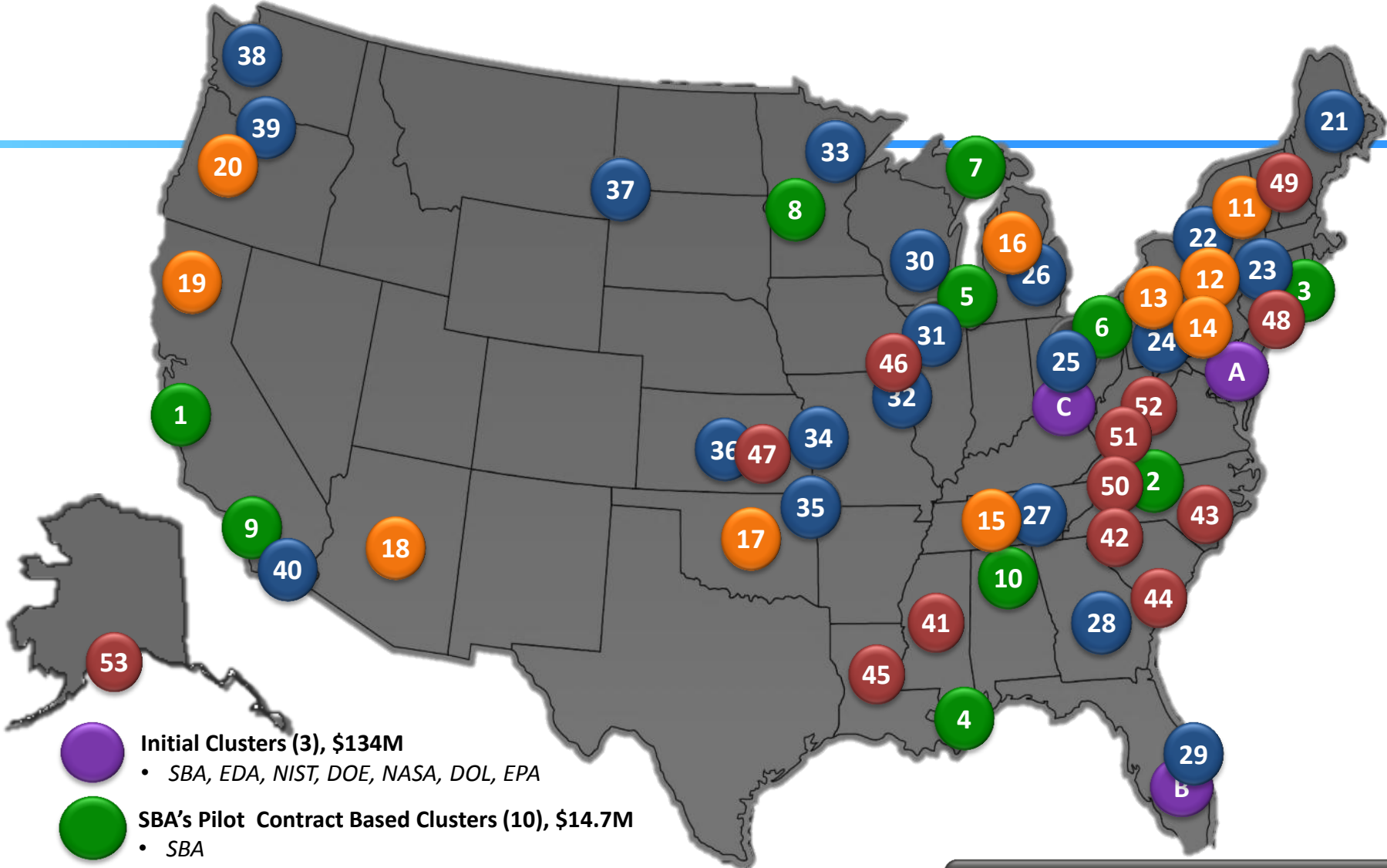


# **Overview: SBA Innovation Clusters**

**Tuesday, November 12, 2013**



#### Initial Clusters (3), \$134M

- SBA, EDA, NIST, DOE, NASA, DOL, EPA



#### SBA's Pilot Contract Based Clusters (10), \$14.7M

- SBA



#### Jobs Accelerator Collaboration Clusters (20), \$37M

- EDA, ETA, SBA



#### Advanced Manufacturing Jobs Accelerator Collaboration Clusters (10), \$20M

- EDA, ETA, NIST, DOE, SBA



#### Rural Jobs Accelerator Collaboration Clusters (13), \$9M

- EDA, USDA, DRA, ARC

**56 Federally Funded  
Cluster Initiatives  
\$214.6 Million**

## SBA's Pilot Contract-Based Clusters

- 1 **CA - Agriculture Innovation Cluster / Project 17 Ag Tech** *Agriculture Innovation*
- 2 **SC - Carolinas' Nuclear Cluster** *Nuclear energy technology and components*
- 3 **CT - Northeast Electrochemical Energy Storage** *Fuel cell and hydrogen fueling systems*
- 4 **MS - Enterprise for Innovative Geospatial Solutions** *Geospatial technology*
- 5 **IL - Illinois Smart Grid Regional Innovation Cluster** *Smart grid / efficient energy*
- 6 **OH - NorTech Flexmatters** *Flexible electronics*
- 7 **MI - Upper Michigan Green Aviation Coalition** *Green aviation*
- 8 **MN - Defense Alliance of Minnesota** *Advanced power and energy (DoD Focused)*
- 9 **CA - San Diego Advanced Defense Cluster** *Autonomous systems and cyber security (DoD Focused)*
- 10 **AL - Huntsville Advanced Defense Technology Initiative** *Aero-space technology (DoD Focused)*

## Jobs Accelerator Advanced Manufacturing

*Economic Development Agency, Employment and Training Agency, Small Business Administration, National Institute of Standards and Technology, Department of Energy*

- 11 **NY - Rochester Regional Optics, Photonics & Imaging Accelerator**
- 12 **NY - Advanced Manufacturing of Thermal and Environmental Control Systems**
- 13 **PA - Agile Electro-Mechanical Product Accelerator**
- 14 **PA - Greater Philadelphia Advanced Manufacturing Innovation and Skills Accelerator**
- 15 **TN - Advanced Manufacturing and Prototyping Center of East Tennessee**
- 16 **MI - Advanced Contract Manufacturing of Southeast Michigan Cluster**
- 17 **OK - Manufacturing Improvement Program for the Oil and Gas Industry Supply Chain**
- 18 **AZ - Southern Arizona Aerospace and Defense Cluster**
- 19 **CA - Advanced Manufacturing Medical/Biosciences Pipeline for Economic Development (AM2PED)**
- 20 **OR - Innovations in Advanced Materials and Metals Cluster (IAM2)**

## Jobs Accelerator Collaboration Clusters

*Economic Development Agency  
Employment and Training Agency  
Small Business Administration*

- 21 **ME - GreenME Renewable Energy Industry Cluster**
- 22 **NY - Finger Lakes Food Processing Cluster Initiative** *Food Processing*
- 23 **NY - New York Renewable Energy Cluster** *Renewable Energy*
- 24 **PA - Southwestern Pennsylvania Revitalization** *Energy/Health Care*
- 25 **OH - Northeast Ohio Speed-To-Market Accelerator** *Energy/Flexible Electronics*
- 26 **MI - Southeast Michigan Advanced Energy Storage Systems Initiative** *Advanced Energy Storage Systems*
- 27 **TN - Advanced Composites Employment Accelerator** *Advanced Composites with Focus on Low-Cost Carbon Fiber Technology*
- 28 **GA - Atlanta Health Information Technology Cluster** *Health Information Technology*
- 29 **FL - Space Coast Clean Energy Jobs Accelerator** *Clean Energy*
- 30 **WI - Milwaukee Regional Water Accelerator Project** *Water*
- 31 **IL - Rockford Area Aerospace Cluster Jobs and Innovation Accelerator** *Aerospace*
- 32 **MO - St. Louis Bioscience Jobs and Innovation Accelerator** *Project Bioscience*
- 33 **MN - Minnesota's Mining Cluster** *Energy*
- 34 **MO - Kansas City Regional Jobs Accelerator** *Advanced Manufacturing & Information Technology*
- 35 **AR - Launching the ARK: Acceleration, Resources, Knowledge** *Information Technology*
- 36 **KS - Center for Innovation and Enterprise Engagement** *Advanced materials*
- 37 **ND - Upper Missouri Tribal Environmental Risk Mitigation Project** *Environmental Risk Mitigation*
- 38 **WA - Washington Interactive Media Accelerator** *Interactive Media*
- 39 **OR - Portland Regional Clean Tech Advance Initiative** *Clean Tech*
- 40 **CA - San Diego-Imperial Valley Renewable Energy Generation Training and Demonstration Center** *Renewable Energy*

# 56 Federally Funded Cluster Initiatives

## Initial Clusters

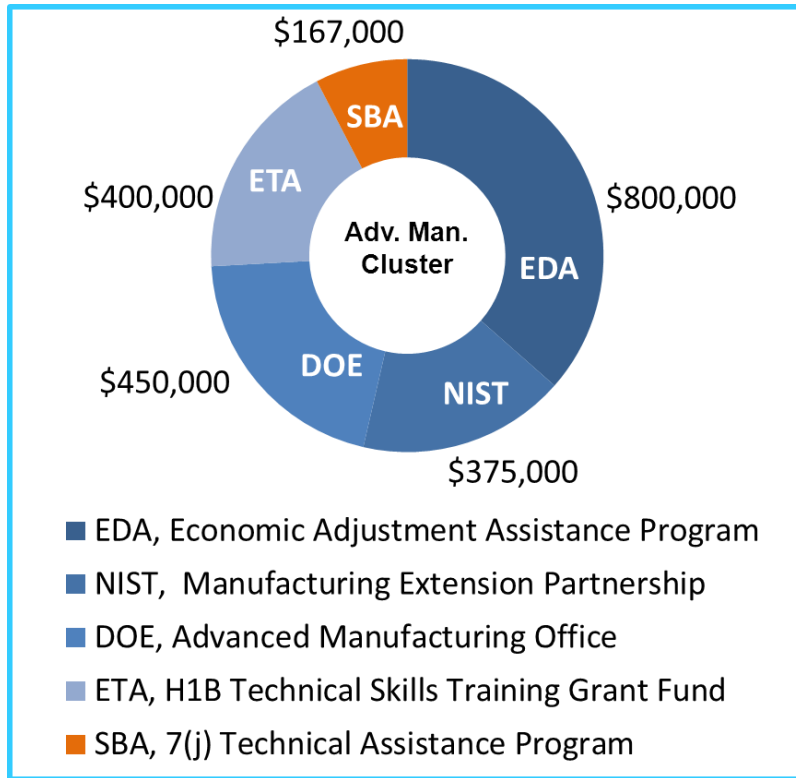
- A **PA - Greater Philadelphia** *Energy-Efficient Buildings Hub (SBA, EDA, NIST, DOE)*
- B **FL - Space Coast- Space Shuttle Shutdown Transition** *(SBA, EDA, NASA, DOL)*
- C **OH- Southwest Ohio Water Cluster - Water Research** *(EPA)*

## Rural Jobs Accelerator

*Economic Development Agency  
U.S. Department of Agriculture  
Delta Regional Authority  
Appalachian Regional Commission*

- 41 **MS - Community and Economic Development in Rural Mississippi** *Automotive, Furniture, Agribusiness*
- 42 **NC - WNC AgriVentures -- Cultivating Jobs and Innovation Project** *Agribusiness*
- 43 **NC - North Carolina Eastern Region Aerospace and Automotive Cluster Project** *Aerospace, Automotive*
- 44 **SC - South Carolina Alliance Rural Jobs and Innovation Accelerator Challenge** *Nuclear Energy*
- 45 **LA- I-20 Corridor Regional Accelerator** *Bioscience*
- 46 **IL - Henry-Rural Rock Island-Mercer County Economic Development Consortium** *Agribusiness/Food processing*
- 47 **KS - Project 17: Together We Succeed** *Advanced Manufacturing*
- 48 **CT - New England Food Hub Cluster Initiative** *Food Processing*
- 49 **NH - Northern Tier Farm and Forest Jobs Accelerator** *Agribusiness*
- 50 **VA - Appalachian Spring - Using Asset-Based and Creative Economy Methods to Catalyze Rural Job Acceleration** *Music/Craft/Local Tourism*
- 51 **WV - Southern West Virginia Rural Jobs Accelerator Partnership** *Music/Craft/Local Tourism*
- 52 **WV - Value Chain Initiative** *Food Processing*
- 53 **AK - Bristol Bay Jobs Accelerator Project** *Fisheries, Seafood Processing*

# Example of Interagency Collaboration: \$20M in Direct Support to 10 Clusters from SBA, EDA, DOE, NIST, DOE and ETA



## Activities

- Accelerate the formation of new high-growth businesses and growth of existing businesses and help create high-wage jobs
- Accelerate the creation of high-wage jobs
- Advance the commercialization of research
- Enhance the capacity of small businesses in the cluster, including small and disadvantaged businesses
- Increase exports and business interaction with international buyers and suppliers
- Develop the skilled workforce needed to support growing clusters



## Expected Outcomes:

- 1,000 workers trained for careers in high-growth sectors
- 650 companies will leverage cluster resources
- Quarterly progress reports via an integrated work plan

# Summary of Cluster Initiative



Pilot Findings: SBA's initiative re: 10 Pilot Contract-Based Clusters is the first program in the federal government to evaluate the impact of clusters

- Traditional cluster investments have focused more on long-term evaluation (5-10) years.
- Through SBA's efforts, there has been a focus not only on long-term evaluation, but also early outcomes (1-3 years)
- Focus has also been on analysis of cluster formation, impact specifically on small businesses and the supply chain, best practices, and best ROI.



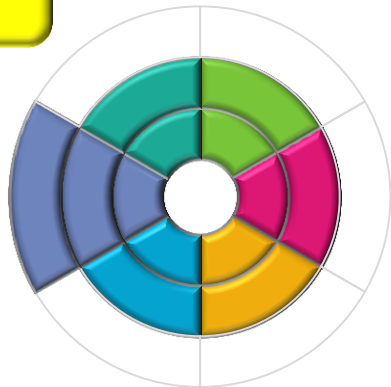
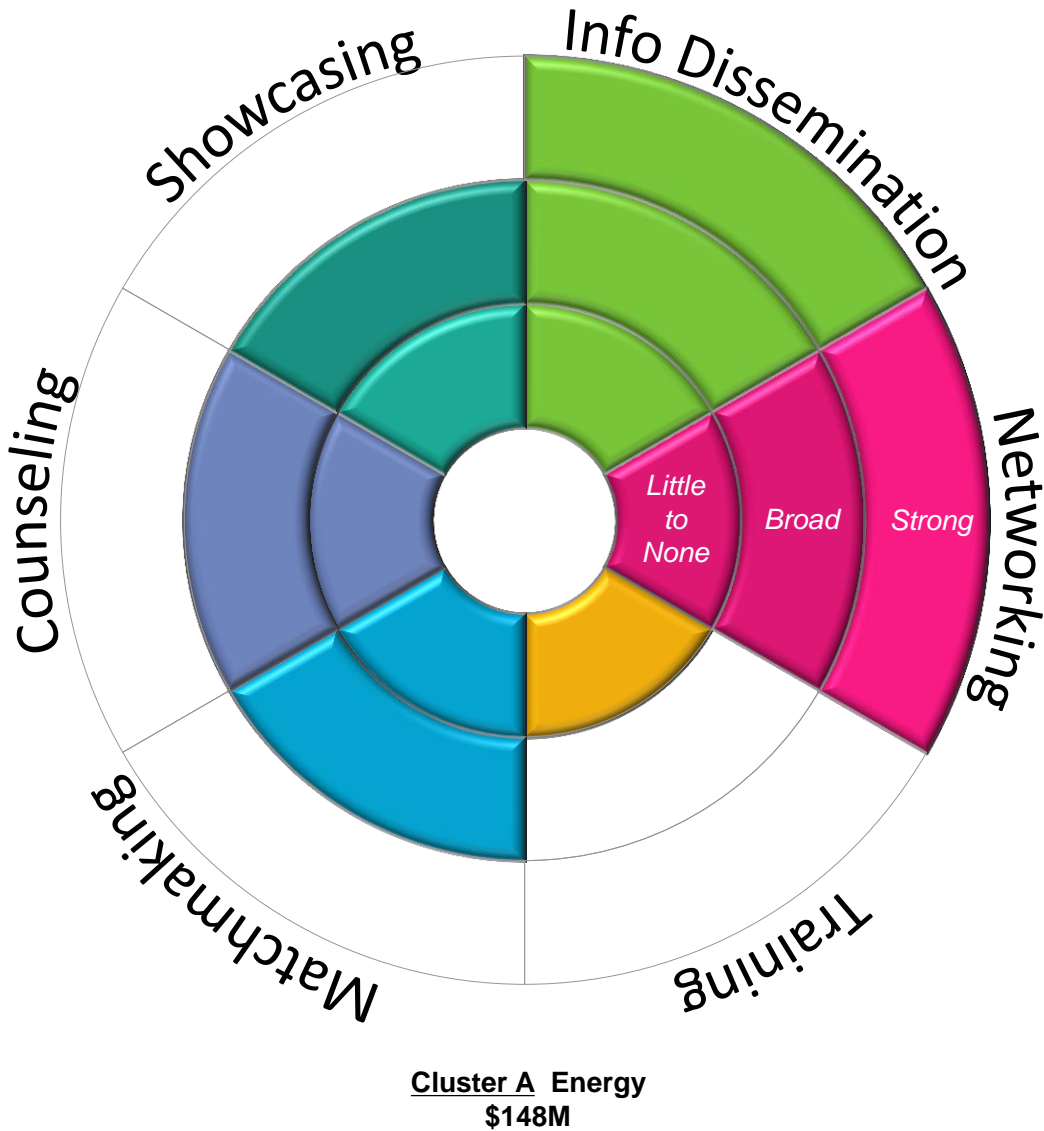
In just 2 years, small businesses in the 10 pilot clusters saw the following impacts:

- Increased participation in SBA's 10 pilot clusters by more than **380%**.
- Average employment growth by more than **18%**.
- **23%** increase in the average revenue.
- Over **\$66 million** in capital accessed through private funding sources, such as loans, venture capital, and angel capital.
- More than **\$14 million** in early stage investment from federal SBIR and STTR awards.
- More than **\$807 million** in contracts or subcontracts in 2 years won by small businesses.

# Graphic by Cluster of Service Emphasized vs Cluster's Economic Activity

Year-one snapshot as prepared by SBA: longitudinal relationship between mix of services and economic output will be examined as each cluster evolves.

*Will be updated for Y2*



**Cluster C Geospatial**  
\$24M

**Cluster D Electronics**  
\$21M



**Cluster E Energy**  
\$8M



**Cluster F Defense**  
\$7M



**Cluster G Defense**  
\$5M



**Cluster H Agriculture**  
\$140K



**Cluster I Nuclear**  
\$ data pending year 2



**Cluster J Aviation**  
\$ data pending year 2

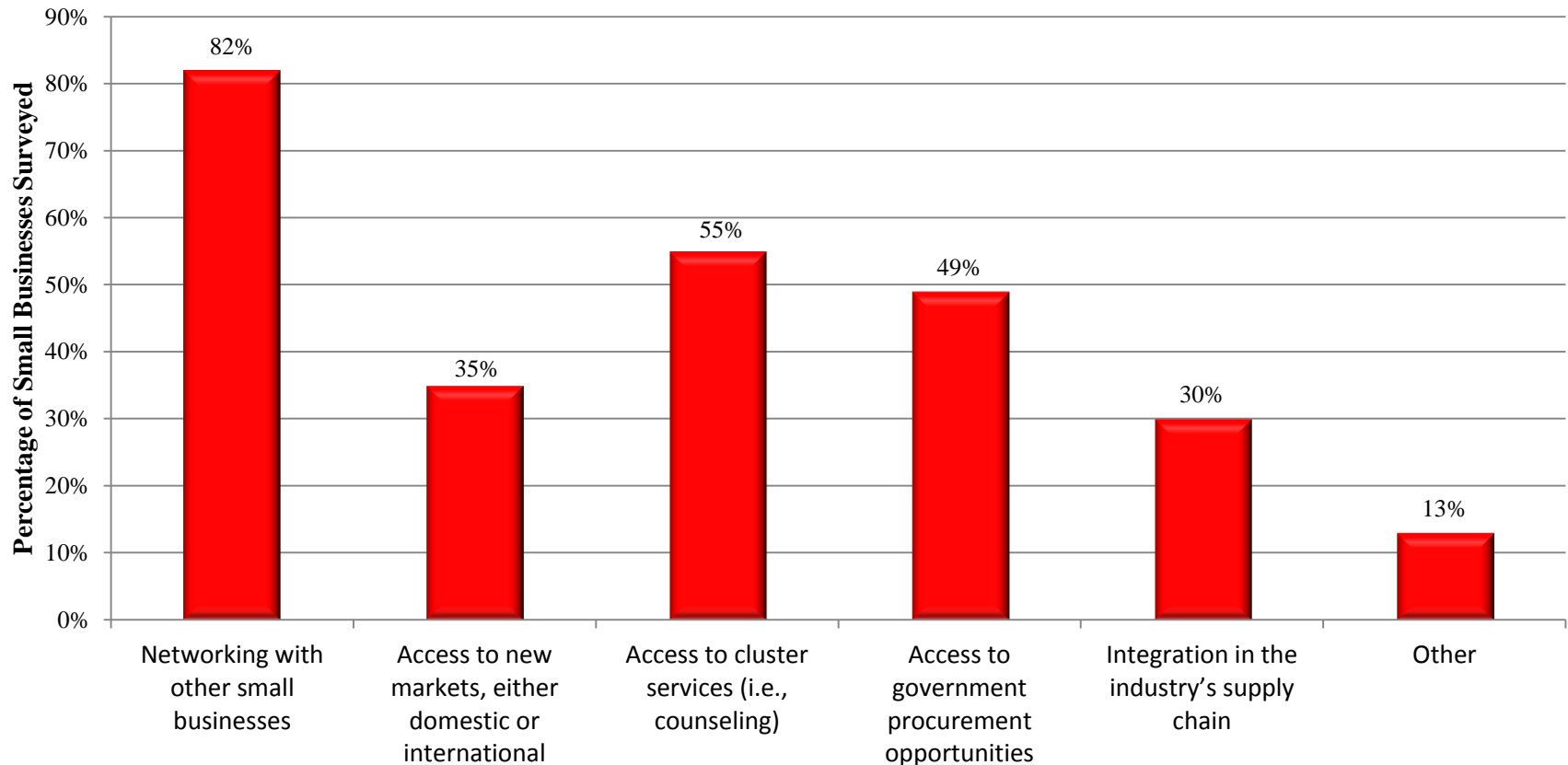
\* Graph not to scale

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# Back-Up Slides

## Pilot Findings: ① Focusing on small businesses helped increase small businesses' participation in the cluster

- Total small business participation grew from 179 small business participants to 859, a 380% increase.
- 96% of small businesses active in Year 1 remained active in Year 2.
- Small businesses' top reasons for participation in clusters:

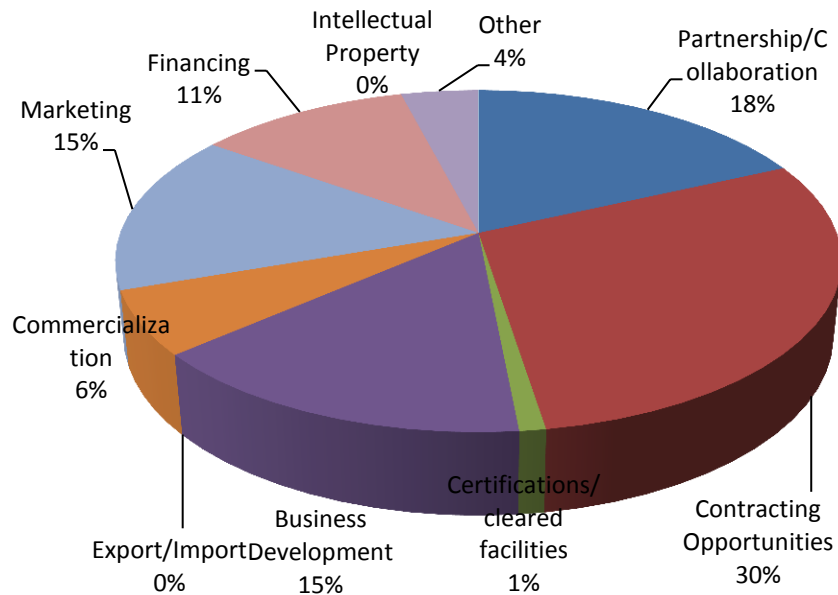




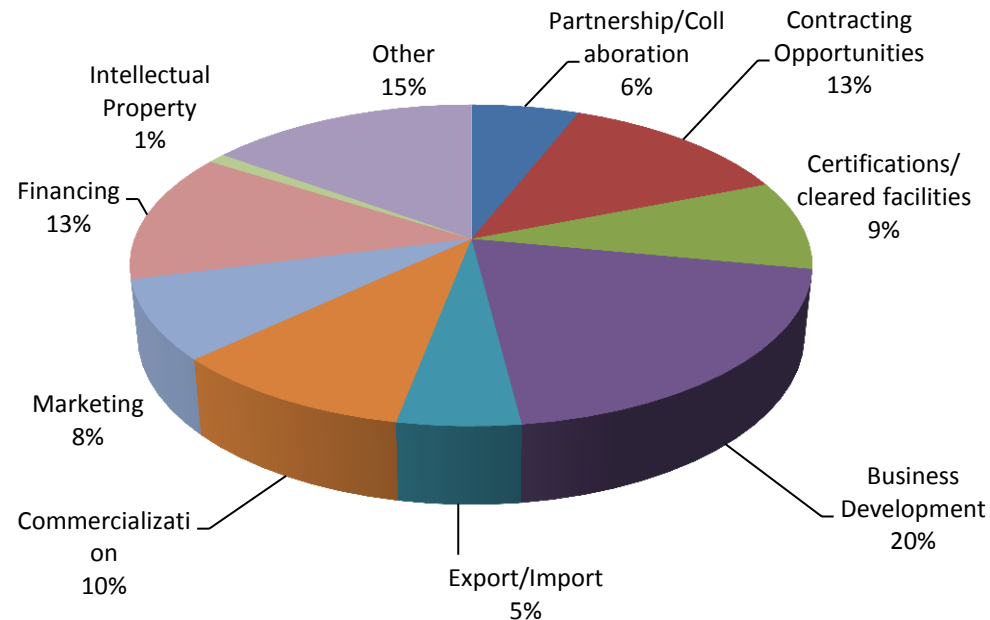
**Pilot Findings:** 2 All ten clusters provided services directly to their Small Business participants by one-on-one services or group training; the majority also leveraged SBA resource partners and third-party organization's expertise.

## Year Two Services

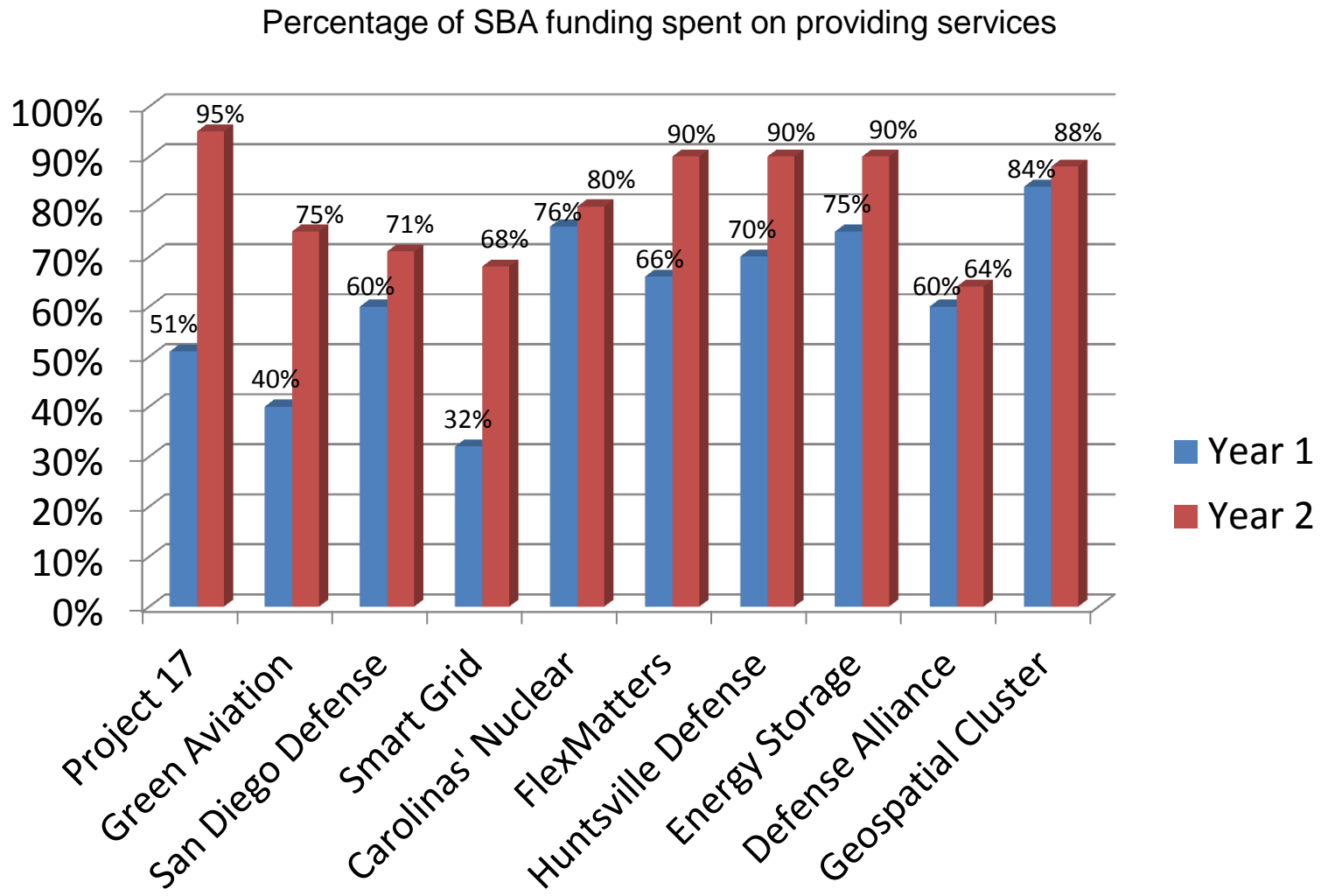
### Focus of One-on-One Sessions



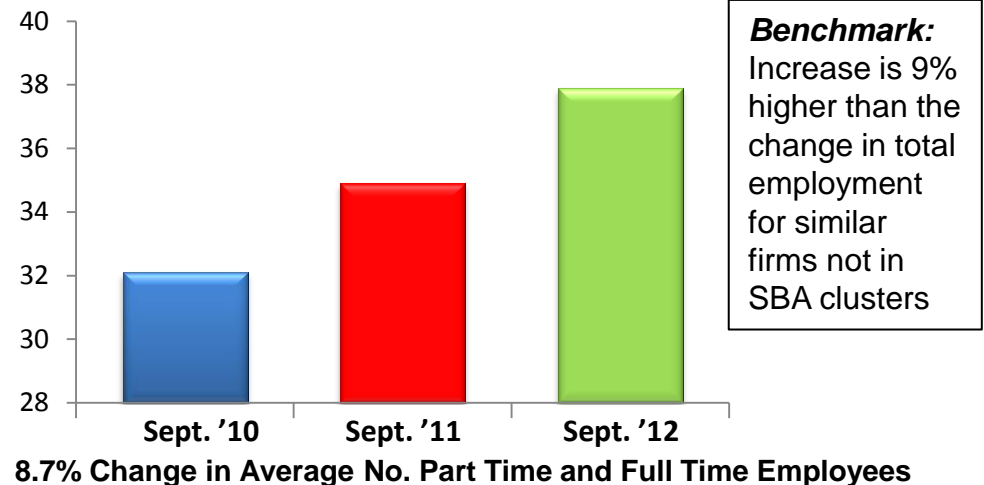
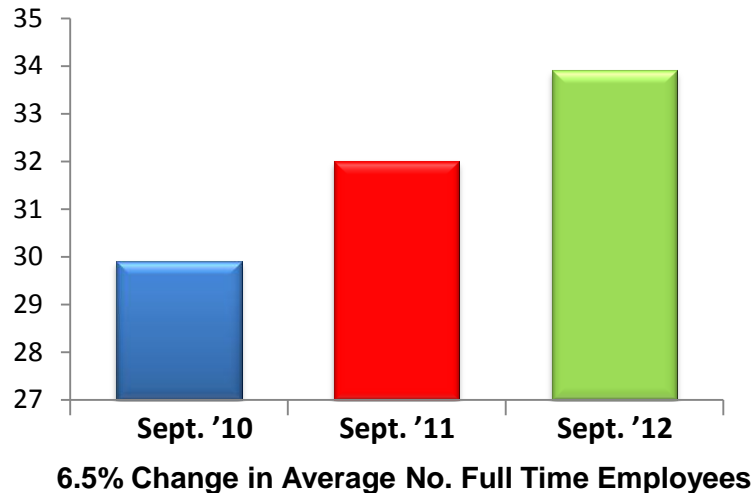
### Focus of Group Training Sessions



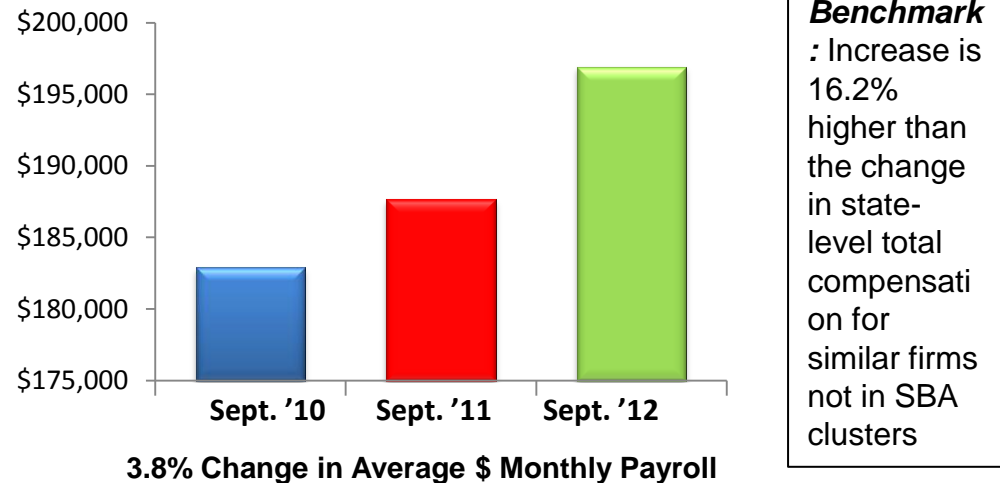
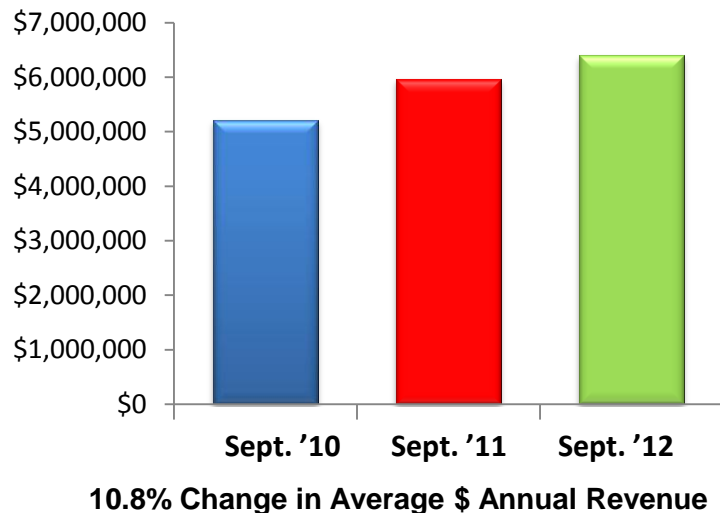
**Pilot Findings:** 3 From Year 1 to Year 2, all clusters allocated more funding to providing services vs. cluster management



## Pilot Findings: 4 Clusters helped small businesses grow

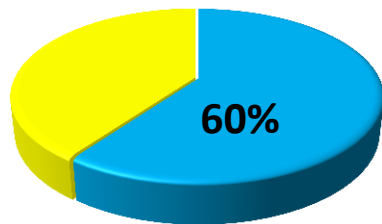


***Eighteen new businesses started after founders' first cluster participation***

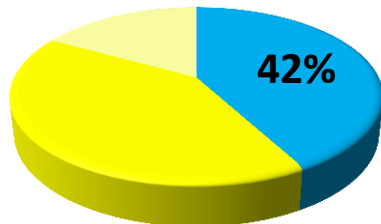


## Pilot Findings: 5 Clusters helped small businesses spur innovation, a key driver of productivity growth

Percentage of Small Businesses  
Developing New Products or Services



Percentage of Small Businesses  
Commercializing New Technology



Number of patents received  
by Small Businesses

**76** out of 109  
reporting

### *Attitudinal Findings:*

- 60% of small business respondents agree or strongly agree that cluster participation resulted in the development of new products and services.
- 42% agree or strongly agree that cluster participation led to the commercialization of new technology; (71% of clusters seeking commercialization services).
- 87% of small businesses reported that the services and activities provided by the clusters were unique and could not be found elsewhere.
- 80% of participants agree or strongly agree that cluster activities led to increases in collaborative activity within their region.

## Pilot Findings: 6 Clusters helped small businesses enhance economic activity

**Year Two economic activity reported by cluster administrators as tied directly to cluster assistance or tied indirectly to the cluster by virtue of the small business being an active cluster participant\*:**

- Over **\$589.6M** in contracting/subcontracting activity
- Nearly **\$18.4M** in AC, VC, other private funding, and loans
- Over **\$8.3M** in SBIR/STTRs awards
- Nearly **\$17M** in grants

*\* Excludes small business participants' economic activity that had no connection to their participation in the cluster.*