

# BUILDING REGIONAL COMPETITIVENESS THROUGH INNOVATION

Opportunities for Sonoma County

Presented by

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Collaborative Economics

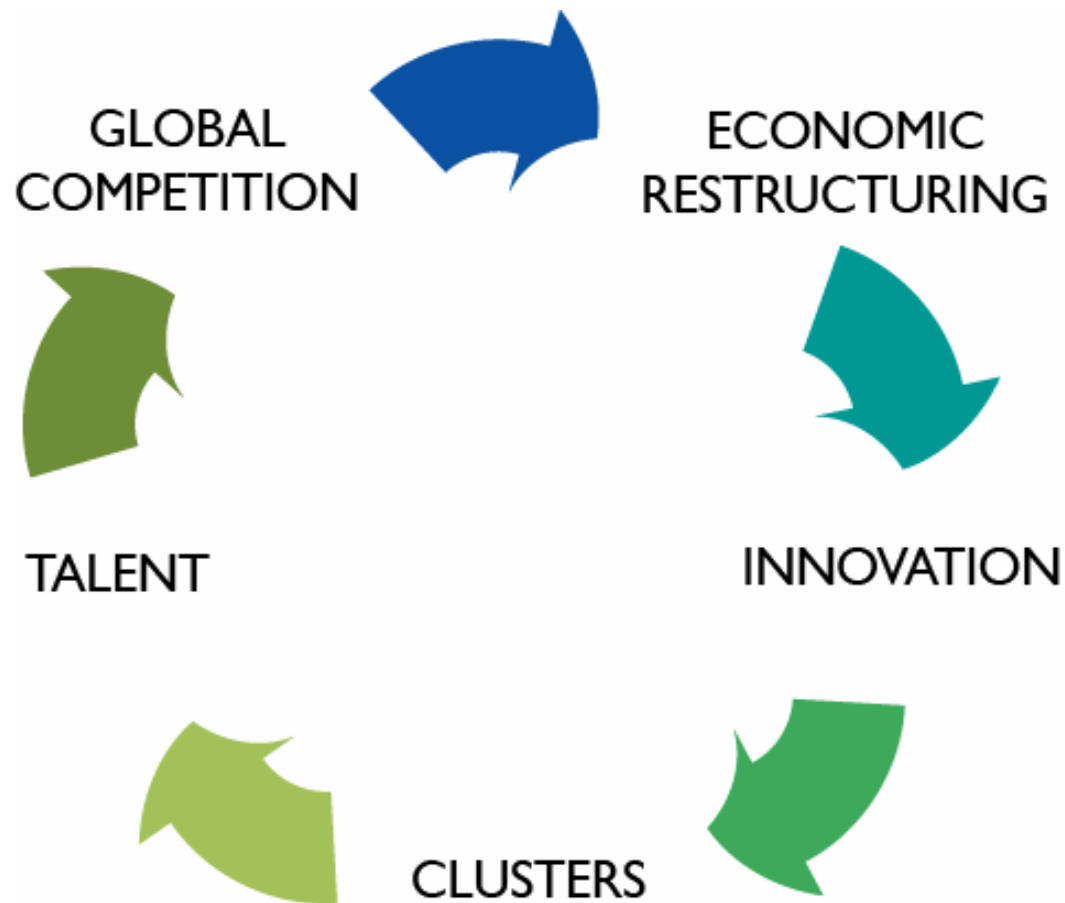
# THERE IS A CHALLENGE FACING AMERICA'S COMMUNITIES

- America's communities are experiencing growing economic pressure from a new wave of globalization
- Communities across America have seen large employers move some or all of their operations overseas
- Meanwhile, other regions, from Beijing to Bangalore are rapidly increasing their capabilities to perform value-added activities and compete in the global market place.

“The United States now has to compete for every job going forward. That has not been on the table before. It has been assumed we had a lock on white-collar jobs and high-tech jobs. This is no longer the case.”

*Craig Barret, CEO Intel*

# MEETING THE CHALLENGE OF GLOBAL COMPETITION



# IDENTIFYING CLUSTERS OF OPPORTUNITY

- Economic restructuring is taking place in every region, but differences across regions need to be understood
- Clusters of opportunity exist in every region – and can be promoted
- We need new approaches to support economic transition – at both the state and regional levels

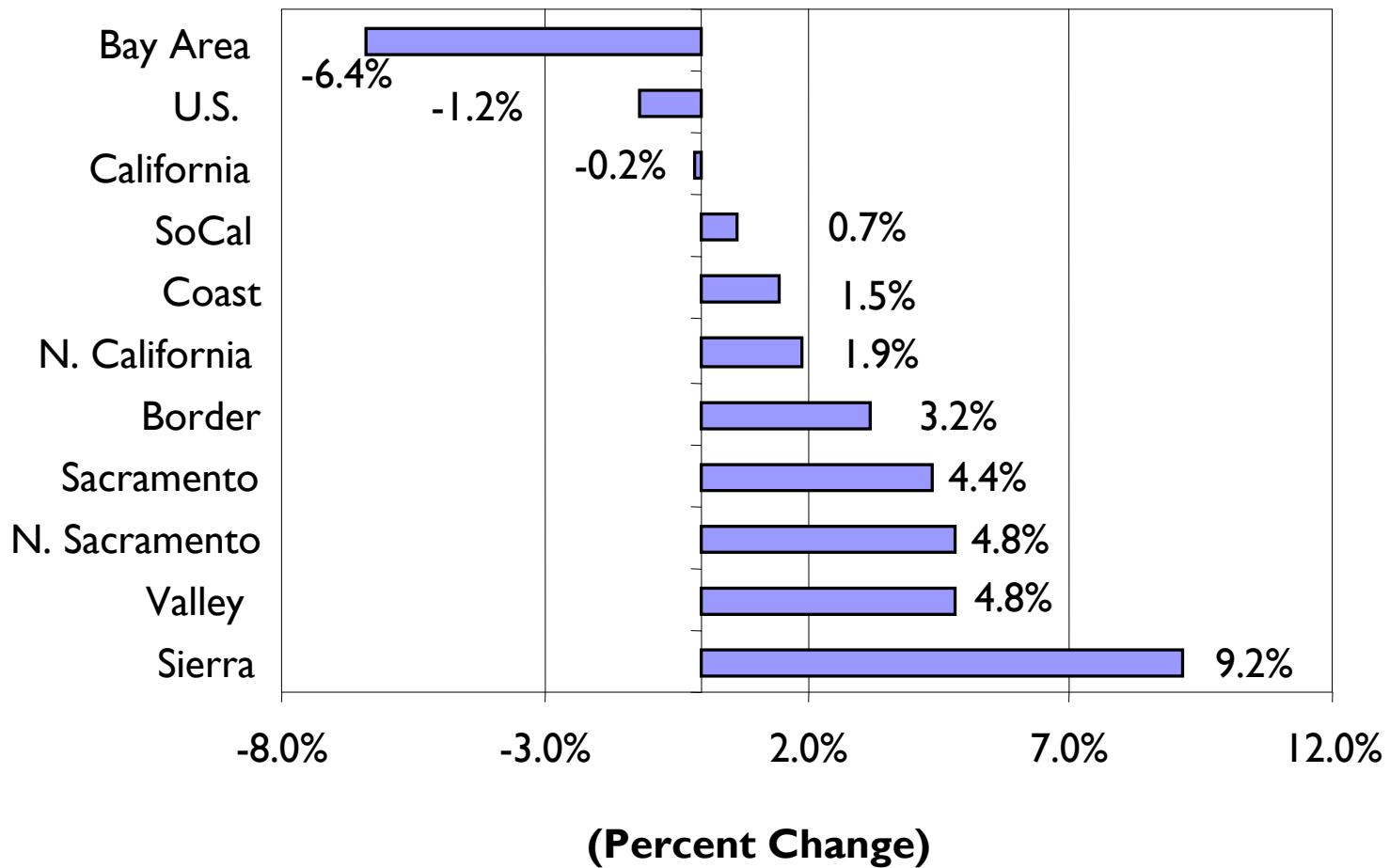
# CLUSTERS OF OPPORTUNITY



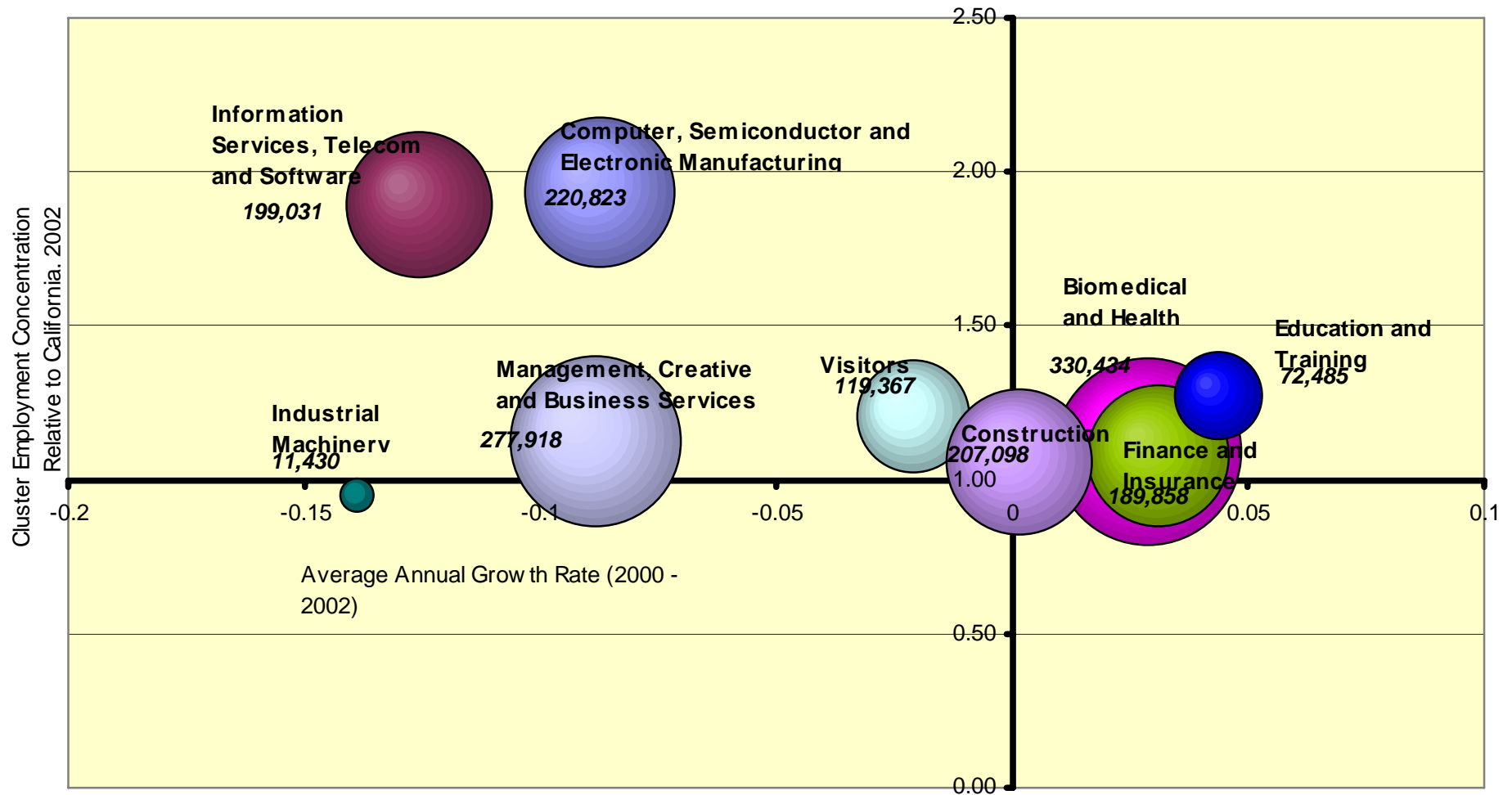
# BRIDGING WORKFORCE AND ECONOMIC DEVELOPMENT GOALS



# REGIONAL DIFFERENCES GROWTH IN TOTAL JOBS 2002-2003

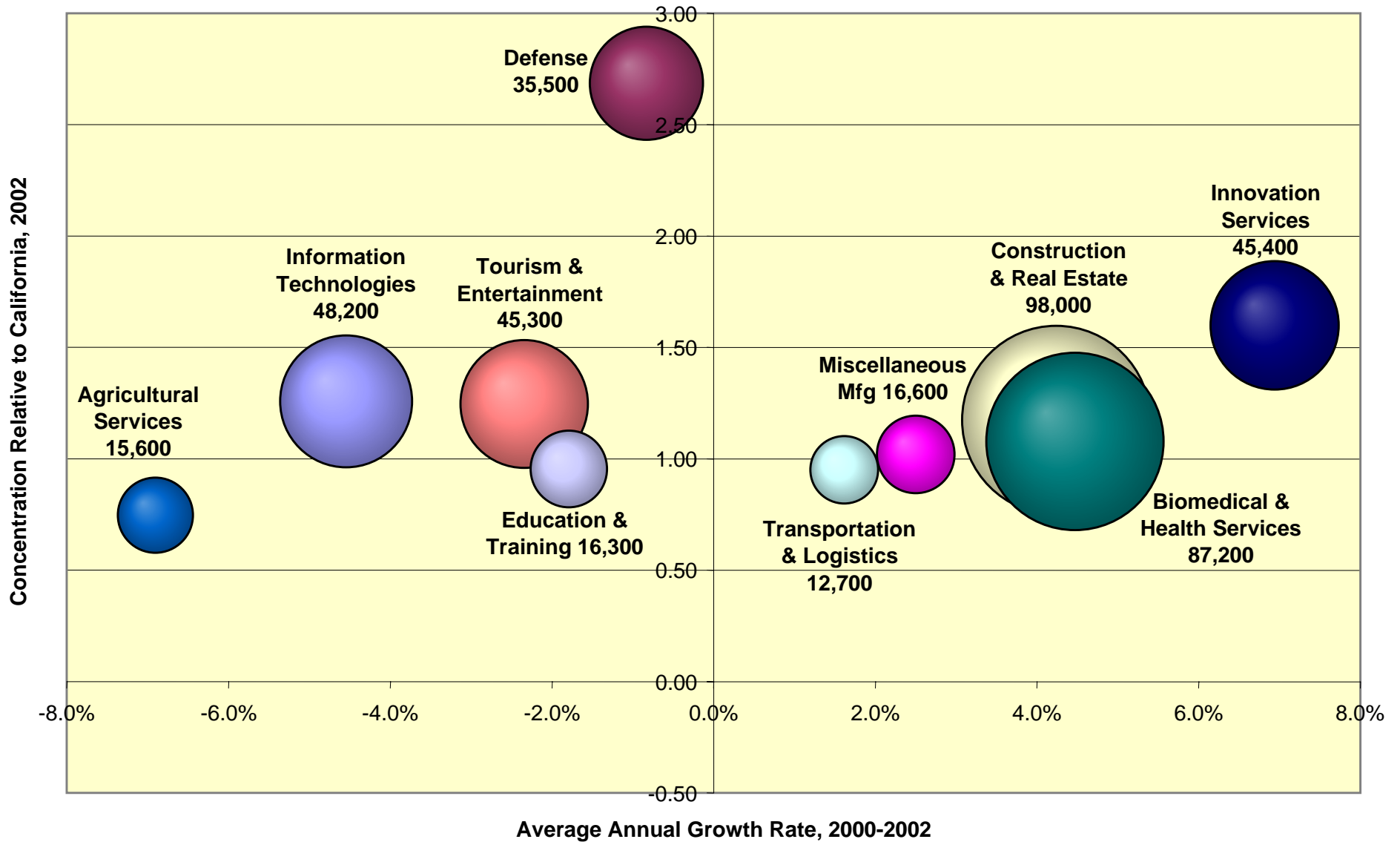


# BAY AREA 2000-2002

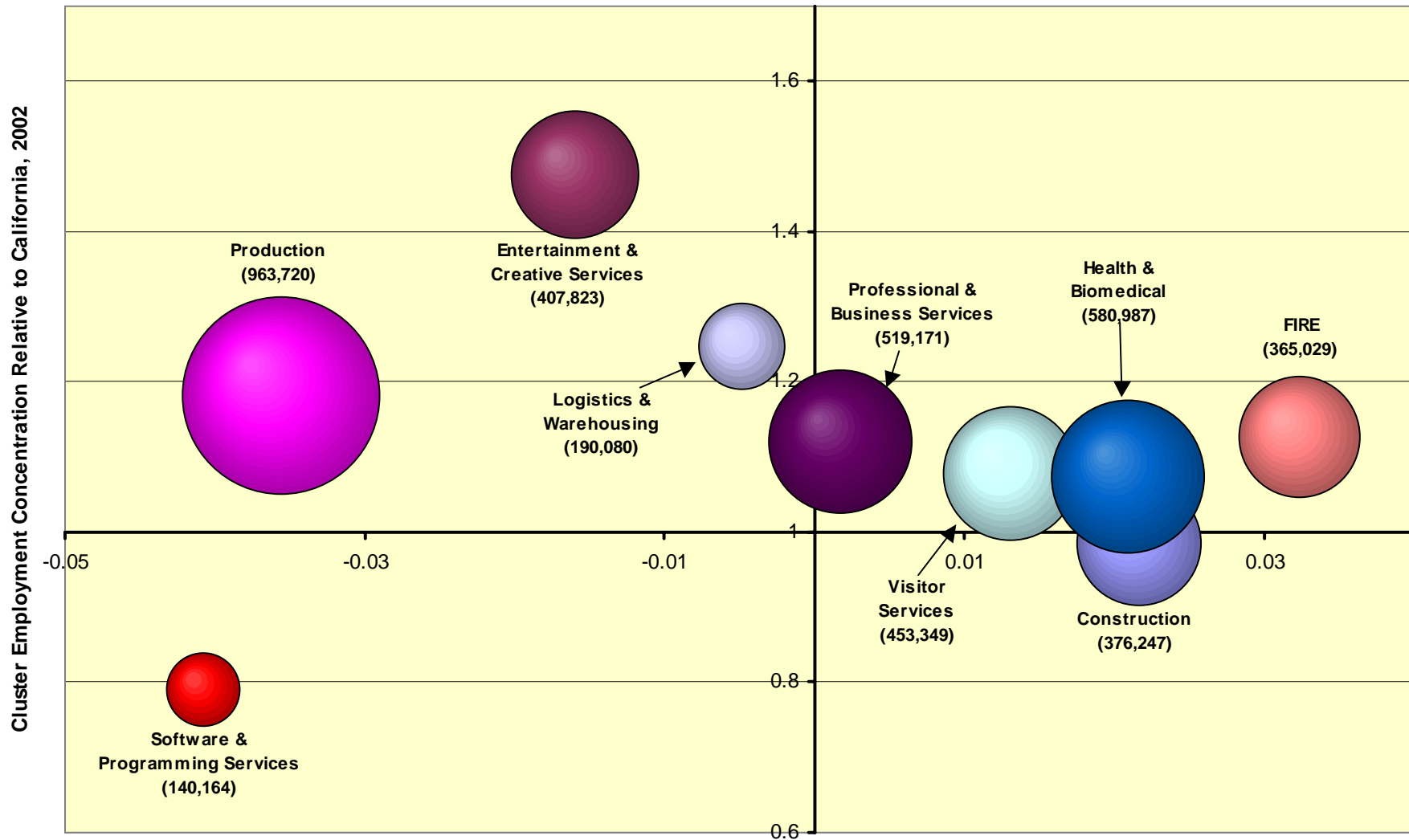


Bay Area Employment Cluster by Concentration, 2002 (vertical axis), Average Annual Growth Rate 2000 - 2002 (horizontal axis) and Employment, 2002 (size of bubble).

# SOUTHERN BORDER 2000-2002



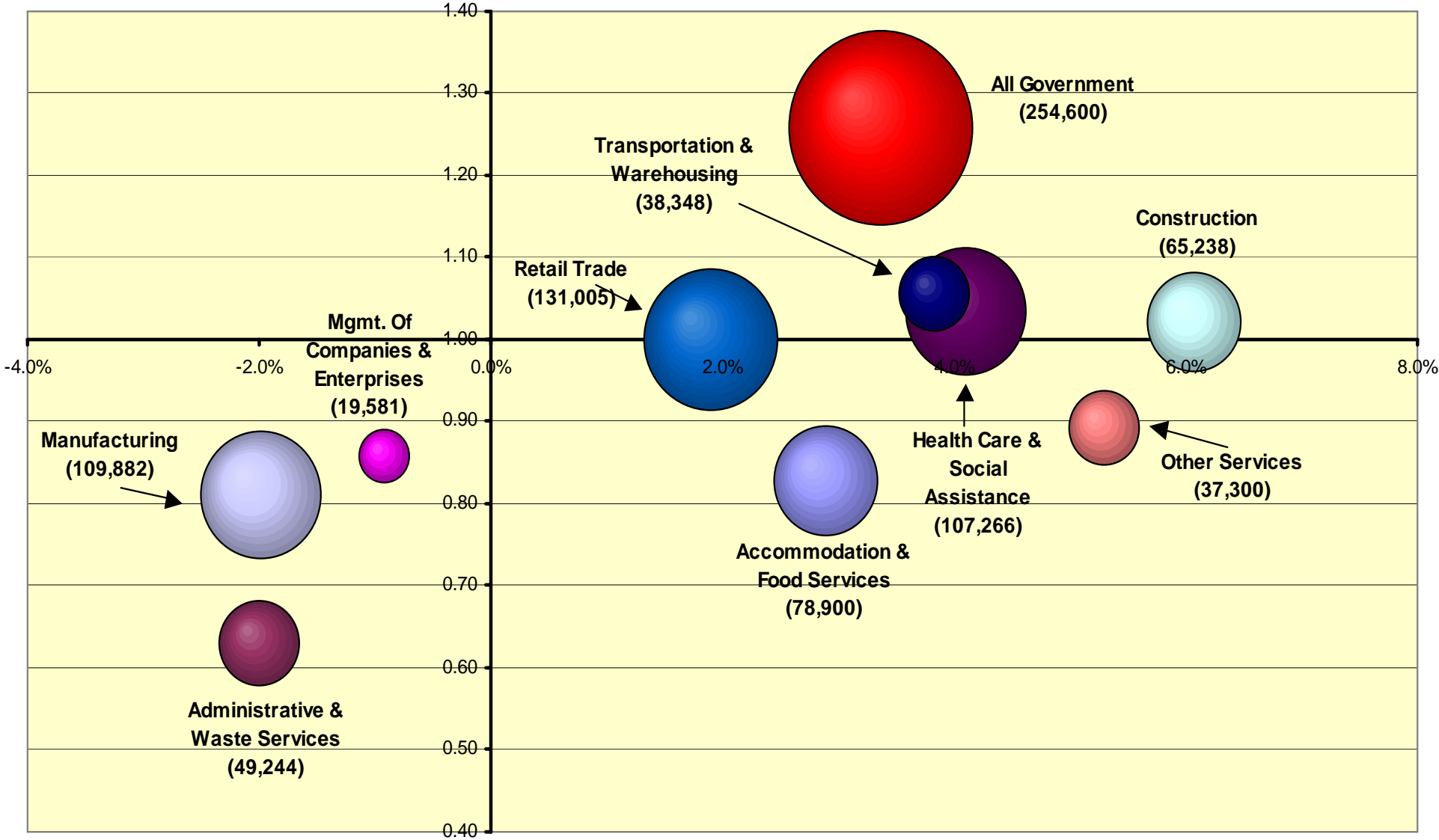
# SOUTHERN CALIFORNIA 2000-2002



Southern California Employment Cluster by Concentration, 2002 (vertical axis), Average Annual Growth Rate 2000-2002 (horizontal axis) and Employment, 2002 (size of bubble).

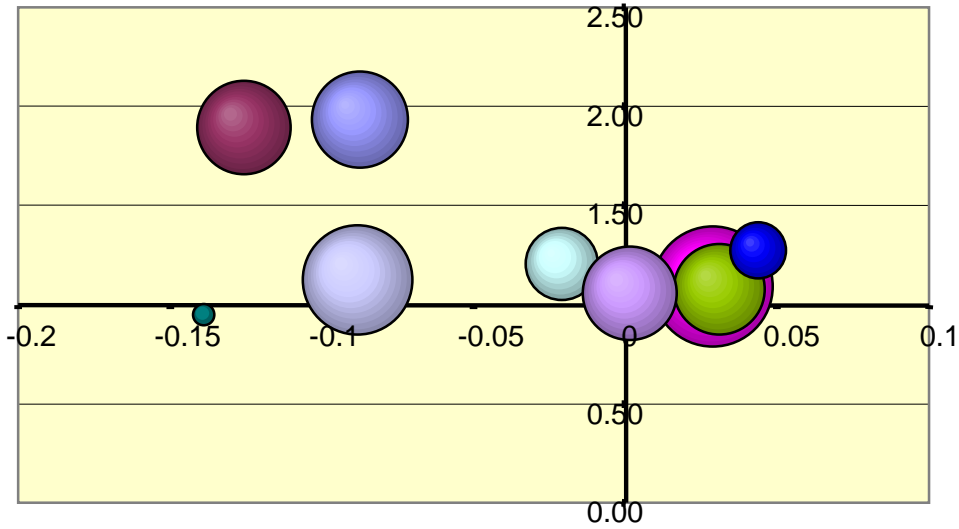
# SAN JOAQUIN VALLEY 2000-2002

Cluster Employment Concentration Relative to California, 2002

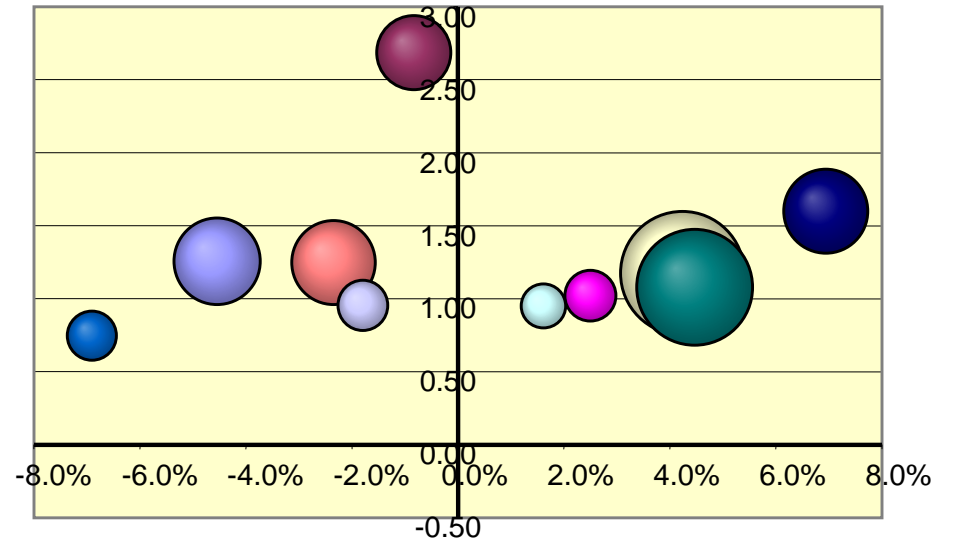


San Joaquin Valley Employment Cluster by Concentration, 2002 (vertical axis), Average Annual Growth Rate 2000-2002 (horizontal axis) and Employment, 2002 (size of bubble).

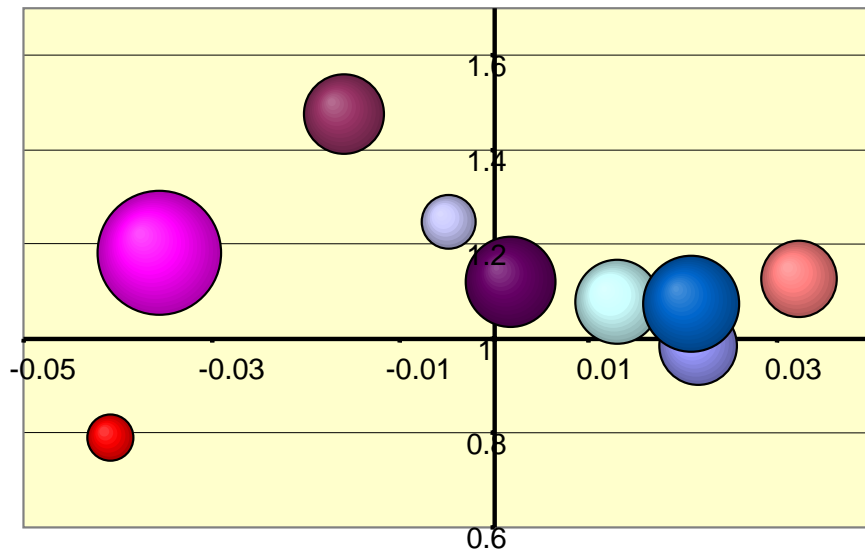
### BAY AREA



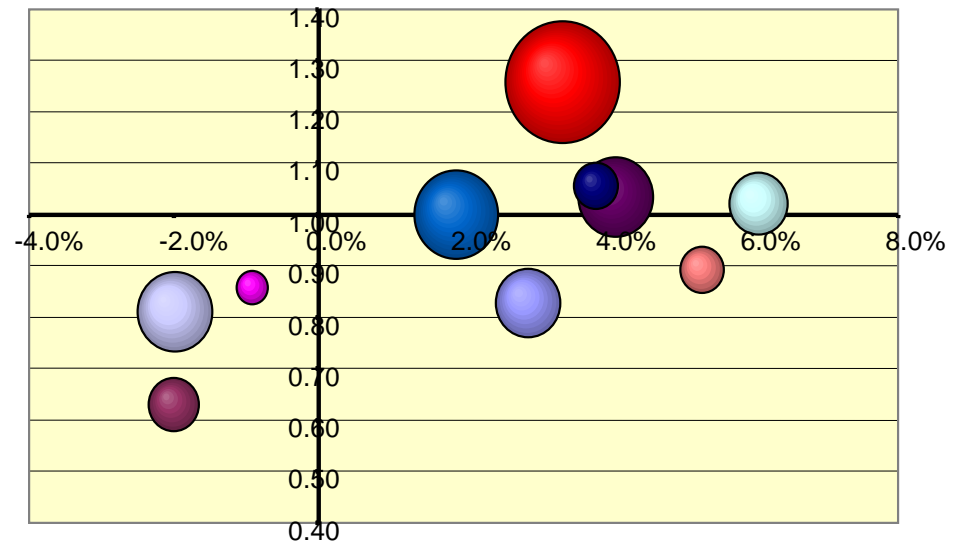
### SOUTHERN BORDER



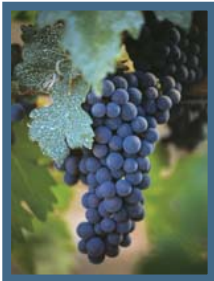
### SOUTHERN CALIFORNIA



### SAN JOAQUIN VALLEY



# SONOMA COUNTY'S CLUSTERS OF OPPORTUNITY



Sonoma Experience



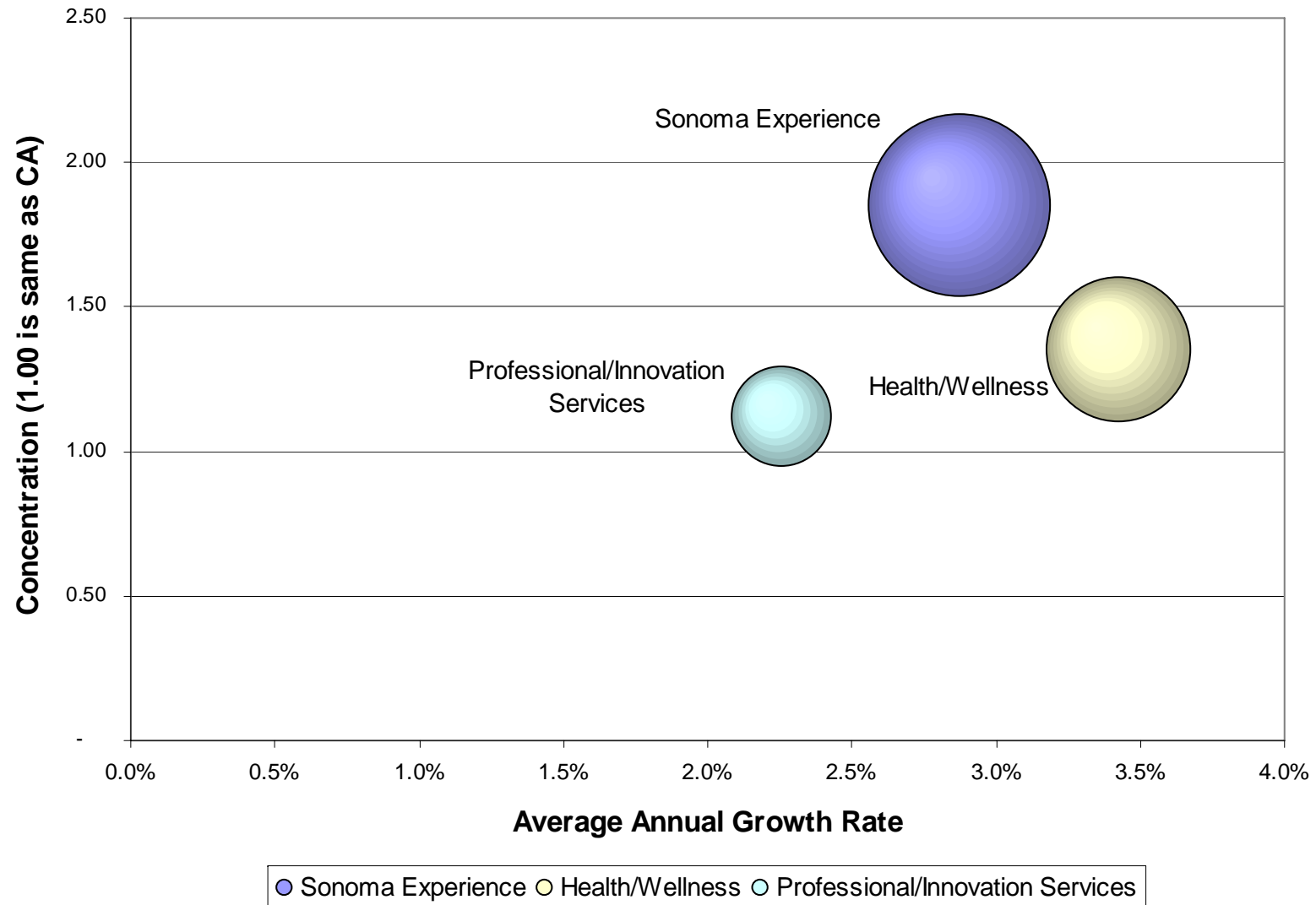
Health/Wellness



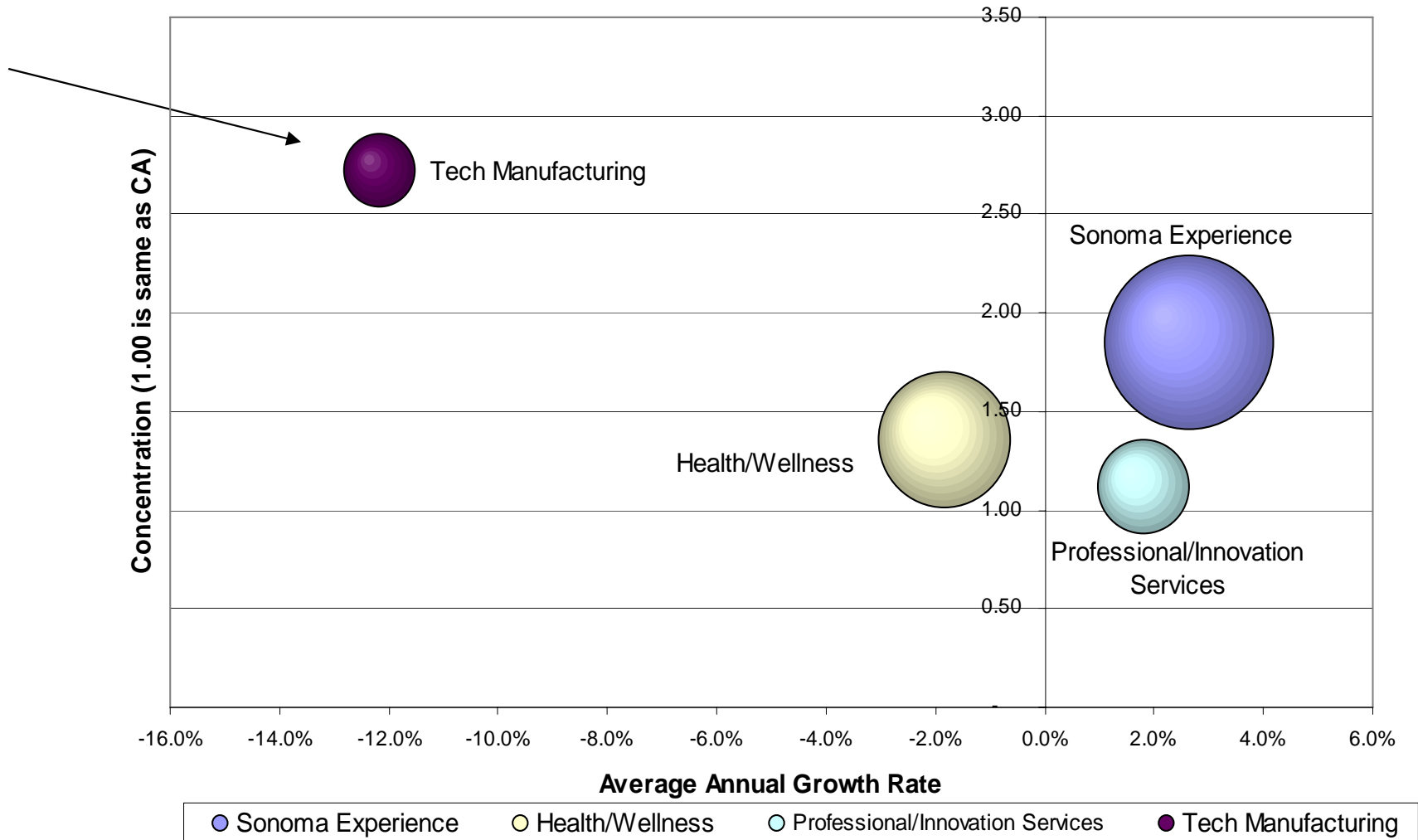
Professional/Innovation Services

<b>Cluster of Opportunity</b>	<b>Size 2004</b>	<b>Examples of Sub-sectors</b>
Sonoma Experience	36,140	Wineries, Full-service Restaurants, Fruit & Tree Nut Farming, Hotels
Health/Wellness	22,462	Hospitals, Home Health Care, Nursing Facilities, Fitness And Recreation
Professional/ Innovation Services	10,717	Commercial Banking, Architectural Services, News Publishers, R&D

# SOLID ECONOMIC GROWTH: 1990-2004

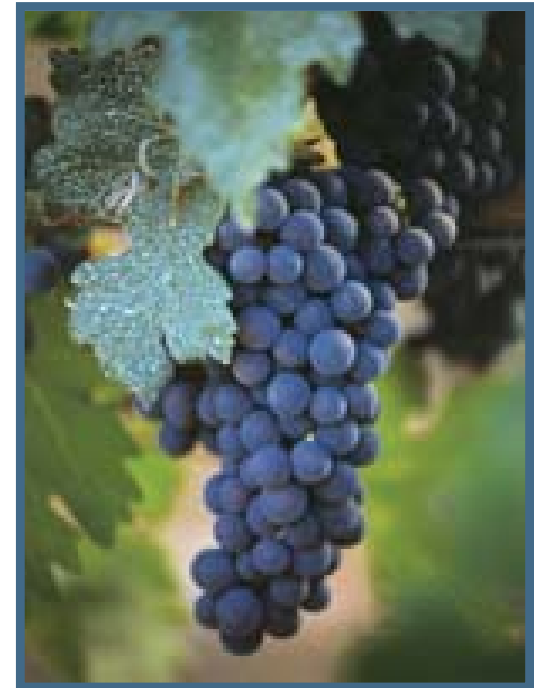


# A PERIOD OF ECONOMIC CONTRACTION: 2000-2004



# SONOMA EXPERIENCE

- Job growth least impacted by recession
- Wage growth twice as fast as region
- Highest domestic product in economy
- Most career growth for workers moving from entry-level to mid-level occupations



# HEALTH AND WELLNESS

- Comprises 14% of workforce
- Job growth 78% higher than region since 1990
- Average wage grew 29% since 1990
- Potential career progressions at all levels



# PROFESSIONAL INNOVATION/SERVICES

- Job growth higher than region and statewide cluster since 1990
- Highest value added per employee of all clusters
- Concentration not impacted by recession
- 97% of occupations earn above median wage



# AN INNOVATIVE ECONOMY IS A CATALYST FOR COMPETITIVENESS

- An innovative economy is the engine that produces economic opportunity and community revenues that make possible:
  - Career mobility
  - Investment in educational systems
  - Development of community infrastructure and amenities
  - And other critical assets for regional competitiveness.
- It is not possible to sustain regional competitiveness over the long term without an innovative economy (i.e., residents lack economic opportunity, communities lack revenues).

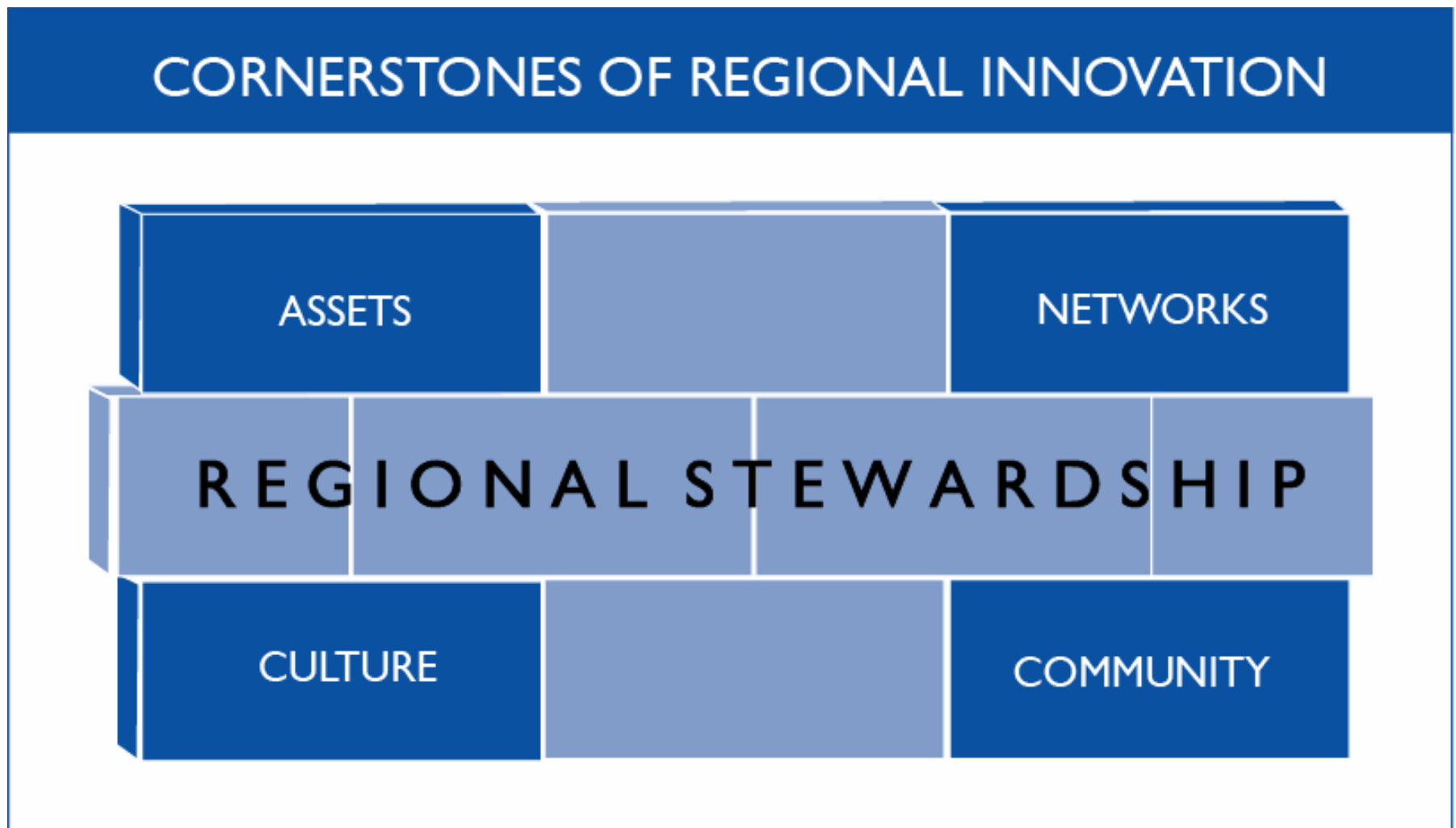
# WHY IS INNOVATION CENTRAL TO ECONOMIC VITALITY?

- Innovation is the act of making changes
- The key to prosperity is increased productivity
- The basis for increased productivity is innovation
- The only way to compete and raise our standard of living is to find new and better ways to use natural, human, and capital resources to increase productivity.

# WHAT IS AN INNOVATION MINDSET?

- A shift in mindset
  - It is *not* about high tech or low tech industries
  - It is about *how* we do things, not *what* we make
  - Everyone can be included *if* you learn how to play by new rules
  - Economic innovation *requires* social innovation
- A clear understanding of current assets and new realities
- Promoting collaborative solutions based on this new mindset and understanding

# THE CORNERSTONES OF INNOVATIVE REGIONS



# CORNERSTONES



- R&D/Technology
- HR/Education
- Financial Capital
- Physical Infrastructure



- Industry networks
- Entrepreneurial support networks
- Professional networks

# CORNERSTONES



- Risk taking attitudes
- Openness to outsiders
- Collaborative mindset

# CORNERSTONES



- Strong amenities/downtowns
- Cultural vitality
- Quality natural and built environments
- Good regional mobility (physical and social)
- Strong social fabric

# HOW REGIONAL STEWARDS CREATE INNOVATIVE ECONOMIES

- Build fundamental economic assets
- Connect entrepreneurs and companies to assets
- Promote a culture of innovation
- Make quality of life an innovation asset