

Ohio's economy can be restored, but only if we build upon our strengths

BY SAMIR G. GIBARA, LUIS M. PROENZA, THOMAS A. WALTERMIRE, AND DEBORAH WINCE-SMITH

"In Cleveland(s) heyday ... proximity to water or rail mattered a lot. Today, proximity to a university campus matters a lot."

—Tim Ferguson, *Forbes*, May 31, 1999

At the start of the 20th century, Northeast Ohio was a center for manufacturing. Its natural resources and location drew industrialists, workers and dollars that supported the area's citizens and governments. Ohio enjoyed an enviable advantage among states and an above-average standard of living for its citizens well into the 1960s, when the industrial economy began to wane.

Throughout the Rust Belt, once-prosperous industry towns faced devastated economies and a demoralized citizenry. Some, such as Cleveland and Akron, were able to build upon existing strengths to emerge from the ashes. Still, the effect on Ohio of this industrial decline has been profound — the state's annual per-capita income dropped during the past 40 years from being ranked 5th to 22nd. Ohio's rank is below the national average and falling further behind.

Knowledge base

Michael P. Summers, chairman of Gov. Bob Taft's Workforce Policy Board, credits the state's rich history of leadership in manufacturing with supplying a depth of knowledge and expertise that has helped in the transition to a new economic model.

However, Ohio could spur future growth by making use of partnerships between the public and private sector to build the research and development capacity that will feed the next generation of manufacturing success. The clearest example of this untapped potential is the polymer industry.

Akron's days as home to four major tire

manufacturers may be gone, but Ohio's polymer industry (of which rubber manufacturing is a subset) is responsible for about \$22 billion in production annually. Nearly 1,500 companies and more than 100,000 jobs in Ohio are related to polymers, and the combined polymer expertise of The University of Akron and Case Western Reserve University is unmatched worldwide.

Geographic clusters

The Council on Competitiveness report, "Clusters of Innovation: The Regional Basis of U.S. Competitiveness," describes the economic development role of successful clusters — geographic concentrations of competing and collaborating companies, suppliers, service providers, universities and governments in a particular field. Those clusters drive growth and prosperity — with higher wages, innovation, productivity and new business development all generally higher in clusters, driving growth and prosperity. Such is the potential of Northeast Ohio's polymer cluster.

Yet, Ohio's investment in a cluster that accounts for one-quarter of the state's manufacturing output is only about 0.001 percent of the annual value of the polymer industry. In comparison, corporations spend an average of about 2.9 percent of annual sales on research and development, or R&D.

It is time for Ohio to learn what many other states are also recognizing — new knowledge is our most coveted natural resource. Ohio must move beyond an attitude of not-so-benign neglect to one of informed and active responsibility.

Achieving the "polymer promise" requires that we boost our innovative capacity, a complex undertaking that the

Council on Competitiveness has summarized in 10 steps:

- Inventory your assets (such as industries, research, workforce).
- Build on your strengths.
- Invest in research.
- Build the talent (through education, from kindergarten through college and beyond).
- Strengthen your infrastructure (transportation, power, communication).
- Think economically, not politically.
- Create connections among government, academic and private-sector interests.
- Identify private-sector champions within clusters.
- Take the long view.

The good news is that our region is taking the first steps. The Northeast Ohio Technology Coalition (NorTech) has taken the lead in securing funding for a Technology Landscape Study and in implementing McKinsey and Co.'s "Technology-based Economic Development Strategy," which is based on our region's current strengths, including polymers and advanced materials.

Public-private partnerships

The Ohio Polymer Strategy Council, a public-private partnership of industry leaders throughout the state, has been formed to focus on Ohio's polymer opportunities and accelerate the industry's transition to high-tech manufacturing.

The council, which is comprised of Ohio leaders from industry, academia and government, represents all sectors of the polymer cluster. Those making materials, consumer and industrial goods, machinery and instrumentation and controls, are working together to create a statewide network of

polymer-related resources.

Increased research capability

With the support of NorTech, The University of Akron is undertaking several initiatives to expand the talent pool, enhance research capabilities and create an entrepreneurial environment. Specifically, the university has created a Global Polymer Academy and is moving toward doubling the size of its research capacity. In addition, it is engendering an effective commercialization engine for new technologies and, together with industrial partners, is working to establish a national "knowledge management" hub for the polymer industry.

Success in the new economy will belong to those regions that build upon existing strengths by investing in the people who create new knowledge and technologies and quickly translate those innovations into marketable products and services. In transcending its historical roots in the rubber industry, our region has begun the transition. Now is the time for bold action in the polymer arena. Let it be known — Northeast Ohio creates the new materials for the new economy.

— Samir G. Gibara, chairman and CEO of The Goodyear Tire & Rubber Company, and Luis M. Proenza, president of The University of Akron, served together on the Council of Competitiveness National Steering Committee for the Regional Clusters of Innovation project. Thomas A. Waltermire is the chairman, president and CEO of PolyOne Corporation and the chairman of the Ohio Polymer Strategy Council. Deborah Wince-Smith is the president of the Council on Competitiveness, a national non-profit organization that sets an action agenda to drive U.S. economic competitiveness and leadership in world markets in order to raise the standard of living for all Americans.