



## Cluster Initiative Program

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## Growing companies



### MTI

Offers early-stage capital and support through competitive grants, loans and equity investment for the research, development and application of technologies that will create new products, processes and services and generate high-quality jobs across Maine

Targets investment in seven technology sectors: aquaculture and marine technology, biotechnology, composites and advanced materials, environmental technology, forest products and agriculture, information technology, precision manufacturing

## Growing jobs

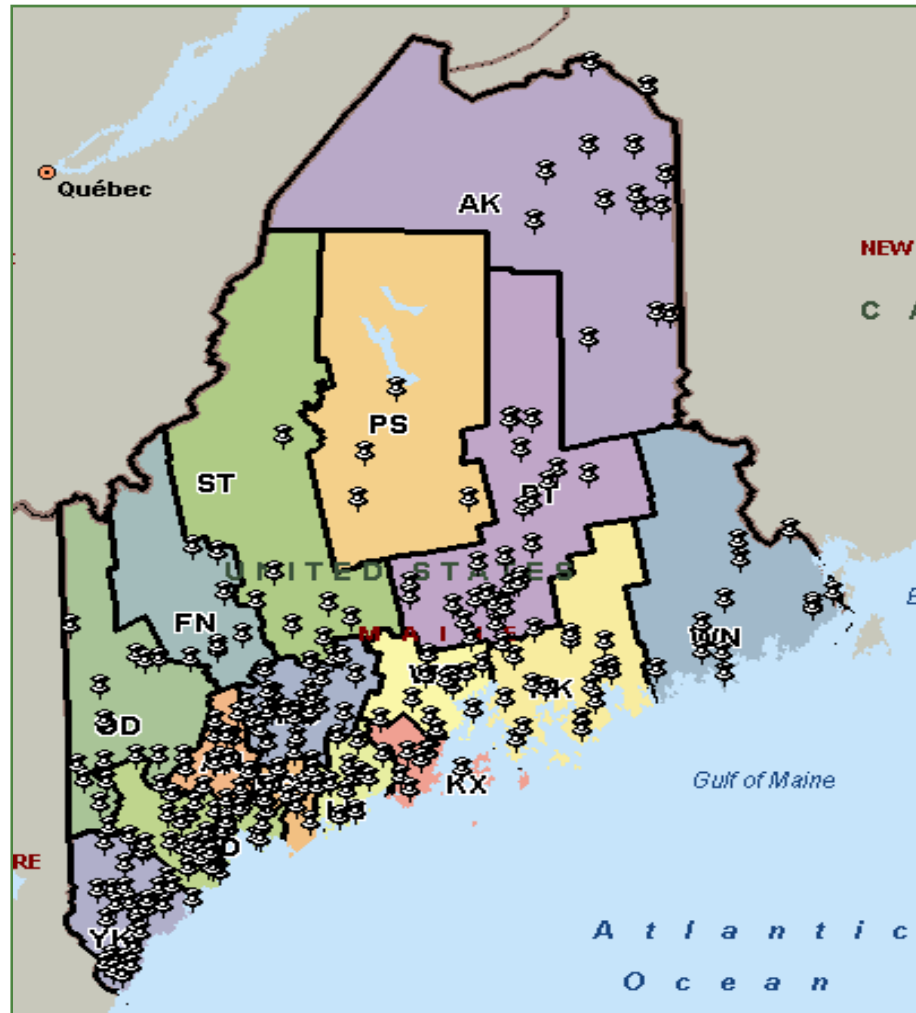


### MTI

MTI-funded companies grow good paying jobs across Maine.

In 2009, the average wage of MTI-funded companies was \$49,053, higher than the average wage across Maine of \$36,317 and higher than the US average wage of \$45,563.

# Making a difference across Maine



## Growing Maine



### MTI awards

Have leveraged more than \$182 million in public and private co-investment in Maine.

Grows industries in addition to companies. Through the MTI Industry Cluster Program, MTI targets investment to high-potential industries in Maine to help them grow.

## Why a Cluster Initiative Program?



- ❑ Maine needs more than individually successful technology companies to have a competitive economy.
- ❑ Companies benefit from being linked to similar companies, near specialized workforce, and surrounded by industry/research resources that can help them thrive.
- ❑ Technology clusters are an important driver of business growth and economic development, leading to the creation and retention of good jobs.

## The Innovation Economy



- It is not the products that we make that drives success in the long term
- It is:
  - What we know how to do
  - What we learn how to do better
  - How we share that knowledge and learning in Maine
- Clusters spur innovation and sustainable success

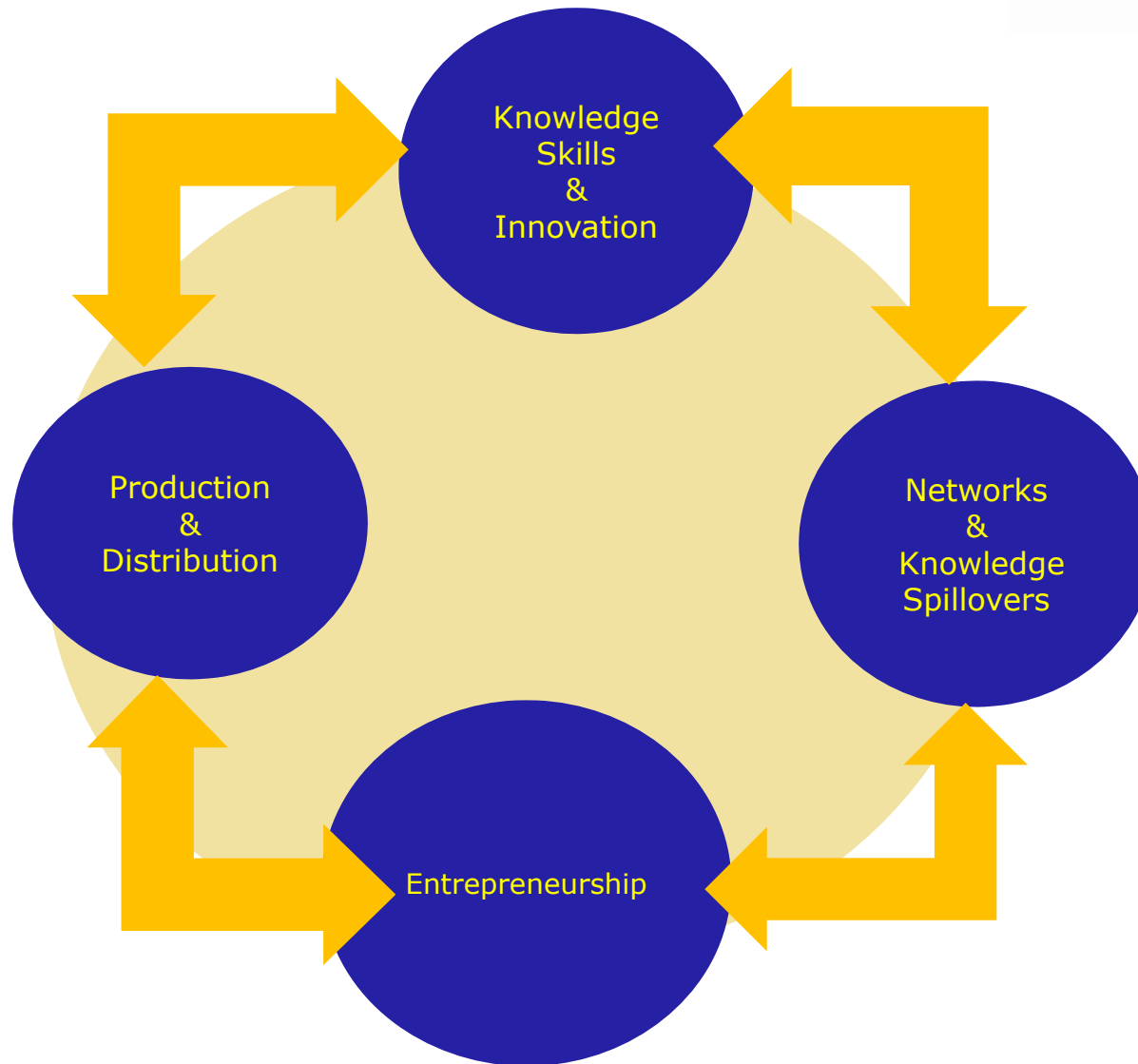
## What Exactly is a Cluster?



***“A concentration of companies, supported by common organizations, that are part of a common network and share knowledge and skills, resulting in a collective competitive advantage”***

**Clusters are concentrations of companies that typically serve related markets or a targeted need, draw on similar knowledge and employee/workforce skills to develop innovative products and services. They are often supported by common organizations: universities, trade associations, legal/financial services and government agencies. Relationships and the sharing of knowledge and skills among such industry group are the key to being a cluster, rather than simply industry concentration. A collective competitive advantage often comes from the various activities within a cluster.**

## Four Cluster Elements



# The Formation and Evolution of Clusters



## *Potential Clusters*

- High level of knowledge and skills in Maine
- Weak networks and/or
- Low level of commercial activities

## *Emerging Clusters*

- Some strength on all four elements of clusters
- Clusters are relatively small or new.

## *Sustainable Clusters*

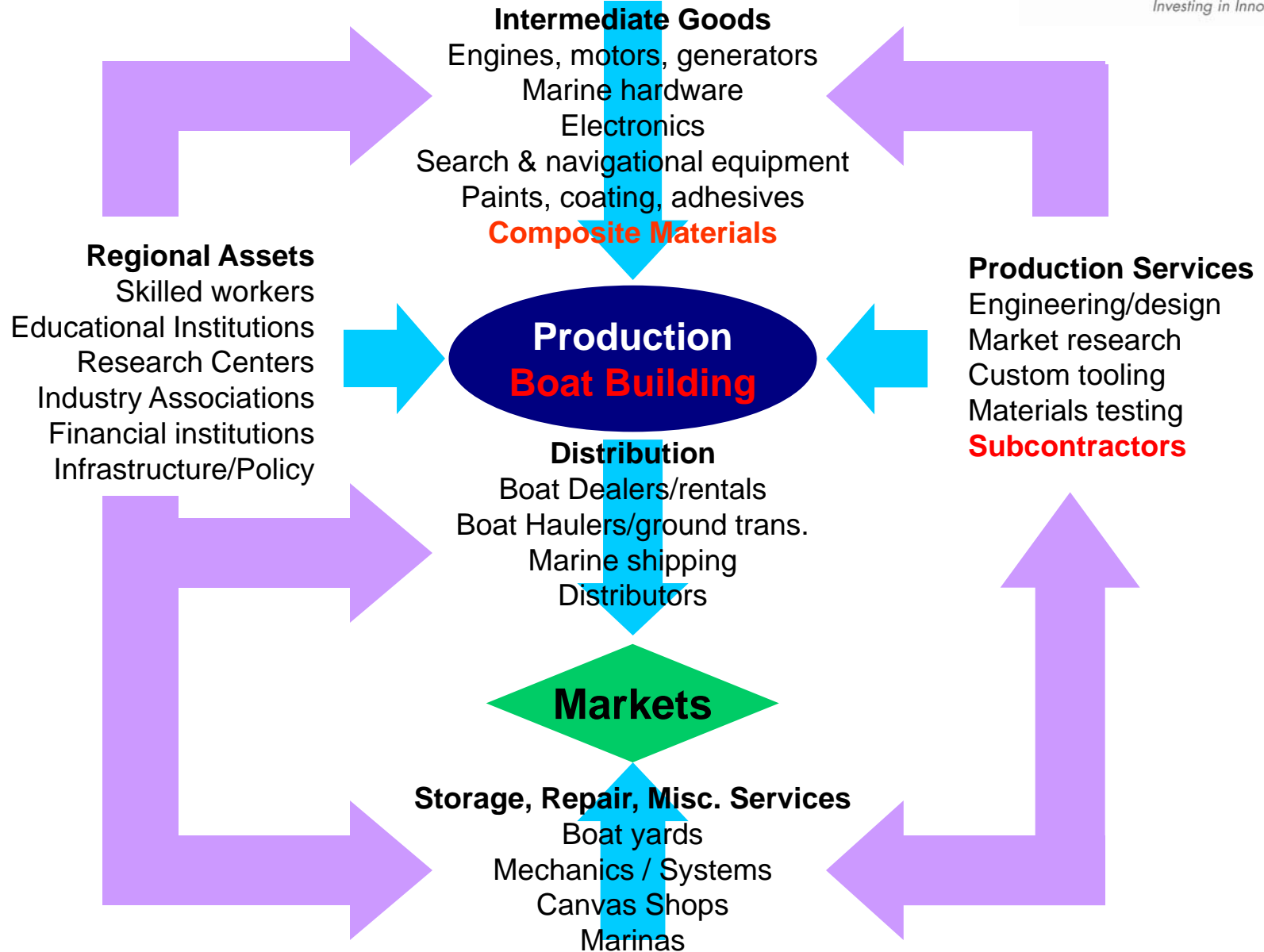
- Strength on all four cluster characteristics
  - May be unevenness in the strengths.
- Clusters have been in existence long enough to demonstrate consistent levels of innovation over time.

## What Exactly is a Cluster? Cont'd



- ❑ Source of Economic Competitiveness Fueled by the following:
  - Critical mass of activity
    - ❑ New firms & ideas form in existing centers
  - Economic spillovers
    - ❑ Public investment benefits more than a single enterprise
    - ❑ Supporting & related sectors
    - ❑ Supply chains, shared labor, common technologies
  - Strong networks & supporting institutions
    - ❑ Industry associations, University R&D, Educational Institutions and Institutions, TA providers, etc.

# Marine Trades Cluster Example



## Guiding Principles on Cluster Initiatives



- Private sector-led with strong partnerships
- Build on knowledge-based and value-added advantages
- Innovation can occur in a variety of ways: products, services, and business models
- Money is important but networks are more important
- Measure success/impact throughout

# The Stages of Cluster Initiatives



- Cluster identification
- Preliminary research on key assets and competitive advantages and disadvantages
- Articulation of the value proposition

- Assembly of interested parties
- Validation of common issues and the value of collective action
- Organizational structure put in place

- Articulation of key priorities
- Development of short and medium-term strategy
- Identification of partners and funding sources
- Implementation of action agenda

- Funding streams identified and medium-term sustainability achieved
- Expanded services for the cluster
- Continuing research conducted

## Examples of Recent Cluster Initiative Awards



- ❑ Development of a sustainable biodegradable packaging material consortium, "Potato to Plastic" initiative
  - Environmental Health Strategy Center, lead*
  
- ❑ Organization and expansion of Maine's Ocean and Wind Energy cluster through strengthening supply chain
  - Maine Composites Alliance and E2Tech, leads*
  
- ❑ Expansion of "Top Gun" entrepreneurial mentoring program
  - ❑-*Maine Center for Entrepreneurial Development, lead*
  
- ❑ Development of an aerospace manufacturing cluster
  - Manufacturers Association of Maine, lead*

# Cluster Initiative Program



## Program Overview

<p><b>Types of Awards</b></p>	<p>~Planning, Feasibility, Demonstration or Pilot Projects: up to \$50,000 with application accepted at any time and decisions made on a rolling basis.</p> <p>~Implementation Projects: up to \$500,000 awarded twice per year for complex, multi-year projects.</p>
<p><b>Timeline</b></p>	<p>Implementation proposals are accepted in March and October, with award decisions announced in June and January, respectively.</p> <p>The next application deadline is March 26, 2012. Awards will be announced in June 2012.</p> <p>Up to \$50,000 projects are awarded on a rolling basis with a sixty-day turn-around.</p>
<p><b>Eligible Applicants</b></p>	<p>Businesses, trade associations, nonprofits, universities and nonprofit research institutions across the state's seven technology sectors. <b><i>Ideally, applicant teams should be industry led in a project that includes significant collaboration.</i></b></p>

<p><b>Eligible Spending</b> (some examples)</p>	<ul style="list-style-type: none"> <li>▪ Building technology networks – trade associations, web sites for sharing/bloggging, topical workshops/seminars</li> <li>▪ Strengthening cluster capacity for R&amp;D/innovation leading to commercialization</li> <li>▪ Developing services that support the growth of a specific cluster or strengthen a capacity that is weak across clusters</li> <li>▪ Improving workforce skills and availability</li> <li>▪ Making connections outside of Maine</li> </ul>
<p><b>Award Duration</b> (for implementation awards)</p>	<p>Awards for up to 36 months (longer may be considered) with appropriate phases and milestone reviews throughout the project. Typical projects are 12 to 24 months in duration.</p>

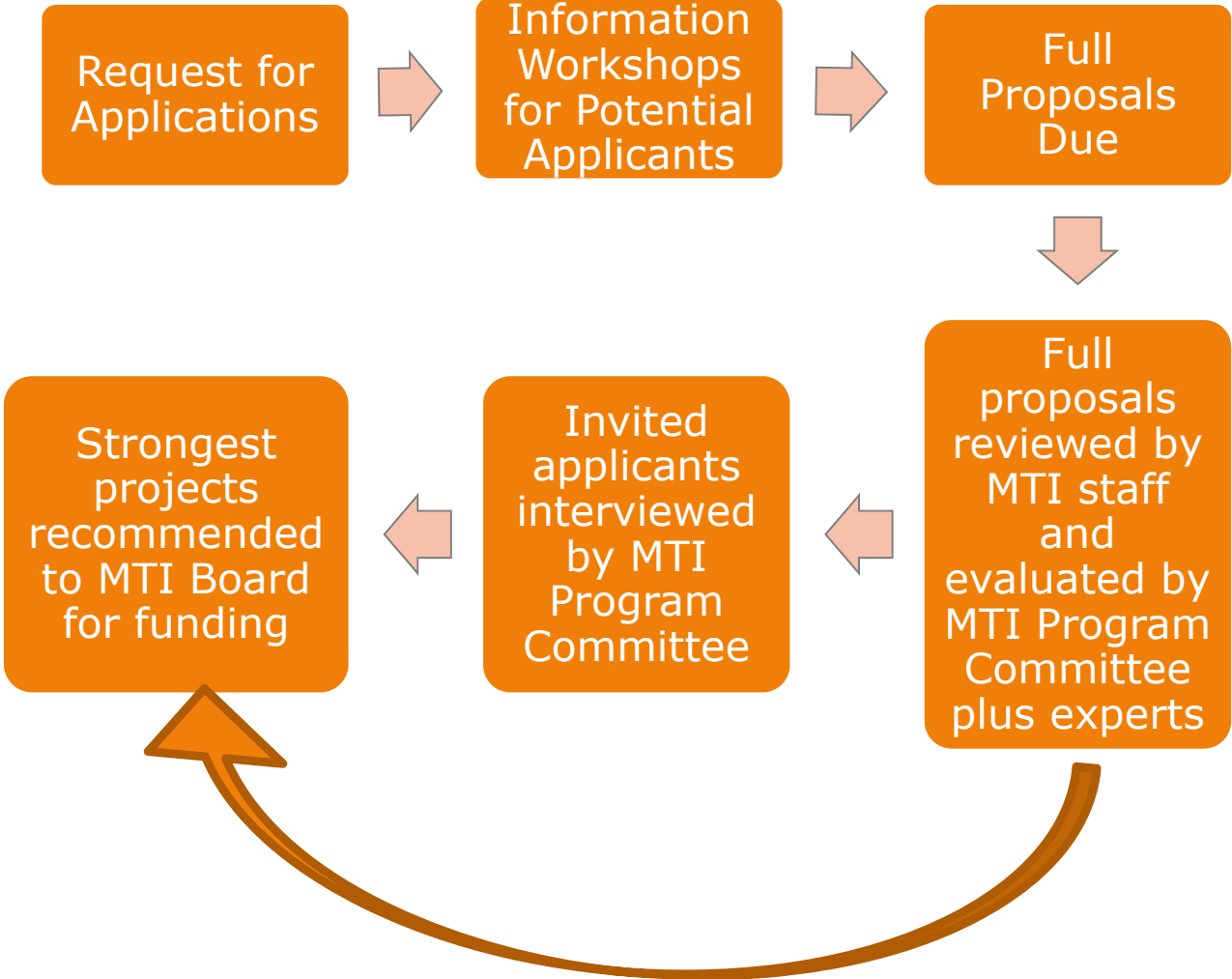
<b>Award Amounts</b>	<ul style="list-style-type: none"><li data-bbox="590 272 1808 488">❑ Over \$50,000 to \$500,000 for multi-year awards evaluated on a side by side competitive basis</li><li data-bbox="590 581 1839 797">❑ \$50,000 or less for planning, feasibility or “special nature” awards evaluated on a rolling basis</li></ul>
<b>Matching Funds</b>	1:1 matching funds required – actual cash, salaries, staff time (in-kind), equipment, and overhead (up to 20%)

# Cluster Initiative Program Timeline

(larger competitive award process)

<u>Date</u>	<u>Activity</u>
January 10, 2012	Release of RFA
March 26, 2012	Proposal due at MTI
April 2012	MTI Committee review
May 2012	Interviews for Recommended Applicants
June 2012	MTI Board Approves Awards
W/in 6 months of approval	Contracts Executed

# Outline of the CIP Review Process



## Cluster Initiative Program - Applications

- One signed original copy is due at MTI by 5:00 PM on March 26, 2012
- Late applications will not be accepted
- Incomplete applications will not be reviewed

## Information to Review

- ❑ Cluster Initiative Program Description and RFP Instructions
- ❑ Application Forms (found within the RFP)
- ❑ “Maine’s High Technology Clusters: Status and Strategy” Report dated March 2008

All found at:

[www.mainetechnology.org/fund/cluster-initiative-program](http://www.mainetechnology.org/fund/cluster-initiative-program)

## CIP Application Evaluation Criteria

- Strength of cluster description, stage and importance to Maine (see “Maine’s Technology Sectors and Clusters: Status & Strategy” documents)
- Quality of information including project needs, timelines and deliverables
- Degree to which project takes advantage of and develops technology and skills/knowledge transfer
- Project’s contribution to Maine R&D and product development capacity
- Degree to which innovation is central to the project
- Degree to which effort is industry-led
- Caliber, experience and completeness of the CIP applicant and team. Is the planned collaboration sustainable after the project completion?
- Scale, breadth and sustainability of the activity including on-going impact. Are the results quantifiable and measurable?
- Appropriateness and completeness of budget and financial information. Quality of the matching funds.

## CIP Application Evaluation (Cont'd)

In addition to scoring the individual categories,

- Each evaluator will complete a narrative on strengths and weaknesses
- Each evaluator will identify questions for the interview (if recommended)
- Each evaluator will recommend, or not recommend, for an interview



The committee will meet to recommend applicants to interview

## Review Process

- ❑ Applications moved forward will be invited to participate in an interview, held at the MTI office
- ❑ Program Committee is comprised of members of MTI Board and staff team and may include out-of-state experts, as appropriate
- ❑ Scoring is based on all criteria with equal weighting
- ❑ Following all interviews, the Program Committee will present a list of recommendations to MTI Board for final approval

## Cluster Initiative Program – Award Decisions

- ❑ MTI Board may require certain applicants to make an in-person presentation to Board
- ❑ Award decisions will be made in June 2012
- ❑ All applicants will be notified in writing of the outcome of application, including written review and comments
- ❑ Those not receiving awards may reapply in October 2012 for awards to be made in Jan. 2013

# Cluster Initiative Program

## Nuts and Bolts of the Application

## Application Format and Content

- ❑ Cover Page FORM A – 1 page
- ❑ Non-confidential project description – approx 50 words; Executive Summary – up to two pages
- ❑ Project Narrative – 15 pages or 8 pages limit, depending on type of application
- ❑ Milestones FORM B
- ❑ Project financial information including match funding (not in 15 page limit)
- ❑ Recipient financial information (not in 15 page limit)
- ❑ Budget FORM C
- ❑ Commitment letters FORM D
- ❑ Supporting documentation – up to 10 pages

## Cover Sheet – Form A

- ❑ One Page
- ❑ Instructions in RFP
- ❑ Non-confidential information only
- ❑ Include organization EIN (Federal ID #)
- ❑ Must be signed by the principal contact, recipient organization

## Application Information

- ❑ Executive Summary (no more than two pages)
- ❑ Project plan: address all the key areas as described in the CIP RFP proposal information section
- ❑ Financial Information for project: Why is MTI funding needed? Plan for matching funds and sustainability beyond MTI funding
- ❑ Applicant's financial information, if available. If not, explain why
- ❑ Milestone FORM B and Budget FORM C
- ❑ Commitment letters, an example FORM D
- ❑ Supporting documents; e.g. News articles, market area information, etc.

## To Be Covered in Project Narrative

- ❑ a detailed explanation of the initiative including:
  - Background
  - Cluster description and diagram
  - Project description & need statement
  - Team/Experience & Commitment
  - Project details, activities & timelines
  - Technology and innovation objectives and content
  - Degree of collaboration, project scale & sustainability
  - Outreach plan and transferability
  - Results measurements

## Budget Items of Note

- ❑ Detailed Program Description and RFP identifies allowable expenses and matching qualification and requirements
- ❑ Matching funds required 1:1
- ❑ Matching Funds can include actual cash, salaries, staff time, consulting, equipment, and overhead (up to 20%), both “cash” or in-kind
- ❑ Quality and amount of matching funds will be an important consideration

## In Supporting Documentation

- ❑ Curriculum vitae – A two page curriculum vita for principal project manager
- ❑ Curriculum vitae – Up to two pages each for other key collaborators

## Appendix

- ❑ Commitment Letters for each source of matching funds (see FORM D)
- ❑ Matching fund resources will not be counted unless a commitment letter is included
- ❑ Commitment letters accepted at any time up to the time of the Program Committee review
- ❑ Explain why any missing letters are not included and when they may be expected

Questions?



Betsy Biemann, President

Linda Adams, Program Assistant

Shane Beckim, Seed Grant Specialist

Roger Brooks, Manager, Commercialization Support

James Fecteau, Finance & Administration Manager

Leslie Hunter, Office Manager

Joe Migliaccio, Manager, Business Innovation Programs

Patti Sutter, Program Assistant

Deb Cook, Communications Consultant

Martha Bentley, MTAf and Cluster Initiative Program Consultant