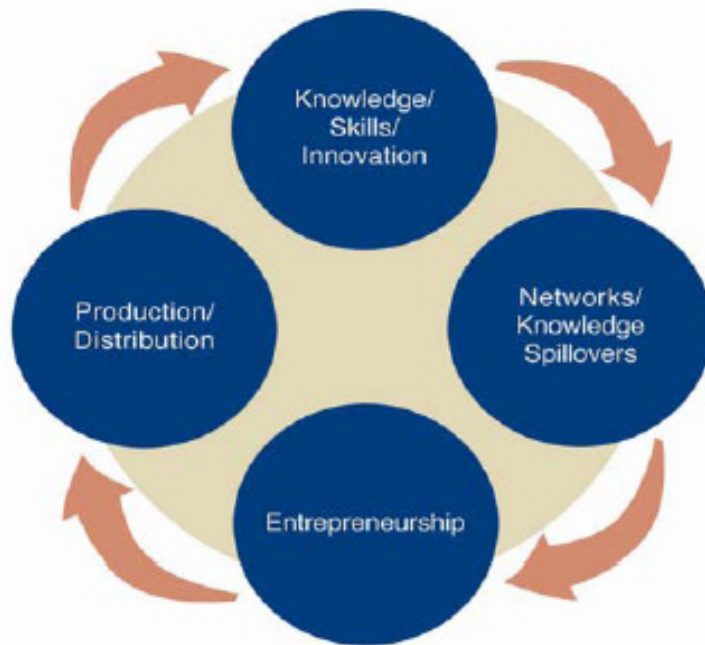
⁷ Edgar M. Hoover & Frank Giarratani. An Introduction to Regional Economics. (Pittsburgh: Hoover Family Trust and Frank Giarratani, 3rd ed. 1999) <http://rri.wvu.edu/WebBook/Giarratani/main.htm>.

⁸ Orjan Sovell, Clusters - Balancing Evolutionary and Constructive Forces. (Stockholm: Ivory Tower Publishers, 2nd ed. Jan. 2009) p. 10. <http://www.cluster-research.org>.

⁹ Harvard Business School Institute for Strategy and Competitiveness. <http://www.isc.hbs.edu/econ-clusters.htm>.

One way in which entrepreneurs come together to develop more competitive businesses is through *clusters*. Michael Porter of the Harvard Business School was an early proponent of cluster development and popularized the concept in his book, *The Competitive Advantage of Nations* (1990). Over the last decade, Maine State Government, economists, and organizations such as the Maine Technology Institute (MTI), Maine Development Foundation and Grow Smart Maine have written and reported on the potential of several Maine clusters including agriculture, forest products and wood composites.¹⁰

A famous cluster example often cited is of Silicon Valley in California where a beautiful climate, supportive educational system and creative work force grew a network of software development and related companies that have driven growth in the technology sector for decades.



Maine's Technology Sectors and Clusters: Status and Strategy (2008)

A less known example may be Varmland, Sweden where a cluster initiative started in the late-1990s. Challenged by increased competition, inadequate skilled labor and a need for specialization, Varmland's pulp and paper companies formed a cluster initiative in 1999 that has resulted in attracting to the area all the main machine and process suppliers within the global pulp and paper industry, has led to the development of new business areas for existing companies and established an internationally connected initiative focused on energy savings within the pulp and paper industry.¹¹

¹⁰ According to the Organisation for Economic and Co-operative Development (OECD), a worldwide organization based in France with the mission of alleviating poverty and promoting sustainable development practices, major innovations in entrepreneurship policy are being applied in some of the programs available in Maine. Those promoting greater public awareness of entrepreneurship or targeting skill development among disadvantaged groups such as women and youth are using recognized policies to encourage entrepreneurship. Other successful methods for developing entrepreneurship include using markets to provide business services to entrepreneurs (as opposed to direct public assistance to companies) and *focusing on business networks and clusters* as opposed to individual businesses.

¹¹ Orjan Solvell, *Clusters - Balancing Evolutionary and Constructive Forces*. (Stockholm: Ivory Tower Publishes, 2nd ed. Jan. 2009) pp. 109-122.

Clusters are defined by the knowledge and skills within a region as opposed to what specific products are made and thus rely heavily on relationships and networks. Because of this, clusters are more likely to exist in urban areas but can exist in rural areas and are confined more by the limitations of effective relationships and communication than by a specific geographic area¹².

In a March 18, 2011 Bangor Daily News editorial, James Shaffer, dean of the University of Southern Maine's College of Management and Human Service, wrote about the use of clusters in economic development and encouraged industry groups to stimulate clusters and to encourage state policies that support this development approach.¹³ As MTI noted in a 2008 report, however, small regions and small clusters such as those in Maine are "always challenged to generate enough research, innovation, and commercial activity to spur wider development in the economy."¹⁴

Why regionalism makes sense for western Maine.

"These days, you cannot turn on the TV, the radio or the internet without hearing the buzz word 'regionalism.' The global economic development climate has evolved to the point where 'regionalism' is not only an option, but a necessity for most cities to be competitive ... Collaboration is a positive strategy in a time when leveraging limited resources is critical."

Regionalism, Economic Development Journal, 2010¹⁵

The geographic isolation and small populations characteristic of rural communities are also present in western Maine: the region has nearly 38% of the state's geography and less than 12% of its population. The region's most populous county, Oxford, has 27.8 people per square mile as compared to the state average of 43 people per square mile.¹⁶

In addition to small communities, poor roads and access to public transportation and highways increase the region's geographic isolation.¹⁷ Longer distances to urban markets increase the costs of exporting

¹² State of Maine, Maine Department of Economic and Community Development and Maine Technology Institute. Maine's Technology Sectors and Clusters: Status and Strategy. Office of Innovation. (Maine DECD: Augusta, March 2008) <http://www.maine.gov/tools/whatsnew/attach.php?id=118830&an=1>.

¹³ James Shaffer, *Cluster together to expand Maine's economy*, Bangor Daily News, March 18, 2011 <http://new.bangordailynews.com/2011/03/18/business/cluster-together-to-expand-maine%e2%80%99s-economy/>

¹⁴ Maine's Technology Sectors and Clusters: Status and Strategy.

¹⁵ Lorie Vincent. *Regionalism*. Economic Development Journal (Washington DC: International Economic Development Council, Fall 2010) 9(4), 23-29.

¹⁶ US Census Data.

¹⁷ In 2011, TRIP, a national transportation research group, found that over 50% of rural Maine roads were in poor or only fair condition. http://www.tripnet.org/national/Rural_Roads_2011/TRIP_Rural_Roads_Report_Sep_2011.pdf.

products and potentially of inputs used in producing certain types of goods. Small populations place additional constraints on markets and these challenges may attribute to the inability of smaller companies within a specific community or county to achieve economies of scale that serve to optimize a business' financial return on investment, increasing profits and ultimately providing better conditions for growth.

Statistics have related higher levels of rurality to lower wages and income, and higher poverty rates. On a Rurality Index used in a 2007 U.S. Economic Development Administration study, western Maine counties ranked as moderately rural, indexed from .545 in Oxford County to .675 in Piscataquis County on a scale where a score of 1 represents the most rural location and 0 represents the most urban.¹⁸ By contrast,

The Franklin County Community College is one example of regional collaboration.

"We're trying to reinvent this area," says Gary Perlson, a community education director in northern Franklin County. "We have one card to play — to retrain our existing workforce and train our emerging workforce to be the high-skills workforce of the 21st century."

This used to be a particular challenge because Franklin County does not have its own community college. But in fall 2005, the Franklin County Community College Network — a community college without walls created by a broad consortium of local leaders — began offering college courses at three Franklin County sites operating as off-campus locations for Central Maine Community College (CMCC), in neighboring Androscoggin County. By spring 2008, the network expanded to offering 11 courses at five off-campus locations, including two high schools and a hospital.

The network also has developed training courses to meet the needs of industries seeking workers. For example, a 160-hour welding course was created for Cianbro Corporation to lead to full-time boat-building jobs for successful graduates. The company paid residents to take the course.

Excerpted from *Strengthening Rural Families* by the Annie E. Casey Foundation, 2008.

When Annie E. Casey Foundation published this article, over 320 students had attended college classes offered through the network with about one-third taking their first college course, and about half as fully registered college students seeking a certificate or degree.

Cumberland County where Portland, Maine is located had a rurality index of .262.

While rural economic developers sometimes advocate for "buy local" campaigns and frequently wrangle over business attraction opportunities, one way to maximize limited resources is through regional collaboration. In practice, regional collaboration may involve organizations within a community or communities, or several counties, working to achieve a common goal. Intended outcomes may include advocacy for legislative or environmental issues, infrastructure development, or industry development. Several components are

¹⁸ U.S. Economic Development Administration. *Unlocking Rural Competitiveness: The Role of Regional Clusters*. (January 2007) p. 35. www.ibrc.indiana.edu/innovation. This report uses the Index of Relative Rurality (Waldorf 2006) to define the rurality of counties. The index assesses a county's degree of rurality based on four dimensions: population, population density, extent of urbanized area, and distance to nearest metropolitan area. Rurality scores are based on 2000 census information.

suggested to develop a successful regional program.¹⁹ These include:

- **True Collaboration** that involves a real commitment of time and resources on the part of partners.
- **Clear Purpose and Mission** including agreed upon outcomes for collaborative work.
- **Accountability Measures** that regularly assess the program's success.
- **A Fair and Equitable Investment** of all members of the partnership that allows all stakeholders to be represented.

It's important to note that regionalism in a rural area such as western Maine doesn't preclude collaboration with urban neighbors and in fact, the importance of urban, national and even global markets to rural areas are critical to a region's economic success.

A Regional Cluster Initiative for Western Maine?

Cluster initiatives have the potential to become critical elements in the institutional toolbox of economic development in the 21st century. They are critical to address the microeconomic determinants of economic performance that become increasingly powerful as the well-known differences in macroeconomic conditions, basic legal and political institutions and market access across countries and regions are fading away."

The Cluster Initiative Handbook (2003)

Clusters can be both evolutionary and constructed. While the literature suggests that efforts to support or develop clusters work best with a strong existing cluster, government and nonprofit entities can potentially influence their success by using a number of tools and interventions. For example, one or all of the following are typical activities in cluster initiatives²⁰:

- Human resource development that enhances the skills of workers in a community.
- Cluster expansion which uses business incubators or attraction to expand the number of businesses in an existing cluster.
- Commercial cooperation which encourages firms to interact with each other.
- Business environment enhancements such as policy changes or infrastructure improvements.

In their 2008 report, the Maine Office of Innovation, Department of Economic & Community Development and the Maine Technology Institute, recommended similar areas of action to increase existing and emerging technology clusters in Maine. It is important to note that reports and recommendations on

¹⁹ L. Vincent, *Regionalism*.

²⁰ O. Solvell. *Clusters - Balancing Evolutionary and Constructive Forces*.

Western Maine already has a track record for supporting cluster development, even if we haven't identified it as such ... yet.

Groups like the Franklin County Ag Task Force and Franklin County Tourism Network are already operating as cluster initiatives by virtue of their success in bringing together similar businesses to identify specific activities and policies that will advance economic development within their areas of interest. The Ag Task Force, for example, is working to develop infrastructure to support distribution and food processing while the Tourism Network is working on branding and promotion that will benefit businesses that depend on visitors to Franklin County.

cluster development in Maine seem primarily to be targeted at technology-related businesses but other types of firms have potential to contribute to the economy as well and in fact, more potential may lie in service-intensive activities.²¹

Cluster initiatives begin in many different ways but often an individual or organization takes the lead in convening stakeholders and starting a process of identifying what types of activities will be most beneficial in supporting the cluster's development. Some cluster initiatives are government-driven, others are led by industry but at some point, stakeholders need to define who will be – or needs to be – involved in the initiative and what the scope of work will be.

Most importantly, initiatives must be “highly sensitive to local circumstances ... adapted to the local resource base ... (and) build on local political and industry traditions.” (Solvell et al. 2003)

In 2009, Council of Government agencies in Maine started identifying potential clusters through the Mobilize Maine initiative and asset mapping. In Aroostook County, this effort took hold with a renewable energy initiative through Northern Maine Development Commission and others that are seeking to build a local cluster around biomass and pellet businesses. A cluster initiative in western Maine might start initially by convening economic development entities and business groups serving the region to consider what type of industries have already been identified as having growth potential.

Key stakeholders in a western Maine Cluster Initiative might include:

²¹ At a recent Western Maine Legislative Caucus Forum staff from USDA Rural Development noted the public's occasional misconception that entrepreneurs need to be involved with a technology business to succeed. In *Clusters - Balancing Evolutionary and Constructive Forces*, the author also notes that service clusters, “such as on construction, transportation and logistics, financial service, tourism or entertainment are among the larger cluster categories within Europe but are less supported by specific cluster policies” because of a bias towards technology-intensive clusters (p. 79).

Western Maine Economic Development Council
Greater Franklin Development Corporation
Somerset Economic Development Corporation
Piscataquis County Economic Development Council
Androscoggin Valley Council of Governments
Kennebec County Valley Council of Governments
Eastern Maine Development Corporation
UMaine Cooperative Extension
Coastal Enterprises Inc.
The Northern Forest Center
Maine Rural Partners

A second step might involve identifying one or more clusters of interest and convening businesses within those sectors to discuss barriers and opportunities to growth, and laying the groundwork for developing an action plan to begin supporting the cluster.

The exact path and structure of cluster initiatives is difficult to pre-determine and depends largely on the types of businesses involved, the region's culture and the exact challenges facing a given sector. Despite the initial ambiguity that may be involved with developing a strategy to support a cluster, the concept of clusters and efforts that have been used to promote them in other places have been analyzed and studied for two decades or more. Tools now exist within Maine and through other sources to help assess the potential of various sector clusters, and to evaluate the success of initiatives.

Also over the last decade or more, economic developers in western Maine have developed extensive experience working in networks that include diverse stakeholders and often produce concrete products or activities that support businesses within an area. This experience provides an ideal environment for taking network strategy to the next level and developing a region wide cluster initiative that provides specific supports to pre-identified sectors with the goal of producing measurable benefits in business development and economic prosperity.

The Western Mountains Alliance and Cluster Initiatives

The Western Mountains Alliance is a nonprofit community development organization located in Farmington and founded in 1987 to support sustainable development in the western Maine region comprised of Oxford, Franklin, Somerset and Piscataquis Counties. Since starting *its Eat Smart Eat Local Initiative* in 2005, the Western Mountains Alliance has been informally engaged in building a food products cluster in western Maine. Funded by the W.K. Kellogg Foundation, the *Eat Smart Eat Local Initiative* was a two-year program focused on building farm to school connections in two western Maine counties. The original program sought to encourage the use of more locally produced foods in school lunch programs, to support local farms through this effort, and to encourage healthier diets among youth.

Through the initial stages of the *Eat Smart Eat Local Initiative*, WMA realized the depth of issues involved with incorporating more local food in public schools. Inadequate supply, inconsistent product, cost and distribution were some of the logistical barriers. Political support was another. Believing that a first step to changing these dynamics would require strengthening the region's small and mid-sized farms, the Western Mountains Alliance began focusing its efforts on connecting these businesses to new markets and information on topics such as small business financing and methods to extend the growing season. Our strategy was twofold: increase general public interest in local foods to demonstrate to farms the potential for growth; and, connect farms with information to help them expand their businesses and meet growing demand. We were fortunate to be in the lead of what has since become a national movement involving organizations in sectors ranging from public health, to education, to the environment.

In 2011, Maine Policy Review published a 252-page report on Maine's food system. Maine's food industry today, including multiplier effects, produces \$11.5 billion in sales revenue, 112,674 full- and part-time jobs, and \$3.1 billion in labor income.²² Community based economic development to support this sector (and most others today) isn't as linear as traditional development where a phone call to a prospective business and the right space, community and incentives can land a "sale" that brings in dozens of jobs. In today's economy, it's rarely that easy.

To support sustainable development in the local food sector, WMA has worked to connect farms with new markets, new technology, information, resources and each other. Our projects have included the creation of a demonstration unheated greenhouse to show the potential for producing food nearly year-round in western Maine, and development of one of the state's first online farmer's markets, a project that introduced many small farms to online marketing. Other projects have included publication of an annual

²² Todd Gabe, James C. McConnon, Jr., Richard Kersbergen, *Economic Contribution of Maine's Food Industry*, Maine Policy Review (Orono: Margaret Chase Smith Policy Center University of Maine) Winter/Spring 2011, pp. 36-47.

directory to farms and farm markets in the region, and providing technical assistance and financial support to help launch the annual Kneading Conference in Skowhegan. Last year, the conference drew over 3,000 people and inspired a local entrepreneur to purchase the former Skowhegan jailhouse to mill locally produced grains.

Since we started the *Eat Smart Eat Local Initiative* six years ago, Sandy River Farms in New Sharon purchased a creamery and started producing its own brand of milk; Marble Family Farms in Farmington provided the site and materials for our demonstration greenhouse project and have since built three others and a licensed commercial kitchen. The Starks Grange is developing a CSA model that will combine product from several area farms to produce value-added prepared food products, the Farmington Grange is expected to open a licensed shared use kitchen for entrepreneur food processors in 2012, and the Skowhegan Grist Mill is expected to host a similar cooperative CSA program and local foods eating establishment.

After decades of decline in the number of young people interested in agriculture, young people are moving to western Maine to farm or to start small food processing operations. From 2002 to 2007, the market value of production from farm sales in all western Maine counties increased significantly. In Franklin County the increase was 41% totaling sales of more than \$8.4 million. In Somerset County, it was 120% totaling more than \$53.4 million.²³

Our goal was to build local agriculture. Dozens of other organizations and advocates have been part of this journey. What we've learned is relatively basic: despite serious challenges to local agriculture including national policies that favor large industrial farms to the west, a tumultuous economy and a fast food culture, local businesses need one major component to thrive – consumers and a way to get product to them. Accomplishing those goals involved exactly the types of activities a cluster initiative offers.

In December 2010, the Western Mountains Alliance Board of Directors began its three-year strategic planning process. From school budgets to property taxes, from educational attainment to domestic violence, the board recognized the role jobs, incomes and opportunity play in every aspect of life in western Maine. With nearly 25 years experience convening community leaders around visioning, strategic planning and public policy issues, we believe the Western Mountains Alliance should play a lead role in coordinating regional cluster initiatives that bring together key organizations, businesses, and community leaders to support growth sectors in western Maine. At this juncture, WMA has already convened economic developers from the region, connected with faculty in the University of Maine system and with other resource organizations. With support from partners, we plan to start identifying key sectors and developing cluster initiatives in the region in 2012.

²³ United States Department of Agriculture National Agricultural Statistics Service (www.agcensus.usda.gov).

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