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Opinion

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Emerging industry clusters draw interest from state business leaders, academics and policy experts

Is water Wisconsin's next major industry?

Business leaders and economic development experts from around the state are making a strong case for the job creation potential of water. They're also looking to wind and even forest products as industries with promise to fuel the state's economic growth in the years to come.

Wisconsin's economy has long been characterized by industry "clusters" -- groups of businesses that rely on similar workforce skills, materials and infrastructure. Success comes when group synergies such as supply and distribution networks, applied knowledge and a regional reputation for quality emerge, creating competitive advantages and access to new markets for the group as a whole.

Our earliest industry clusters -- fur, forestry, wheat and mining -- laid the economic foundation for the rise of the dairy, food processing, manufacturing and other industries that have supported our families and communities until recent times.

At a daylong conference earlier this month sponsored by the Wisconsin Business Council and the Wisconsin School of Business, leaders from industry, academia and government gathered to explore emerging industry clusters that may provide opportunities for job creation and above-average wage growth in the years to come. Industries highlighted at the event included water, wind and forest products.

Barry Grossman, an attorney with the law firm of Foley and Lardner in Milwaukee who specializes in intellectual property law, said Wisconsin's geographic location and technology leadership in the water industry have contributed to a fledgling "cluster" in the Milwaukee area that has positive implications for the entire state.

How can water translate into jobs?

"There are more than 120 businesses in the water industry in the Milwaukee region now," including Badger Meter, a maker of water flow sensors for municipal and industrial applications, Grossman said. In addition to companies like Badger Meter that actually make water-related products or provide engineering and consulting services, Wisconsin also is attractive to companies that use water in their industrial processes.

"We sit on 20 percent of the world's fresh water and when you look at places like Las Vegas and Atlanta ... they are running out of water," Grossman said. To help market the region's water resources, Grossman said the Milwaukee Water Council has launched the "WAVE" program -- short for Water Attracting

Valued Employers.

"We've had remarkable success, we've gotten calls from investment bankers (and) we are starting to attract some interest from outside companies," he said.

Bill Johnson, president of Johnson Timber Corp. and director of government affairs for Flambeau River Papers and Flambeau River Biofuels, said industries throughout the state stand to benefit from public and private support for a water industry cluster. For example, new water treatment technologies developed in the state could improve the efficiency and reduce pollution for the pulp and paper industry.

Johnson pointed out the synergies of a water cluster and another developing hub of industry: biofuels. Flambeau River Biofuels was recently selected for a U.S. Department of Energy grant totaling \$30 million to construct and operate a biorefinery at an existing pulp and paper mill in Park Falls.

The biorefinery will convert materials including forest residuals and agricultural waste into gas, which will be converted into sulfur-free biodiesel transportation fuels. When in full operation, the biorefinery will produce at least 6 million gallons of liquid fuels per year.

The plant also will generate enough heat to sell to Flambeau River Papers, which will make it the first integrated pulp and paper mill in North America to operate without fossil fuels. Johnson said the project proves that Wisconsin businesses possess the skills and vision for world-class innovation.

Those sentiments were echoed by Kim Bassett-Heitzmann, president and chief operating officer of Bassett Mechanical in Kaukauna, who focused attention on the potential for a Wisconsin wind industry cluster. Interest in wind energy is growing worldwide and Wisconsin's traditional strengths in engineering, metal fabrication and composite technology position the state for success.

Beyond becoming a center for wind energy manufacturing and engineering through the leadership of companies such as Bassett Mechanical, Wisconsin also stands to capitalize by converting more of its own energy production to wind-based systems. Currently, Wisconsin ranks 17th in the nation in terms of the wind energy production, but has the potential to increase generation from the current 449 megawatts to 19,000 megawatts (the state's 2009 electric consumption is estimated at about 77,000 megawatts).

As with water and the new forest products cluster, support for the wind cluster from Wisconsin academic institutions will be important in ensuring our work force is prepared for emerging opportunities. Bassett-Heitzmann noted that Lakeshore Technical College has 25 new students enrolled in its Wind Energy Technology associate degree program.

The Wisconsin Business Council formed earlier this year in an effort to reinvigorate the economic development dialogue among educational institutions, elected officials and private sector leaders. The group's founding members include American Transmission Co., Anthem Blue Cross Blue Shield, AT&T Wisconsin, Commerce State Bank, Midwest Natural Gas, MillerCoors, Orion Energy Systems and Park Bank.

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