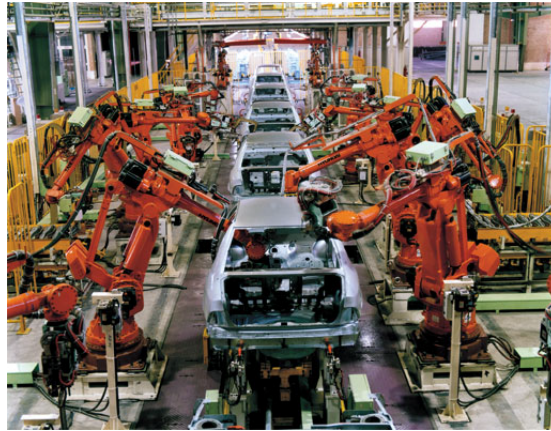




Are industry clusters the key to economic growth?

Industry clusters were once believed to be the economic development "Holy Grail." However, over the years they have produced mixed results. Still, industry experts believe that an effective clustering strategy is a proven recipe for regional and statewide economic success.



Harvard Business School Professor Michael E. Porter found that location characteristics play an important role in the success of a region's industries. He believed that by implementing a targeted approach of industry clusters, firms could achieve a competitive advantage by promoting their common interests. A Brookings Institution report was also in favor of industry clusters. It showed that "strong clusters foster innovation through dense knowledge flows and spillovers; strengthen entrepreneurship by boosting new enterprise formation and start-up survival; enhance productivity, income levels, and employment growth in industries; and positively influence regional economic performance."

Recently, Charlotte, N.C. was praised for its energy cluster at the Forum on American Competitiveness. About 240 energy-related companies employ some 24,000 people in the Charlotte region. The sector has grown on the base of established companies such as Duke Power, Siemens AG and The Shaw Group, and includes the industry's major players. They're supported by research centers at the University of North Carolina at Charlotte and the Electric Power Research Institute.

In addition to the Charlotte-area's energy clustering strategy, foreign investors have discovered that the region, specifically the International Business Park, is a great place to build other more complex machines. As a result, international companies with a focus on hi-tech manufacturing, such as Celgard and Oiles America have chosen the International Business Park to expand their North American production.

Ronak Bhatt, a consultant with McKinsey & Co., stated that industry clusters show their value in a variety of ways - "They enhance productivity because companies have more access to experienced, mobile workforces. Connections among peers

accelerate innovation, accelerating job growth and tax revenues."

Of course, [regions interested in establishing a strong industry cluster](#) must tailor training, education and incentive programs that build on existing clusters or foster the development of new ones in order to thrive in the "next economy."

CNBC Ranks N.C. As Top State to Conduct Business



North Carolina was named the [fourth best state](#) in which to do business in CNBC's sixth annual study, "America's Top States for Business." The results are based on categories identified by the [National Association of Manufacturers](#) and the [Council on Competitiveness](#).

In addition to its overall score, North Carolina ranked high in several individual categories including workforce, transportation and technology.

In the workforce category, points were awarded based on the education level of a state's

workforce, number of available workers, and the success of job placement by the state's [professional training programs](#). CNBC also considered union membership, which they felt does not foster business growth. Currently, North Carolina is one of [23 right-to-work states](#), and therefore prohibits unionization as a condition to employment.

According to CNBC, "access to transportation in all its modes is key to getting your products to market and your people on the move." Therefore, they measured the vitality of each state's transportation system via air, land and water. They also evaluated the availability of air travel in each state, the quality of roads, and the time it takes to commute to work. With the [largest transit system](#) between Washington, D.C. and Atlanta, and business parks in close proximity to interstate highways, as is the [International Business Park to I-85](#), North Carolina's commuter transportation system is just one reason the state scored high in this category.

Technology was another strong category for North Carolina. CNBC believes that "the top states for business prize innovation, nurture new ideas, and have the infrastructure to support them." States were evaluated based on their support for innovation, the number of patents issued to their residents, the deployment of

broadband services, the ratio of high tech business formation, and success in securing federal health and science research grants. North Carolina continues to succeed in this category by fostering technology and science initiatives, such as the [North Carolina Biotechnology Center](#), [North Carolina Research Campus](#) and programs such as [NC Broadband](#).

In addition to CNBC's rankings, [Chief Executive](#), Site Selection, and [Forbes magazines](#) also recognized North Carolina as a top place to do business.

N.C. Universities Work to Improve Economic Development



Higher education institutions, private sector businesses and economic development organizations are at the core of our nation's modern economic growth. Experts believe that never in history have partnerships between these three sectors been more important in creating sustained economic opportunities in our communities throughout the country.

[Research](#) conducted by the [University Economic Development Association](#) found that higher education institutions advance innovation through knowledge creation that yields tangible economic benefits. These institutions help employers prosper and grow by offering worker training, management counseling and support of start-ups. But most importantly, universities and colleges create an educated population, which can be utilized to advance business on a local, state, regional or national level.

[Rowan-Cabarrus Community College](#) (RCCC), which is in close proximity to the International Business Park, is a great example of one way colleges are creating an educated population. Through their [Cooperative Education program](#), RCCC offers students the opportunity to gain advanced education and hands on experience in several key areas, including automotive systems technology, industrial engineering and mechanical engineering. This program is very

beneficial to students, but it has been extremely [valuable to employers](#) and their recruitment efforts as well.

To support these efforts, the [U.S. Department of Commerce](#) recently announced a \$1.2 million investment to strengthen innovation and economic growth initiatives. The funds were awarded to universities in eight states, including the [University of North Carolina at Chapel Hill](#), [Fayetteville State University](#) and [Western Carolina University](#). The funds will be utilized to support initiatives that will fuel high-growth entrepreneurs and business, accelerate business expansion in regional innovation clusters, and support regional commercialization of products and processes.

According to U.S. Acting Commerce Secretary Rebecca Blank, "The eight grants will help American universities support entrepreneurship and job creation that are vital to economic growth in each of these regions."

Bonded Logistics Expands to International Business Park



In August [Bonded Logistics](#) announced that it would be expanding its operations from five employees to an additional 20 employees, and leasing 127,000 square feet of space in the [International Business Park](#) in Concord. A third-party logistics and warehousing management

provider, Bonded Logistics has 1 million square feet of space in the Charlotte region.

According to Concord Mayor Scott Padgett, "Concord continues to be a premier location for distribution companies. The improvements currently under construction such as the widening of Interstate 85 will enhance our transportation system."

OILES America Expands Manufacturing Facility



In August OILES America held its official groundbreaking for its 50,000-square-foot manufacturing facility at its corporate headquarters located in the [International Business Park](#). This groundbreaking marks the third expansion for OILES America at this location.

Representative Larry Kissell was on hand during the ceremony to announce that OILES America's expansion will create 15 to 30 jobs in Cabarrus County. The total project, which is scheduled for completion in fall 2013, will cost approximately \$8 million.

"With this expansion, OILES America can achieve greater flexibility, allowing us to meet global capacity aligned with our long-term goals," remarked OILES America President Hiroshi "Harry" Suda. "Our strong design/build team draws on local partnerships developed over many years to help us achieve success and we're thankful for the support of the City of Concord and Cabarrus County. OILES America is proud to be able to continue to contribute to the economic growth of the region."