

## 5 Collaborating to Compete: The Case of Northwest Ohio's Greenhouse Industry

**N. Reid**, Department of Geography and Planning The Urban Affairs Center The University of Toledo, Toledo, Ohio

**M. Carroll**, Department of Economics Center for Regional Development Bowling Green State University, Bowling Green, Ohio

“If we don't pull together to identify and solve our own problems, we will surely lose a number of greenhouses”<sup>1</sup>

### 5.1 Introduction

Faced with increasing international competition that is threatening their livelihood a number of greenhouse owners in northwest Ohio have adopted a cluster-based strategy in an attempt to remain competitive. Initiated and designed by university researchers and supported by funding from the United States Department of Agriculture this strategy centered around getting individual greenhouse owners to work collaboratively to address industry-wide challenges. The challenges addressed by this strategy are too large or too complex for individual growers to tackle by themselves. Challenges such as high energy costs and the lack of a market presence are beyond the scope of individual greenhouse owners to address.

Working together with other greenhouse growers in the region and identifying collaborative solutions to these industry-wide problems is probably the only mechanism by which these, and similar challenges, can be successfully addressed. However, getting individual greenhouse owners to work collaboratively with each other is a major challenge in itself. Historically, many of the growers in northwest Ohio are fiercely independent. They are used to working by themselves. Collaboration is not part of their vocabulary. As a result, the level of trust between greenhouse owners tends to be low. Most of the growers in the region compete with each other for market share. They view each other as competitors, not collaborators. However, overcoming this resistance to collaboration was critical if a cluster-based approach to addressing the challenges facing the industry was going to take root and evolve into a viable competitive strategy.

---

<sup>1</sup> Dick Bostdorff, owner, Bostdorff Greenhouse Acres, Bowling Green, Ohio (Bowling Green State University, 2005).

In this chapter we describe the process used to get growers to think and act in a collaborative fashion and to assess the result of these efforts to date<sup>2</sup>. Following this introductory section the remainder of this chapter is organized as follows. In section 2 we describe the philosophy underpinning cluster-based economic development. This is followed, in section 3, by a description of the major competitive challenges facing northwest Ohio's greenhouse industry. In section 4 we describe the genesis and evolution of northwest Ohio's greenhouse cluster. Next, in section 5, we describe the first collaborative project undertaken by the cluster – namely branding and marketing. In section 6 we conclude with some thought regarding the evolution of the cluster to date and identify some of the major challenges for its future development.

## 5.2 Cluster-Based Economic Development

Economic development strategies organized around a cluster-based approach are increasingly common. Currently, there are over five hundred such initiatives worldwide (Solvell et al, 2003). Communities from San Diego (SANDAG 2001) to South Africa (Sunday Times, South Africa 1997) are pinning much of their economic future on what they are calling cluster-based economic development, while industries ranging from thoroughbred horses (Akoorie 2000) to Formula One racing cars (Henry and Pinch 2001) are being produced by businesses that are part of an industrial cluster. Despite the popularity of cluster-based economic development there is an emerging literature that is highly critical of this particular approach (e.g., Martin and Sunley 2003, Taylor 2005). It is not the purpose of this chapter, however, to review or assess the validity of the anti-cluster literature. Our objective, here, is to simply outline the genesis and evolution of an effort to enhance the economic competitiveness of the greenhouse industry in northwest Ohio. We use the term 'cluster' as the organizing framework for this effort. We will leave it to others to argue over whether what we are doing in northwest Ohio is really cluster-based economic development. Having said that, we believe that it is important that we outline our understanding of cluster-based economic development, and to define the concept as we have applied it to the northwest Ohio greenhouse industry.

While there are an alarmingly large number of definitions of what is meant by an industrial cluster and cluster-based economic development (Martin and Sunley 2003) we used, as our starting operational definition, that provided by Porter (1998, 78):

---

<sup>2</sup> The project described in this chapter is an ongoing one. The results reported here represent the status of the project at the time of writing. For the current status of the project please contact the authors.

“Clusters are geographic concentrations of interconnected companies and institutions in a particular field . . . they include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure . . . many clusters also include governmental and other institutions – such as universities, standards-setting agencies, think tanks, vocational training providers, and trade associations – that provide specialized training, education, information, research, and technical support”.

The secret to a successful cluster-based economic development strategy, in our opinion, is to marshal all the relevant stakeholders (primary producers, suppliers, universities, training providers, etc.) to work together to help an industry become more competitive in the market place. How is this achieved? As we sifted through the literature on cluster-based economic development we identified three key characteristics that we thought would be necessary if northwest Ohio's greenhouse industry was going to be successful in utilizing a cluster-based approach to retain its competitive edge.

**Collective Efficiency:** Collective efficiency (Schmitz 1995) is the competitive advantage that can be attained through the combination of external economies of scale **and** joint action. External economies of scale are very often *passive* and, as such, fall into the producer's lap. Examples of external economies of scale include the existence of a specialized labor pool and support infrastructure such as a specialized supplier base (Fromhold-Eisebith 2006). External economies of scale can also manifest themselves when a region develops a reputation for being a producer of a particular good or service (e.g. automobiles in Michigan and steel in Pennsylvania). While external economies of scale are beneficial it is only when co-located companies engage in joint action that the full benefits of being in close geographic proximity are realized. As noted by Porter (1998, 88), “the mere collocation of companies, suppliers, and institutions creates the potential for economic value; it does not necessarily ensure its realization”. Similarly, Schmitz (1999, 1628) notes that “external economies are important to growth but are not sufficient to ride out major changes in product or factor markets; that requires joint action”. Unlike external economies of scale, joint action is *active* and requires the conscious and deliberate collaboration of producers.

Joint action on the part of producers can result in a wide variety of benefits, including improved product quality (Nadvi 1999, Schmitz 1999), reduced manufacturing costs (Wolverhampton Telford Technology Corridor 2005), the sharing of expensive infrastructure (Meyer-Stamer 1998; Kennedy 1999), and enhanced marketing prowess (Cawthorne 1995; Lundequist and Power 2002).

In our opinion, collective efficiency (external economies of scale plus joint action) is the defining critical ingredient of successful cluster-based economic development initiatives. The central focus of any cluster initiative, therefore, should be getting firms to work together to identify collaborative solutions to shared problems (Diez 2001).

**Social Capital:** A major barrier to joint action can be low levels of social capital within an industry. Social capital is defined by Putnam et al (1993, 67) as “features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions”. Social capital plays a critical role in the development of any successful cluster-based economic development initiative (Hospers and Beugelsdijk 2003). For example, if competitors are going to engage in joint action it is imperative that a certain level of trust exist between them. However, it is not unusual for low levels of trust to exist between geographically proximate competitors.

How can competitors be prompted into engaging in joint-action? There is growing evidence from the developing world that that an exogenous threat to the competitiveness an industry in a particular geographic region can be a catalyst for joint action to occur (e.g. see Meyer-Stamer 1998, Knorringa 1999, Rabellotti 1999, Schmitz 2000). For example, textile manufacturers in Santa Catarina, Brazil increased their level of cooperation in response to increased foreign competition that resulted from a decision by the Brazilian government to abandon its import substitution strategy and to open up its markets to foreign producers in the early 1990s (Meyer-Stamer 1998). In the footwear industry cluster in Agra, India cooperation between cluster members increased after the collapse of one of its major markets, the Soviet Union, as well as the decision by the Indian government to lower import tariffs in the early 1990s (Knorringa 1999). In the case of the surgical instruments cluster in Sialkot, Pakistan it was the need to improve quality to meet international quality assurance standards that prompted a move towards joint action (Nadvi 1999).

**Bottom-up Engagement:** Much of the literature also emphasizes the need for a bottom-up approach to cluster-based economic development. Empowering business owners and/or decision makers to identify a collective pathway to higher levels of competitiveness is critical to cluster success (Reid and Carroll 2005). Indeed, company decision makers should be involved from the very beginning of any cluster initiative. Furthermore, they have to play a central role in design and ongoing direction of the cluster once it has been established (Cluster Navigators 2001). Unless those companies for whom the cluster strategy is designed to help play a central management and decision-making role we believe that the cluster will be doomed to failure and has little likelihood of any long-term sustainability. “Clustering is not a few deciding for many; it is an inclusive, collaborative process” (Cluster Navigators Ltd. 2001, 13). Successful clusters promote collective learning that is bottom-up and interactive in nature (Landabaso 1995).

### 5.3 Northwest Ohio's Greenhouse Industry

Northwest Ohio's greenhouse industry has a rich history, dating back to European immigrants who settled in the region during the 18<sup>th</sup> and 19<sup>th</sup> centuries. Today, the region (Figure 1) is one of the major producers of greenhouse produce in the United States. Lucas County, the center of the region's greenhouse industry, ranks 4<sup>th</sup> in state and 94<sup>th</sup> in the nation in terms of the value of production of greenhouse produce. This places Lucas County in the top 4% statewide and the top 5% nationwide. Today, however, the economic viability of the northwest Ohio's greenhouse industry is under threat from competing regions. In recent years, southern Ontario in Canada has emerged as major competitive threat to northwest Ohio's greenhouse industry (Reid and Carroll 2005, LaFary et al 2006). This threat is both perceived and real. In a survey of northwest Ohio growers Canada was identified as the most significant competitor to northwest Ohio's greenhouse industry (Reid and Carroll 2005).<sup>3</sup> The perception that Canada is a major competitor to northwest Ohio's greenhouse industry is validated by trade data. In 1995 Ontario had a positive trade balance with Ohio in floriculture products of \$531, 186. By 2004 this trade gap had increased to 2,014,171 (Industry Canada 2005).<sup>4</sup>

Other challenges facing the industry include endemically high utility costs, the lack of a strong market presence, and the existence of price wars between local competitors. On the other hand, the industry has a number of strengths and opportunities that it could potentially capitalize on. These include a wealth of local grower knowledge and experience, considerable latent demand for the industry's output, and the access to a significant scientific knowledge base available from locally-based university researchers, agricultural extension agents, and scientists from the USDA's Agricultural Research Service (Table 1)

---

<sup>3</sup> A mail survey of northwest Ohio greenhouse growers was conducted during the period, March-May 2004. The survey was conducted using the Dillman (1978) method. The survey was sent to all 82 growers in northwest Ohio. Twenty-seven surveys were returned, yielding a response rate of 33%.

<sup>4</sup> All monetary values cited in this chapter are expressed in 2004 US dollars.

Fig. 1. Northwest Ohio



Table 1.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>Critical mass of growers</li> <li>Extensive grower experience and knowledge</li> <li>Predominantly family-owned and operated</li> <li>Large regional production capacity</li> <li>Access to local university, extension and Agricultural Research Service expertise</li> </ul>	<ul style="list-style-type: none"> <li>Historically, little collaboration between growers</li> <li>No identifiable market brands</li> <li>Lack of strategic marketing</li> <li>Small size of individual growers</li> <li>Generational nature of business</li> <li>Heavy reliance on traditional sources of fuel</li> <li>Old greenhouse buildings</li> <li>Dated production technology</li> <li>Limited access to capital</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>Increase collaboration with each other</li> <li>Capitalize on latent market demand</li> <li>Develop identifiable market brand and improve marketing</li> <li>Development of niche markets</li> <li>Alternative energy options available in region</li> <li>Facility modernization</li> <li>Adhere to higher quality standards</li> </ul>	<ul style="list-style-type: none"> <li>Global competition</li> <li>Price wars with regional competitors</li> <li>Big Box store purchasing agreements</li> <li>High utility costs</li> </ul>

Given this competitive backdrop the authors received funding from the U.S. Department of Agriculture to assess the current economic state of northwest Ohio's

greenhouse industry and to identify, develop, and implement a strategy to address the competitive challenges facing the industry. After a careful assessment of the industry, and its attendant challenges, the authors identified a cluster-based approach as the most appropriate one for the industry. Would the threat posed by Canadian competition be of sufficient magnitude to constitute 'the crises that much of the literature points to can act as a catalyst to joint action?

## 5.4 The Development of Northwest Ohio's Greenhouse Cluster

The decision to explore the possibility of establishing a greenhouse cluster in northwest Ohio occurred during the summer of 2004. During the previous year, a survey of northwest Ohio growers had been conducted. The survey results indicated an industry that was facing a multiplicity of competitive challenges. To respond to these challenges we decided to explore the possibility of developing a cluster-based economic development strategy for the industry.

**Table 2.**

Year	Month	Milestone
2003	August	First year of funding received from the USDA
2004	March-May	Mail survey of 82 northwest Ohio growers completed
	August	Second year of funding received from the USDA
	August	Four-day Visit by authors to the West Midlands region of England to learn more about cluster-based economic development
	October	Presentation of cluster concept made by CST to 8 northwest Ohio growers
2005	December	Follow-up meeting between CST and 8 northwest Ohio growers
	January	Presentation of cluster concept by CST made to winter conference of Toledo Area Flower and Vegetable Growers Association
	January	Cluster Advisory Board established
		Project Manager hired
	May	Cluster Champion hired
	August	Third year of funding received from USDA
	August	Branding and Marketing consultants hired
	November	Maumee Valley Growers established

Before embarking on the development of the northwest Ohio greenhouse cluster, we spent four days in the West Midlands region of England learning about cluster-based economic development (Table 2). While we had read a considerable amount of literature (both academic and practitioner-based) on cluster-based economic development they felt that spending time in a region that was in the process of actually implementing the approach would be of great value. An existing working

relationship between economic development agencies in both regions, the Regional Growth Partnership ([www.rgp.org](http://www.rgp.org)) in northwest Ohio and Black Country Investment ([www.bci-uk.com](http://www.bci-uk.com)) in the West Midlands) made it relatively easy to organize such a visit. While in the West Midlands we met with approximately twenty-five individuals associated with the region's various cluster initiatives. This included a meeting with the leader of the region's Cluster Strategy Team and a day in the field with the Champion of the Advanced Engineering Cluster ([www.ae-cluster.co.uk](http://www.ae-cluster.co.uk)).

Upon returning from the West Midlands we arranged a meeting with a group of eight northwest Ohio greenhouse growers (Table 2). The purpose of this meeting was to present the concept of cluster-based economic development to the growers and to assess their interest in pursuing this as a strategy for their industry. We also presented information and data on the nature of the competitive threat posed to their livelihood from the greenhouse industry in southern Ontario. In doing so, we made the case that the future economic success (in some cases survival) of northwest Ohio greenhouse growers lay in their willingness to work together to solve commonly-shared problems. We also outlined the support infrastructure that would be necessary to support a fully functioning greenhouse cluster in northwest Ohio, including a project manager, Champion, and advisory board. The growers invited to attend this meeting were carefully chosen with assistance from locally-based Agricultural Research Service (ARS) agents. The growers in attendance had a reputation as being among the most innovative and open-minded in the region and were, therefore, most likely to be receptive to the idea of pursuing a cluster-based strategy for their industry. The meeting started off in a fairly tense fashion. Despite their open-mindedness, some of the growers in attendance were suspicious of the ability of academics to bring anything of value to the table. However, we were able to convince the growers that if they wished to consider pursuing a cluster-based strategy for their industry that it would be very much a bottom-up, grass roots initiative. In other words, we told that the growers themselves would be very much in control of the structure, direction and forward momentum of the cluster. After much discussion, the growers in the room admitted that they did face an uncertain future and that the idea of co-operating to solve industry-wide problems was worth additional consideration. Those in attendance agreed to consider the possibility of implementing a cluster-based approach to raise the competitiveness of northwest Ohio's greenhouse industry and to reconvene in a month or so for additional discussion. This follow-up meeting occurred in December 2005 (Table 2). At that meeting the growers agreed to move forward with the implementation of the northwest Ohio greenhouse cluster. The growers suggested that we present the concept of cluster-based economic development to the winter conference of the Toledo Area Flowers and Vegetable Growers Association. This would allow a larger number and variety of growers to learn about the concept. This presentation was made in January 2005 (Table 2, Carroll and Reid 2005).

Having received the permission of the region's key growers to implement a cluster-based strategy with respect to the greenhouse industry the next step was to establish the infrastructure necessary to run the cluster. The basic infrastructure comprises a Cluster Strategy Team, Advisory Board, a Project Manager, and a Champion.

**Cluster Strategy Team** – the role of the Cluster Strategy Team (CST) is to develop a vision for the cluster and to identify strategies for implementing the vision. The CST is also responsible for monitoring the progress of the cluster and making, where necessary, mid-course adjustment in both vision and strategy. Initially, the CST comprised the authors, but later grew to include the Project Manager, the Champion, and three growers. The CST meets monthly (between Advisory Board meetings). Ideas generated by the CST are taken to the Advisory Board for discussion and approval.

**Project Manager** – the Project Manager fulfills a multiplicity of functions. His primary role, however, is to facilitate the smooth functioning of the cluster and to make sure that all the participants (Cluster Strategy Team, Advisory Board, Champion, Growers, and any hired Consultant) are working in unison toward the common goal of advancing the cluster. He or she is responsible for ensuring that everyone is on the same page and in agreement with the overall vision, current status, and next steps in the evolution of the cluster.

The Project Manager also acts as the liaison between the cluster and outside consultants (private or public sector) that are utilized by the cluster. Given these duties, the Project Manager requires a unique set of skills. He needs excellent brokering and communication skills. An understanding of the language and workings of both the public and private sectors is important. Given the structure of northwest Ohio's greenhouse industry an intimate knowledge of the unique challenges facing small family-owned businesses is also useful. As the overall goal of the greenhouse cluster is to contribute to the economic development of northwest Ohio the Project Manager also needs a working knowledge of economic development theory and practices.

The Project Manager hired for the northwest Ohio cluster is Mr. Joe Perlaky. Hired in January 2005 (Table 2), Mr. Perlaky has all the skill sets required for this position. Having run his own dry-cleaning business for almost twenty years, he understands the challenges of running a small business. He is also intimately knowledgeable of the fields of both economic development theory and practice. He is a graduate of the University of Oklahoma's Economic Development Council Institute and has held a number of practitioner posts, including Commissioner of Economic Development for the City of Toledo.

**Advisory Board** – the Advisory Board was established in January 2005 (Table 2) and is the decision-making body of the greenhouse cluster. The Board comprises fifteen members. Eight of the members are owners of greenhouses. The Cluster

Strategy team and Project Manager are also members. Other stakeholders who are represented are the Regional Growth Partnership, Ohio State University Agricultural Extension Service, and Congresswoman's Marcy Kaptur's Office. Advisory Board meetings are held once a month. These meetings are open and are attended by a number of interested stakeholders who are not members of the Advisory Board. Average attendance at Advisory Board meetings is approximately twenty-five people. Advisory Board meetings are chaired by the Cluster Champion.

The numerical dominance of growers on the Advisory Board is in keeping with the bottom-up philosophy of the cluster. Only growers are eligible to vote when decisions are made with respect to cluster activities. Indeed, when a vote is called for all growers present, even those who are not members of the Advisory Board can vote. For example, when the deci-

**Table 3. NORTHWEST OHIO GREENHOUSE CLUSTER ADVISORY BOARD**

Name	Title	Organization
Dick Bostdorff	Owner	Bostdorff Greenhouse Acres
Michael Carroll	Assistant Professor	Bowling Green State University
Bill Dearing	Owner	Dearing Greenhouse
Mary Donnell	Director	Ohio State University Agricultural Business Enhancement Center
Beth Fausey	Floriculture Program Manager	Ohio State University Agricultural Business Enhancement Center
Mark Hecklinger	Owner	Hecklinger Greenhouse Inc.
Tony Keil	Owner	Louis Keil & Sons
Walt Kruger	Owner	Lakewood Greenhouse Inc.
Joe Perlaky	Project Manager	University of Toledo
Lindsay Potts	Special Assistant	Congresswoman Kaptur's Office
Neil Reid	Associate Professor	University of Toledo
Don Schmidlin	Owner	Schmidlin Greenhouse Inc.
Alan Schmidt	Owner	Schmidt Brothers Inc.
Lee Springer	Director, International Development	Regional Growth Partnership
Tom Wardell	Owner	Wardell's Farm Market

sion was made to engage a company to do branding and marketing for the cluster it was made by all the growers present at that particular meeting. Likewise, it was the growers who chose the individual who would function as Champion for the cluster.

**Champion** – the role of Champion is to work with growers to identify opportunities for collaborative problem solving. We adopted our model of the role of Cluster Champion from our visit to the West Midlands (Table 2) as well as other operational clusters that we had some familiarity with (e.g., Yorkshire Forward 2006, Nettles 2003). As such, the Champion needs to have an extensive knowledge of the greenhouse industry, must be trusted and respected by the growers, have excellent communication skills, and must be capable of innovative thinking. Much of the time of the Champion is spent in the field visiting and talking with growers.

The individual identified by the growers to fill the role of Cluster Champion was Dr. Dean Krauskopf. Dr. Krauskopf has a Ph.D. in horticulture from North Carolina State University and has over twenty-five years experience working in the greenhouse industry. At the time of his appointment as Cluster Champion Dr. Krauskopf was employed as Integrated Crop Management Educator for Michigan State University (MSU) Agricultural Extension Service.

Choosing a Michigan State University extension agent as the Champion for the northwest Ohio greenhouse cluster was intriguing and presented both challenges and opportunities. On the one hand, was there a conflict of interest in having Dr. Krauskopf serving greenhouse industries in two economically competing regions? Would the MSU Extension Service allow Dr. Krauskopf to go south of the border and assist growers in a geographically adjacent state? On the other hand, the possibility to have Dr. Krauskopf serving both northwest Ohio and southeastern Michigan's greenhouse industries opened up the future possibility of cross-border cooperation between greenhouse growers in these geographically adjacent regions. Many of the challenges (e.g. Canadian competition and high energy costs) are faced by growers in both regions. MSU Extension Service agreed to Dr. Krauskopf serving as Champion for the northwest Ohio greenhouse cluster and he began his duties in May 2005 (Table 2)

## **5.5 Branding and Marketing: The First Cluster Project**

Having established the basic infrastructure to operate the northwest Ohio greenhouse cluster the next step was to operationalize the cluster by identifying and implementing the first cluster project. In the minds of the CST the first cluster project was critical. It had to be successful. Failure on the first project would make it extremely difficult to retain grower interest in the cluster approach (Cluster Navigators Ltd. 2001). To be deemed a success by the growers the first project had to bring demonstrated value to the industry. Just as important, it had to demonstrate the benefits of joint action. It also had to have the potential to engage as many of the region's greenhouse growers as possible. Many growers were still not on board with the cluster initiative. If the first project could increase grower buy-in to the initiative this would increase the likelihood of success with future projects.

After much discussion the growers on the Advisory Board identified branding and marketing as the focus of first project. This focus was chosen for a number of reasons. First, the growers recognized that there was a need to develop a brand for their industry and then to capitalize on that brand via a comprehensive marketing strategy. Lack of satisfactory marketing expertise had been identified as a significant barrier to expansion by 65% of the region's growers who had responded to the 2004 survey. Second, the growers on the Advisory Board felt that the first project had to be non-threatening in nature. The level of existing joint action by

the region's growers was minimal. Levels of trust were low. A project requiring growers to engage in joint action that necessitated the sharing of information, for example, would have met with resistance by the vast majority of growers. Participating in the development of a joint branding and marketing strategy, however, was one that the growers felt had the greatest chance of engaging the largest number of growers and had a good chance of producing results (i.e. increased sales) that would resonate positively with growers. Branding the industry was as much about building up levels of social capital and moving towards the creation of a *collective identity* (Fromhold-Eisebith 2006) for the industry as it was about selling more bedding plants and hanging baskets.

In keeping with the cluster philosophy of solving industry-wide problems with local expertise the Advisory Board chose a locally-based branding and marketing firm to develop a brand and comprehensive marketing strategy for the cluster. The company chosen, Thread, has an impressive client list that ranges from local police departments to multinational automotive firms Thread ([www.experiencethread.com](http://www.experiencethread.com)) were officially engaged by the cluster in August 2005 (Table 1).

The first task undertaken by Thread was to develop a brand name, logo and positioning statement for the northwest Ohio greenhouse cluster. In order to be successful in brand development it was essential that Thread had a clear understanding of the nature of northwest Ohio's greenhouse industry. Two Thread employees, therefore, spent several weeks in the field accompanying the Cluster Champion on his visits. This gave Thread the opportunity to speak to growers, to gain insights into the nature of the industry, and to promote the branding effort.

Visits to growers were followed by demographic analysis of the greenhouse industry's customer base and the development and market testing of a variety of logos, positioning statements, and names for the cluster. Working with the cluster Advisory Board, Thread developed a name (Maumee Valley Growers), logo, and positioning statement (Choose the Very Best) for the cluster (Figure 2). Beginning in November 2005 (Table 1) the northwest Ohio greenhouse cluster started operating under the umbrella of Maumee Valley Growers (Limpf 2006, McKinnon 2005).<sup>5</sup>

The Advisory Board is now working with Thread to develop a marketing strategy for the industry. They are also in the very beginning stages of working on their second project – addressing the issue of high energy costs that are crippling the profitability of many northwest Ohio growers.

---

<sup>5</sup> The appellation, Maumee Valley, refers to the valley of the Maumee River that starts in Fort Wayne, Indiana and flows through northwest Ohio before draining into Lake Erie.

Fig. 2. Branding Logo for Northwest Ohio Greenhouse Cluster



## 5.6 Conclusion

Greenhouse growers in northwest Ohio have taken the first steps to increasing their competitiveness by forming an industrial cluster. The essence of the cluster is to have growers engage in joint action in order to address industry-wide challenges that individual greenhouse owners are incapable of addressing by themselves.

The first project undertaken by the growers in the cluster was to develop a name, logo, and positioning statement that will form the foundation for the development of a recognizable brand and associated marketing strategy. The Maumee Valley Growers are now at the very beginning stages of addressing high energy costs facing the industry. Northwest Ohio has some of the highest utility costs in the country (Chavez 2005). It places growers at a significant competitive disadvantage vis-à-vis southern Ontario, other regions of Ohio, and other regions of the United States.

Maumee Valley Growers have a number of challenges ahead of them. There is a need to engage more growers in the activities of the cluster. The level of knowledge about the cluster-based initiative varies significantly. Growers who are members of the Advisory Board are highly engaged and committed to the project. At the other extreme, there are some growers who have very little knowledge about the activities that have been taking place during the last twelve months. To increase interest in and commitment to the initiative Thread are supplementing the field visits of the Champion with their own visits to local greenhouses. Press coverage is also generating interest among growers (Limpf 2006, McKinnon 2005, Port Clinton News Herald 2005). Also, the decision to make energy costs the focus of the second cluster project is generating new interest. Growers who have never been at the table previously are now attending meetings because the issue of energy costs is being discussed. This suggests that grower involvement in the clus-

ter may vary project by project. For some, Canadian competition may be the crisis that brings them to the table; for others the crisis may be high energy costs.

Securing the integrity of the brand will also be a challenge for Maumee Valley Growers. The positioning statement, *Choose the Very Best*, implies that the product sold by a member of Maumee Valley Growers is of high quality. How, and by whom, is this quality assurance policed? This is an issue that is under discussion by the Advisory Board.

Securing ongoing funding for Maumee Valley Growers is another challenge facing the cluster. At the time of writing the project has received three years of funding from the US Department of Agriculture and another year is in the latter stages of the approval process. The expectation, however, is that federal funds for this project will dry up some day. The Advisory Board is already engaged in discussion of how the Maumee Valley Growers can become a self-sustaining financial entity. It is hoped that if the value of joint action can be demonstrated by the growers that this will be sufficient to allow Maumee Valley Growers to be supported by membership fees.

### **Acknowledgments**

This research was supported by a grant from the United States Department of Agriculture. Additionally, the research is part of a larger collaborative initiative that includes partners from The University of Toledo, The Ohio State University, and Bowling Green State University. Likewise, the research team included the Toledo Botanical Gardens.

### **Sources**

- Akooie, Michele, E.M. 2000. Organizational clusters in a resource-based industry: Empirical evidence from New Zealand. In Milford B. Green and Rod B. McNaughton (eds.). Industrial networks and proximity. Burlington, VT: Ashgate, 133-164.
- Black Country Investment. 2006. [www.bci-uk.com](http://www.bci-uk.com). Last accessed 14 February 2006.
- Bowling Green State University, 2005, Sowing seeds for Maumee Valley growth. Office of Marketing & Communications, BGSU, 17 November. [www.bgsu.edu/offices/mc](http://www.bgsu.edu/offices/mc). Last accessed 14 February 2006.
- Carroll, M.C. and N. Reid. 2005. Competing successfully in a global marketplace. Paper presented at the Toledo Area Winter Greenhouse Conference, Monclova, Ohio, 13 January 2005.
- Cawthorne, P.M. 1995. Of networks and markets: The rise and rise of a south Indian town, the example of Tiruppur's cotton knitwear industry. World Development, 23(1): 43-56.

- Chavez, J. 2005. Edison power users captive to high rates. Toledo Blade. 30 October ([www.toledoblade.com](http://www.toledoblade.com)) Last accessed, 14 February 2006.
- Cluster Navigators Ltd. 2001. Cluster Building: A Toolkit. Prepared for New Zealand Trade and Enterprise, 40pp.
- Diez, M.A. 2001. The evaluation of regional innovation and cluster policies: Towards a participatory approach. European Planning Studies, 9(7): 907-923.
- Dillman, D. 1978. Mail and Telephone Surveys: The Total Design Method. New York: Wiley.
- Fromhold-Eisebith, M. 2006. Which mode of (cluster) promotion for which aspect of entrepreneurship? In J.D. Gatrell and N. Reid (eds.) Enterprising Worlds: A Geographic Perspective on Economics, Environments, and Ethics, Springer: Dordrecht, xx-xx.
- Henry, N. and S. Pinch. 2001. Neo-Marshallian nodes, institutional thickness, and Britain's 'Motor Sport Valley': Thick or thin. Environment and Planning A: 33: 1169-1183.
- Hospers, G. and S. Beugelsdijk. 2002. Regional cluster policies: Learning by comparing? Kylos, 55(3): 381-402.
- Industry Canada. 2005. Strategis: Canada's Business and Consumer Site. <http://www.strategis.gc.ca>. Last accessed 14 February 2006.
- Kennedy, L. 1999. Cooperating for survival: Tannery pollution and joint action in the Palar Valley (India). World Development, 27(9): 1673-1691.
- Knorringa, P. 1999. Agra: An old cluster facing new competition. World Development, 27(9): 1587-1604.
- LaFary, E., J.D. Gatrell, N. Reid, and P. S. Lindquist. 2006. Green (house) industries: Local markets and global competitors. In J.D. Gatrell and N. Reid (eds.) Enterprising Worlds: A Geographic Perspective on Economics, Environments, and Ethics, Springer: Dordrecht, xx-xx.
- Landabaso, M. 1995. The promotion of innovation in regional community policy: Lessons and proposals for a regional innovation strategy. Paper presented at the International Workshop on Regional Science and Technology Policy. Himeji, Japan, 13-16 February.
- Limpf, L. 2006. Greenhouses see benefits of forming a cluster. The Press (Millbury, Ohio). ([www.presspublications.com](http://www.presspublications.com)) Last accessed, 14 February 2006.
- Lundequist, P. and D. Power. 2002. Putting Porter into practice? Practices of regional cluster building: Evidence from Sweden. European Planning Studies, 10(6): 685-704.
- Martin, R. and P. Sunley. 2003. Deconstructing clusters: Chaotic concept or policy panacea. Journal of Economic Geography, 10(6): 685-704.
- McKinnon, J. 2005. Greenhouses in area tend to marketing. Toledo Blade, 8 December ([www.toledoblade.com](http://www.toledoblade.com)) Last accessed 14 February 2006.
- Meyer-Stamer, Jorg. 1998. Path dependence in regional development: persistence and change in three industrial clusters in Santa Catarina, Brazil. World Development, 26(8): 1495-1511.
- Nadvi, K. 1999. Collective efficiency and collective failure: The response of the Sialkot surgical instrument cluster to global quality pressures. World Development, 27(9): 1605-1616.
- Nettles, C.L. 2003. Fostering Cluster Development in Wisconsin, Wisconsin Department of Commerce.
- Port Clinton News Herald. 2005. Growers organization put together for area. Port Clinton News Herald, 31 December ([www.portclintonnewsherald.com](http://www.portclintonnewsherald.com)) Last accessed, 14 February, 2006.

- Porter, M. E. 1998. Clusters and the new economics of competition. Harvard Business Review, November-December, 77-90.
- Putnam, R.D., R. Leonardi, and R.Y. Nanetti. 1993. Making Democracy Work. Princeton, NJ: Princeton University Press.
- Rabellotti, R. 1999. Recovery of a Mexican cluster: Devaluation bonanza or collective efficiency. World Development, 27(9): 1571-1585.
- Reid, N. and M. Carroll. 2005. Using cluster-based economic development to enhance the economic competitiveness of Northwest Ohio's greenhouse nursery industry. Papers and Proceeding of the Applied Geography Conference 28: 309-319.
- Regional Growth Partnership. [www.rgp.org](http://www.rgp.org). Last accessed 14 February 2006.
- SANDAG. 2001. San Diego regional employment clusters: Engines of the modern economy. SANDAG Info, No. 1, 1-31.
- Schmitz, H. 2000. Does local co-operation matter? Evidence from industrial clusters in South Asia and Latin America. Oxford Development Studies, 28(3): 323-336.
- Schmitz, H. 1999. Global competition and local cooperation: Success and failure in the Sinos Valley, Brazil. World Development, 27(9): 1627-1650.
- Schmitz, H. 1995. Collective efficiency: Growth path for small-scale industry. The Journal of Development Studies, 31(4): 529-566.
- Solvell, O., G. Lindqvist, and C. Ketels. 2003. The cluster initiative greenbook. Ivory Tower AB: Stockholm.
- Sunday Times, South Africa. 1997. Industry's clusters get their act together. 17 August. [www.bttimes.co.za/97/0817/survey/survey5.htm](http://www.bttimes.co.za/97/0817/survey/survey5.htm). Last accessed 14 February 2006.
- Taylor, M. 2006. 'Clusters': The mesmerizing mantra. In J.D. Gatrell and N. Reid (eds.) Enterprising Worlds: A Geographic Perspective on Economics, Environments, and Ethics, Springer: Dordrecht, xx-xx.
- Thread. 2006. [www.experiencethread.com](http://www.experiencethread.com). Website of Thread Consulting Firm. Last accessed 14 February 2006.
- Wolverhampton Telford Technology Corridor (WTTC). 2005. Local companies collaborate to fight low cost, overseas competition. WTTC News Release, 24 June. [www.ae-cluster.co.uk](http://www.ae-cluster.co.uk). Last accessed 14 February 2006.
- Yorkshire Forward. 2006. [www.yorkshire-forward.com](http://www.yorkshire-forward.com). Last accessed 14 February 2006.