

# The Origin of Industry Clusters

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Economic development specialists are familiar with the concept of industry clusters. Of course, the question left unaddressed is: “How do clusters get started?”

What do we know about the origin of clusters? Fortunately, scholars have begun to investigate the key factors involved in cluster emergence and growth. The research has revealed that entrepreneurs and economic development specialists play vital roles in creating a virtuous cycle of growth.

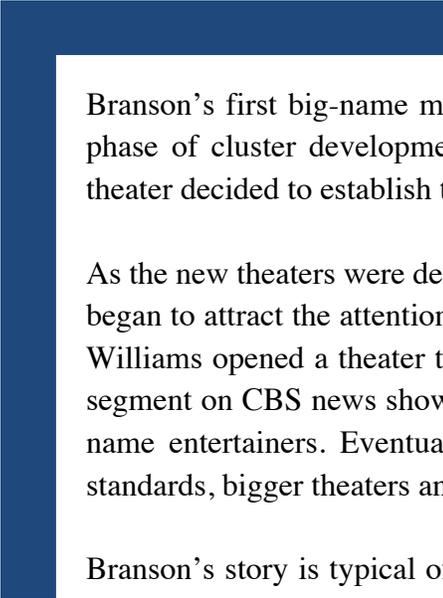
Let’s take one well-known industry cluster as an example: the music and entertainment cluster that transformed Branson, Mo. During the past 100 years, Branson’s live music and entertainment cluster has become a thriving tourist destination, now with more than 6 million visitors per year. There is substantial documentation on the origins of that cluster and the key factors in its subsequent evolution.

At the brink of the 20th century, Branson was an unknown, unassuming community where locals eked out a living by farming the rocky soil or cutting timber. In 1896, an itinerant preacher traveling near Branson found himself unable to cross the flooded White River. Seeking refuge with a local family, he was struck by the friendliness of the people and the natural beauty of the area. As a result, the preacher returned to Branson in subsequent summers and penned a novel in 1907 titled *The Shepherd of the Hills*, based on Branson’s people, culture and natural beauty.

The book became a hit, and many people who read it traveled to Branson to experience the charming idyll described by the author. Around the same time that the book was published, passenger railroad service was initiated to provide access to the isolated region.

The unexpected influx of tourists prompted local entrepreneurs to take action. Many profited by using indigenous talent to entertain the visitors with their down-home, Ozarks-related music and comedy. After some time, local leaders recognized what was happening and realized marketing the emerging entertainment ventures to folks outside the region would further increase tourist traffic. This self-reinforcing feedback loop — entrepreneurs seizing opportunity, local leaders feeding that economic engine — ignited the region’s economic transformation.

The next stage in developing Branson’s entertainment cluster was also led by local entrepreneurs. One in particular had the insight that big-name music stars could thrive in Branson. The entrepreneur initiated a joint venture with country-music star Roy Clark, and the two built



Branson’s first big-name music theater in 1983. Clark’s theater was the catalyst for the second phase of cluster development. During this era, many country stars who performed in Clark’s theater decided to establish their own theaters.

As the new theaters were developed in Branson — some succeeded and some failed — the region began to attract the attention of stars from other genres. In the early 1990s, pop music icon Andy Williams opened a theater there. This, in turn, led to national media coverage of the region in a segment on CBS news show 60 Minutes. That exposure introduced the region to even more big-name entertainers. Eventually, the talent aggregated in Branson developed high performance standards, bigger theaters and attracted even bigger names.

Branson’s story is typical of the emergence of industry clusters. Entrepreneurs familiar with the resources, assets and nuances of a region initiate the first wave of wealth creation. Next, savvy economic development types recognize that something important is happening and find ways to feed the emerging cluster, creating a virtuous cycle of economic growth.

The Branson entertainment cluster evolved during the course of 100 years. This begs the question: “What will be the dominant cluster in Colorado Springs 100 years from now?”

The seeds of the cluster that will create sustainable, intergenerational wealth in the region likely are being sown right now by entrepreneurs in our midst.

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