

*In Commentary, TCBN Issue 2019 March By Casey Cowell*

# Traverse City's Narrative Is Changing; Here's How To Deepen Our Market Advantage

Three years ago, as I became more engaged in local economic development, I learned that the Center for Automotive Research (CAR) was hosting its annual conference at the Grand Traverse Resort. The conference, held in Traverse City for more than 50 years, draws hundreds of automotive industry leaders from around the world.

Doug Richman, VP of engineering and technology for Kaiser Aluminum, said of CAR in 2016, "There is no other conference anywhere on Earth that is comparable to this conference."

Reread that, please.

Engaging with CAR – especially since they keep coming to us – is a tremendous opportunity for economic development. I contacted local economic development and engagement groups to talk about the upcoming conference and see if I could help out. I received surprising, yet consistent, responses, most along the lines of: "What is CAR?"

Reread that too, please.

Many cities, particularly those within our middle states, have improved their local economies with significant input from the private sector through economic development organizations (EDOs). Grand Rapids, Kalamazoo and Holland are prime examples. We have yet to do that in Traverse City, but Traverse Connect, invigorated with new energy and focus, may be just the ticket. Along with local business leaders, Traverse Connect can tell our story to CAR. We can win business with them.

One approach to maximize the leverage and impact from our new EDO efforts is to focus on the formation and support of "clusters." Innovation or industry clusters are made up of interconnected businesses, suppliers and related institutions concentrated geographically. Clusters in Silicon Valley (Apple, HP, Intel), Seattle (Microsoft, Amazon) and

Boston/Cambridge (biotech, big pharma) have driven innovation, productivity and value creation. Think of Detroit 100 years ago. If you wanted to build cars, you went to Detroit.

A key ingredient of cluster formation is geographic proximity. Close proximity of entrepreneurs and enterprises drives innovation and activity. In addition, successful places seem to have a certain character (defined as “a spirit of authenticity, engagement and a common purpose”) that differentiate them from other places. Although difficult to measure, it’s often this “character of place” and not just economic opportunity that draws and keeps talented people, businesses and institutions together.

Traverse City has a strong sense of place; it has a unique identity and local culture. Over the last few years the narrative and conversation about our identity has changed. Enterprises creating high value and high-paying, year-round jobs have risen in stature and visibility. They have seats at every table and are actively engaged in charting our future. This economic vibrancy has persuaded both Michigan Tech and Michigan State to invigorate their presence and engagement here. That’s big!

But we can’t do everything. Our economically progressive identity is easier to convey and cement as a brand image if our message centers on our specific and targeted strengths, or clusters.

Here are two examples of low-hanging fruit for Traverse City:

### **Manufacturing Process Technology**

We have a history of excellence in manufacturing process technology. Innovators like John Parsons and Frank Stulen thrived here in the 1940s and beyond. They set the stage for present-day manufacturing businesses and industry leaders. Cone Drive, SMI, RJG, Clark Manufacturing, Century Inc., Electro-Optics Technology and Bay Motors, among others, are just some of the local specialty manufacturers pushing ahead in global markets. Roughly 11 percent of workers in Grand Traverse County are in manufacturing, almost double the national average. That’s an indicator of concentration of expertise (think cluster) worth understanding and capitalizing on.

### **Unmanned Vehicles**

We have a significant position in unmanned vehicles in business applications mainly as a result of local start-ups and individual entrepreneurs. Their expertise and target markets include aerial, ground and water (both surface and underwater). The global value of this market is estimated to exceed \$50 billion annually by 2025. This is big business. Northwestern Michigan College’s unmanned vehicle programs offer a constant supply of new ideas, talent development, professional education and technology innovation. These programs emphasize both *doing* and *making*. NMC students learn to design, build and evaluate devices for highly

technical functions and specific solutions. That's why local company Interactive Aerial's ultra-sophisticated drones, which are designed for extremely difficult and demanding applications, are placed with large global enterprises. Interactive Aerial's customers have substantial R&D budgets to fund innovative and effective solutions. These giant companies have *chosen* Interactive Aerial ... a significant validation of its unmanned products and ingenuity.

When asked whether they intended to remain in Traverse City, company President Christian Smith's response didn't surprise me. "We have a peer group here of kindred and creative spirits that inspire creative thinking. The college is fantastic. We have access to unbelievable lab and testing equipment. And it provides leading edge training and education. The local manufacturing community is tops. We can get things made here efficiently, cost effectively and accurately with key insight and help when we need it from step one to step last," he said.

This is the comment of a business leader working within and benefiting from a cluster environment.

We have head starts in health technology and Great Lakes/fresh water technology and policy as well as other nascent cluster opportunities. I'll write more about those in upcoming columns. Our EDO efforts needs to be disciplined and rigorous. How we structure the organization, focus our thinking and deploy and utilize our resources is crucial. Cluster focus is real. We should concentrate in a few areas and compound expertise into broader and deeper technology positions which build greater advantage in the markets we penetrate. That is a cluster formula that is defensible in the marketplace and leads to ever-more growth and high value creation.

And that is the engine that powers our community to long term economic and cultural prosperity.

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