

Regional Competitiveness

**David Attis, Senior Director of Policy Studies
Council on Competitiveness**

**Georgia's Annual Forum on Leading Technologies
Winning in the Global Marketplace
2006 Featured Industry: Logistics**

April 2006

How can we stimulate regional innovation?



"I'll be happy to give you innovative thinking. What are the guidelines?"

Concerns about U.S. competitiveness now appear almost daily in the national news

**U.S. Is Losing Its
Dominance in the Sciences**
New York Times

China Is a New Hotbed of Research
New York Times

**Is America Losing Its
Edge? Innovation in a
Globalized World**
Foreign Affairs

**Competitive Edge of U.S. Is
at Stake in the R&D Arena**
Wall Street Journal

**America Retreats from Leadership in
Innovation**
Atlanta Journal Constitution

**United States
Has Crisis in
Innovation**
Miami Herald

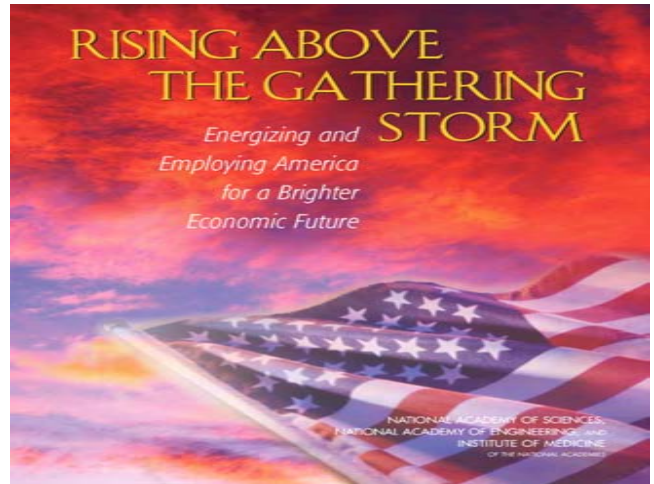
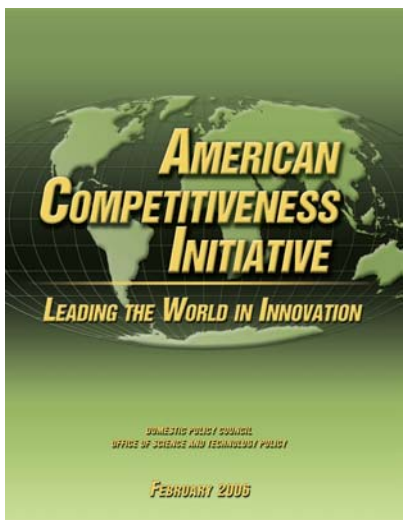
The Council on Competitiveness has been addressing these issues for 20 years

- Founded in 1986
- Non-profit, non-partisan
- More than 170 members: CEO's, university presidents and labor leaders
- Mission is to set a public policy action agenda to:
 - Drive U.S. productivity growth
 - Bolster high living standards
 - Ensure success in global markets

“Our agenda is at the nexus of necessity and opportunity—and we all have an obligation to serve the nation.”

–Duane Ackerman, Former CEO, BellSouth Corporation, Former Chairman, Council on Competitiveness

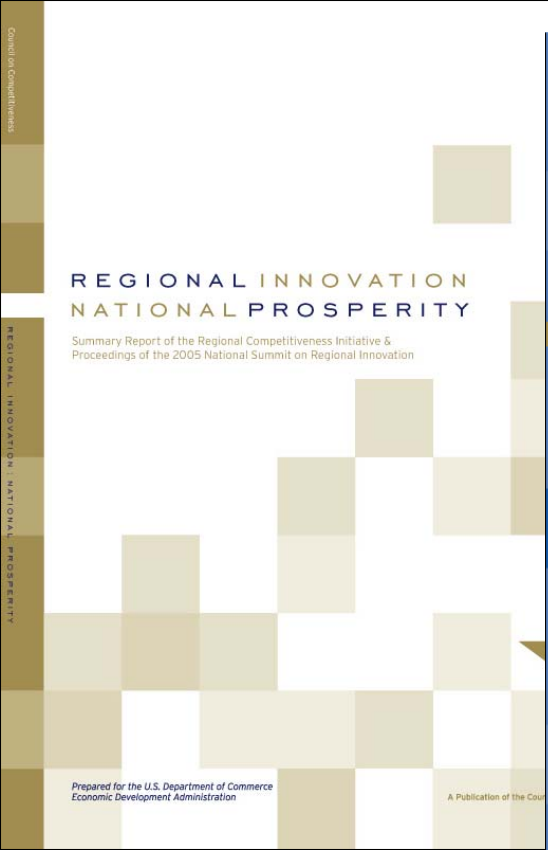
The Council's National Innovation Agenda has shaped the national debate



The United States is an economy of regions



The Council has been analyzing regional competitiveness for more than seven years



Professor Michael E. Porter, Harvard University
Monitor Group
ontheFRONTIER
Council on Competitiveness

CLUSTERS of INNOVATION:
Regional Foundations of U.S. Competitiveness

CLUSTERS OF INNOVATION INITIATIVE

- INNOVATION
- ECONOMIC PERFORMANCE
- BUSINESS ENVIRONMENT
- CLUSTERS
- COLLABORATION
- PRODUCTIVITY
- ECONOMIC COMPOSITION
- SPECIALIZATION
- STRATEGY

Regions are the ultimate locus of innovation and competitiveness

Industries Cluster

- Firms are more productive when they are located near other related firms in regions with a strong business environment

Talented People Cluster

- Highly mobile young college graduates are attracted to regions with specific characteristics

Entrepreneurs Cluster

- Entrepreneurial activity is a product of local attitudes, local institutions, and the local business environment

Local Linkages Matter

- Despite globalization, the ability of people to interact locally is critical for innovation

The Council's Cluster Studies found that:

- The most important sources of prosperity are created, not inherited.
- The prosperity of a region depends on the productivity of all of its industries.
- Productivity does not depend on what industries a region competes in, but on how it competes.
- Specialization in a number of strong clusters with a significant national position enhances a regions performance.
- Higher wages in traded clusters tend to pull up wages in local clusters.
- Building strong regional economies takes decades.

Atlanta has a number of important strengths

Strong clusters in transportation and logistics, financial services and IT

State support of science-based economic development

Air transportation and communications infrastructure

Strong higher education institutions

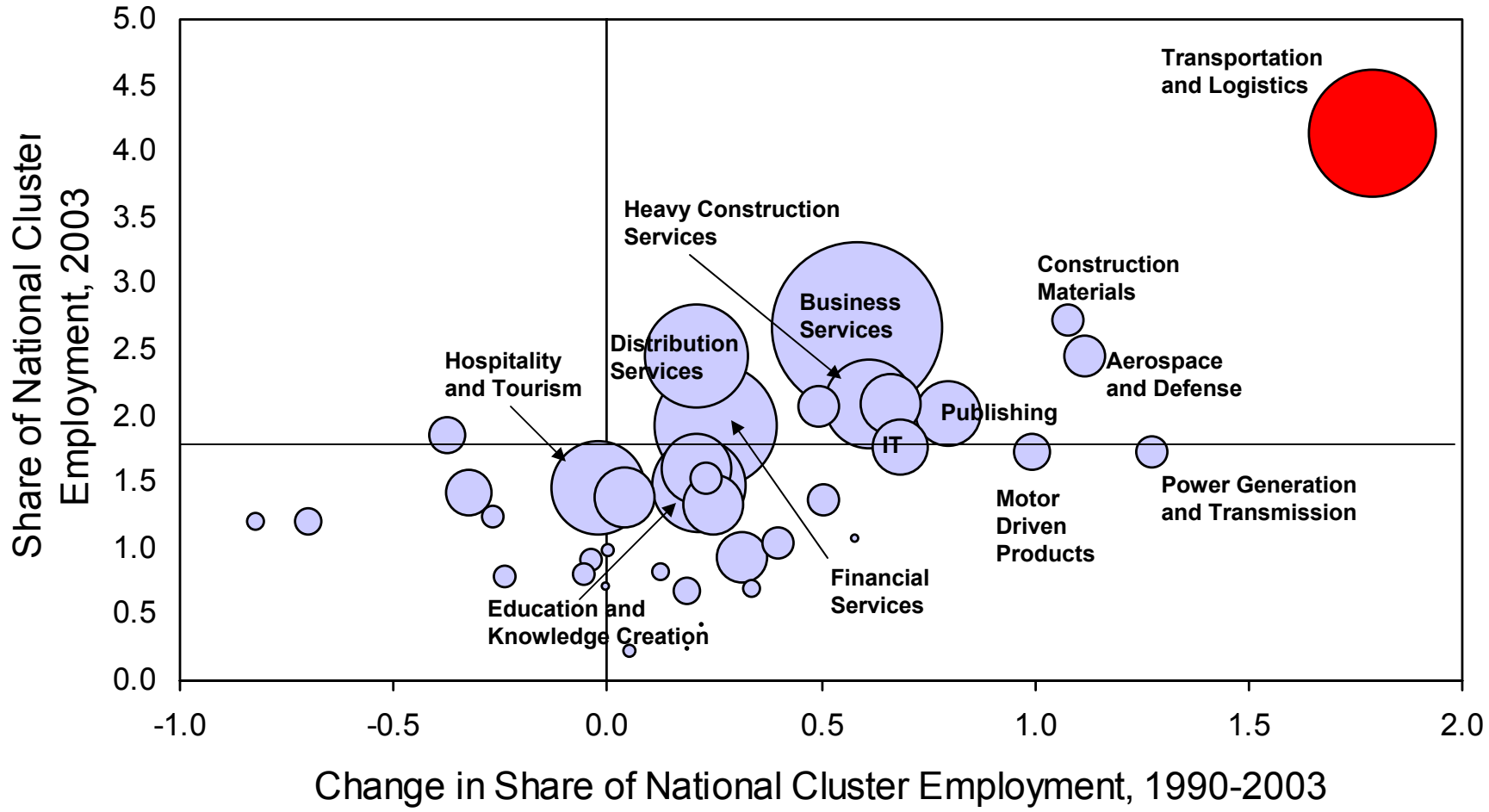
Location, cultural amenities, climate

Openness and diversity

Regional pride

Atlanta's Strong Cluster Performance

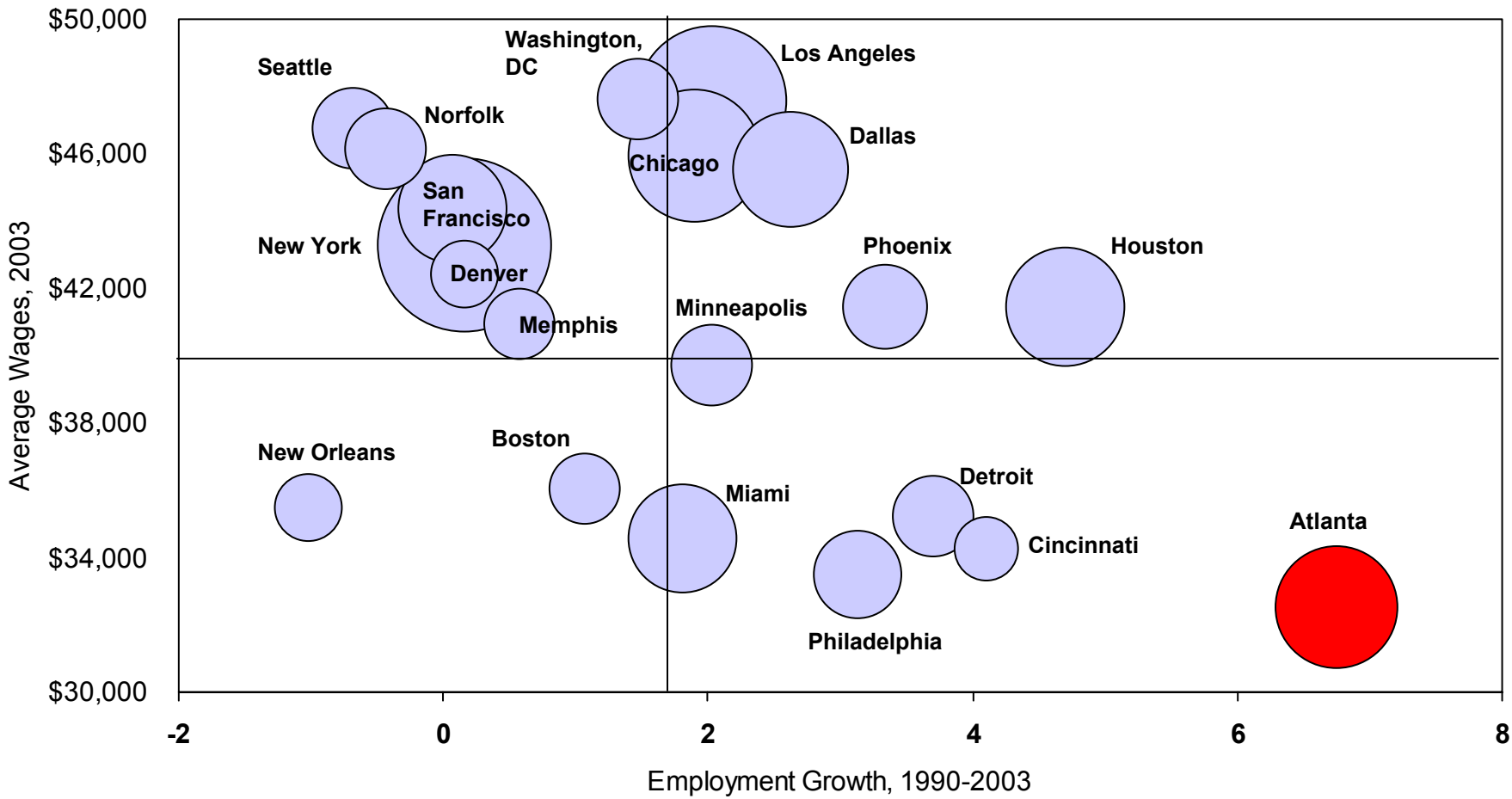
Share of National Employment, Change in Share of National Employment and Total Employees for Traded Clusters in the Atlanta MSA, 1990-2003



Source: Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School

Since 1990, Atlanta's Logistics Cluster Has Been the Fastest Growing in the U.S.

Top 20 U.S. Transportation and Logistics Clusters, 2003, Bubble Size Represents Total Cluster Employment in 2003



Source: Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School

Atlanta's Challenges

Rising cost of living

Uneven K-12 performance

**Stress on infrastructure
due to rapid growth**

**Weak patenting
performance**

**Expected shortages of
scientists and engineers**

Weak regional collaboration

Many regions face similar issues

BEST PRACTICES

Promoting regionalism

Multiple political jurisdictions within a region tend to hinder collaboration.

Team NEO
Northeast Ohio

Building and retaining talent

Many regions are losing young, educated workers to more attractive regions and struggling to retrain displaced workers.

Futures, Inc.
North Carolina

Transitioning to advanced manufacturing

Regions that are losing jobs in traditional manufacturing industries need to find new ways to compete globally.

Infotonics Center
Rochester, NY

Networking knowledge assets

Most regions fail to leverage their research institutions by not linking them to the resources they need to commercialize ideas.

UC CONNECT
San Diego, CA

Energizing the entrepreneurial economy

Most regions lack adequate support services for entrepreneurs and access to start-up funding.

Arch Angel Network
St. Louis, MO

Council on Competitiveness National Innovation Initiative

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Reports and other material available online at:

www.innovateamerica.org

and

www.compete.org