Cluster Analysis: Footwear in Spokane, WA

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BADM 585 Strategy, Competitiveness and Economic Development Dr. Harm-Jan Steenhuis
# Table of Contents

Executive Summary ......................................................................................................................... 2
Regional Overview ........................................................................................................................... 4
  Geography ........................................................................................................................................ 4
  Location and Infrastructure ............................................................................................................. 4
  Source: randmcnally.com .................................................................................................................. 5
  Population .......................................................................................................................................... 5
  History ............................................................................................................................................... 6
Spokane Economic Performance ........................................................................................................ 7
  Manufacturing in Spokane and Industry Incentives ................................................................. 8
  The Economic Impact of Exporting ............................................................................................. 9
Overview of Spokane Clusters ......................................................................................................... 10
Spokane’s Footwear Cluster .............................................................................................................. 11
Overview of the Footwear Cluster in Spokane .............................................................................. 11
Key Economic Factors for Footwear ............................................................................................. 12
  Per Capita Disposable Income ..................................................................................................... 12
  Processed Leather .......................................................................................................................... 12
Spokane’s Footwear Success Factors ............................................................................................... 13
Challenges facing Spokane’s Footwear Cluster .............................................................................. 14
  Weak Infrastructure ....................................................................................................................... 14
  Lack of Availability of Footwear Designers .................................................................................. 15
Footwear Cluster Competitiveness .................................................................................................. 15
Footwear Cluster Map ..................................................................................................................... 19
Cluster Diamond ............................................................................................................................. 20
  Factor Conditions ......................................................................................................................... 20
  Related and Supporting Industries ............................................................................................... 21
  Demand Conditions ...................................................................................................................... 21
  Context for Firm Strategy and Rivalry .......................................................................................... 22
Data Collection ................................................................................................................................ 23
Conclusion ......................................................................................................................................... 23
References ......................................................................................................................................... 27
Executive Summary

Spokane was chosen as a region because of its infrastructure and large size. Spokane County is the fourth most populous county located in Washington State. Growth within the Spokane area can be seen by an increase in Gross Domestic Product of 16% and the creation of almost 12,000 jobs in the last decade. Strategically located, Spokane’s infrastructure allows it to serve many of the major markets that are located on the west side of the United States.

The location of the county has several strategic advantages, one being a central railroad hub. Historical events, including fur trading, as well as the availability of skilled labor and necessary inputs have provided the factor conditions to allow a footwear cluster to develop. Other conditions that support this cluster include the demand for footwear in the use of a wide array of outdoor jobs.

The footwear cluster in Spokane was chosen for several reasons. For centuries footwear has been used by many people for a variety of reasons including protection, personal expression, and even prosperity. Handmade shoes are becoming a rarity. This is a unique cluster existing in only a select few states. There is a long history of businesses within this cluster in the Spokane area.

A means of comparison was necessary for the footwear cluster studied. Penobscot County, located in Maine, was chosen as the region of comparison. Penobscot County is located in one of the few states that contain a footwear cluster. While Penobscot has a smaller population than Spokane it is a coastal state with access to seaports and major airports. Both regions also possess relatively similar average wages in their traded clusters.

This report seeks to explain the creation of the footwear cluster within Spokane County. Apart from discovering the cause of the existence of the cluster, information has been collected
from the boot companies about the source of materials, regulations, and consumption of the
boots. This information has been sought after to gain further insight into the industry. This data
collection has assisted by providing the necessary information to create recommendations for
further development of the footwear cluster in Spokane County.

This report is addressed to the Spokane Footwear Association (SFA). The SFA is an
organization that was formed in 1995. The primary goal is to represent all segments of the
footwear industry regardless of size. The SFA uses its presence to influence local policies and is
the voice of the footwear and other sewn product industries in the Spokane region. The
recommendations made in this paper will be directed toward this organization in an attempt to
help facilitate the growth of the footwear cluster in the Spokane area.
Regional Overview

Geography

Spokane County is located on the east side of the state of Washington stretching across 1,763 square miles, adjacent to the Idaho state line and 110 miles south of the Canadian border. Spokane lies in an area of mountains, forests, and lakes and has many beautiful parks, which total nearly 3,000 acres. (City-data.com, 2014) Spokane County contains 45 lakes ranging in size from 20 acres to 1400 acres. Three major streams, the Spokane, Little Spokane and Latah Creek, drain the 1,780 square miles encompassed in Spokane County. The county is geographically diverse, with elevations ranging from 1500 feet at Long Lake to nearly 6000 feet above sea level at the top of Mt. Spokane. (City-data.com, 2014)

Location and Infrastructure

Spokane’s strategic location as one of the United States’ foreign trade zones provides the business with several strategic advantages. (Incorporated, 2014) Spokane is the largest city between Seattle and Minneapolis and served by ten airlines and three air cargo carriers. The short air travel distance to Seattle and its world class shipping port enhances international trade and promotes commerce. Table 1 below illustrates the distance between Spokane and major markets and therefore importance of Spokane’s location.

Table 1 Distance to Major Markets

<table>
<thead>
<tr>
<th>City</th>
<th>Miles</th>
<th>Drive Time</th>
<th>Flight Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boise</td>
<td>428 Miles</td>
<td>7 hrs, 4 min</td>
<td>2 hrs, 1 min</td>
</tr>
<tr>
<td>Chicago</td>
<td>1824 Miles</td>
<td>26 hrs, 10 min</td>
<td>3 hrs, 29 min</td>
</tr>
<tr>
<td>Denver</td>
<td>1120 Miles</td>
<td>17 hrs, 20 min</td>
<td>2 hrs, 50 min</td>
</tr>
<tr>
<td>Great Falls</td>
<td>401 Miles</td>
<td>6 hrs, 11 min</td>
<td>1 hr, 15 min</td>
</tr>
<tr>
<td>Kalispell</td>
<td>237 Miles</td>
<td>4 hrs, 27 min</td>
<td>39 min</td>
</tr>
<tr>
<td>Las Vegas</td>
<td>1152 Miles</td>
<td>18 hrs, 45 min</td>
<td>2 hrs, 57 min</td>
</tr>
<tr>
<td>Lewiston</td>
<td>116 Miles</td>
<td>2 hrs, 30 min</td>
<td>41 min</td>
</tr>
</tbody>
</table>
Los Angeles 1315 Miles 21 hrs, 10 min 2 hrs, 42 min
Minneapolis 1387 Miles 20 hrs, 11 min 4 hrs, 42 min
Oakland 982 Miles 15 hrs, 54 min 2 hrs, 5 min
Phoenix 1539 Miles 25 hrs, 35 min 2 hr, 33 min
Portland 344 Miles 5 hrs, 50 min 40 min
Reno 789 Miles 14 hrs, 25 min no direct
Sacramento 934 Miles 15 hrs, 10 min 2 hrs, 45 min
Salt Lake City 728 Miles 11 hrs, 35 min 2 hrs, 24 min
San Diego 1438 Miles 23 hrs no direct
San Francisco 994 Miles 16 hrs, 15 min 3 hrs, 45 min
Seattle 280 Miles 4 hrs, 40 min 1 hr

Source: randmcnally.com

Population

As of July 2012, the total population of Spokane Area is 209,525 as illustrated in figure 1.

Figure 1 Spokane’s population 2012

Source: U.S. Census Bureau

According to the U.S. Census Bureau Spokane, WA is ranked #113 with the Population Density of 264.6 people per square mile, which is much higher than the state average density of 94.32 people per square mile and is much higher than the national average density of 81.32 people per square mile.
The average Spokane area education level is about the same as the state average and is higher than the national average. According to the U.S. Census Bureau, college or graduate school enrollment was 18,798. As of 2011, 91.6 percent of people 25 years and over had at least graduated from high school and 29.2 percent had a bachelor's degree or higher.

History

Early in the 19th century, two fur traders from Northwest Fur Company came to the Spokane area to search for fur. The native Spokane tribe believed these men to be sacred and so they offered them shelter nearby for the winter. Later on, explorer-geographer David Thompson sent more trappers to the area to set up a trading post that could trade with the local tribes. This trading post became the center of the fur trade from 1810 and 1826 for the region between the Rockies and the Cascades. The area continued to grow throughout the 19th century and early settlers recognized the value and potential of the Spokane Falls to long-term settlement. Spokane was officially first settled in 1871 and got its namesake from the American Indian Tribe of the same name meaning “Children of the Sun”. Ten years later in 1881 the Northern Pacific Railway was completed therefore bringing even more settlement to the area. Spokane’s railroad network continued to expand and due to its prime location near mining and farming areas, Spokane
became a rail and shipping center. Spokane’s industrial sectors, including fur trading, caught the attention of Chicago leather executives and many others looking for potential markets in the West. Resulting from the exposure of attention was the founding of the Spokane Fur Tanning Company that gave Spokane the only tannery between Minneapolis and the Coast. This new tanning company allowed the manufacturing of furs into coats, garments, saddlery hardware, and sole leathers. As mining declined in the early 19th century, agriculture and logging became important influencers of the Spokane economy. Manufacturing became an important part of the local economy especially with the start of World War II due to the low cost of electricity in Spokane (City of Spokane, 2014).

**Spokane Economic Performance**

Job creation has played a large role in Spokane County’s economic policy. In 2012 there were 3,150 net jobs created, an increase of 0.08% from the previous year for the county. Since 2000, there have been approximately 11,600 jobs created. The jobs created have assisted Spokane County in reaching a total Gross Domestic Product (GDP) of $20,352 million, an increase of 16% since 2001 when the GDP was $17,499 million. GDP per capita was $38,247 in 2012 for Spokane County, increasing from $36,862 in 2001. For the fiscal year of 2013, the share of jobs in Spokane County earning less than $30,000 per year in income was 34.9%, decreasing since 2010 when the share was 41.2%. Also for 2013, the share of jobs in Spokane County in the yearly income range earning between $30,000 and $50,000 was 35.4%, increasing since 2010 when the share was 33.5%. The share of jobs earning greater than $50,000 per year during 2013 in Spokane County was 29.7%, increasing from 25.4% since 2010. The four largest employing sectors in Spokane County are comprised of government (including education), health
care and social assistance, retail, and manufacturing. Together, these four sectors account for approximately 50% of Spokane’s labor force (Economic Vitality, 2014).

**Manufacturing in Spokane and Industry Incentives**

Manufacturing is an economic driver in the state of Washington and according to Greater Spokane Incorporated, there are more than 500 manufacturing businesses powered by a workforce that exceeds 15,000 in Spokane. (Incorporated, 2014) This indicates that Spokane’s manufacturing industry is strong. Spokane’s manufacturers have the advantage of the state’s tax credit, waiver and deferral programs that are available for qualifying manufacturers and some other industries. Some other industry incentives that are available for the manufacturing industry in Spokane and the state of Washington include:

- Sales and Use tax deferrals and exemptions on new equipment and construction costs for new or remodeled buildings (Community Empowerment Zone)
- New Job and Job Training tax credits (Community Empowerment Zone)
- Sales and Use tax exemption for machinery and equipment used directly for manufacturing, research and development, or testing operations

Another industry incentive that is more specific to Spokane is its strategic geographic location, the fact that it is a foreign trade zone (FTZs are set up in or near U.S. Customs ports of entry, where merchandise is considered legally outside U.S. Customs Territory). Foreign or domestic merchandise may enter this zone without a formal customs entry, payment of custom duties, or government excise taxes.) And is very close to Seattle’s port enhances the area’s international trade and commerce. A business can use foreign trade zone to reduce duty
payments, streamline supply chain costs, and improve the competitive position in domestic and foreign markets. (Incorporated, 2014)

The Economic Impact of Exporting

According to the U.S International Trade Association, Exports are a growing and substantial part of the U.S. economy. “Small and medium-sized companies account for 98 percent of U.S. exporters, but represent less than one-third of the known export value of U.S. goods’ exports.” According to a study published by the Institute for International Economics, U.S. companies that export not only grow faster, but are nearly 8.5 percent less likely to go out of business than non-exporting companies.

Spokane exports total approximately $662 million (Marinos, 2014). Most of Spokane’s exports include agricultural products of cattle, wheat, hay, barley and potatoes among others. According to Greater Spokane Incorporated, in Washington’s fifth congressional district, 22,817 jobs are directly supported by top Spokane exporters including: Caterpillar, Commercial Creamery Co., Itron, Lloyd Industries Inc, SCAFCO, Schweitzer Engineering Laboratories, and Wagstaff.

Spokane U.S. Export Assistance Center is part of the U.S. Commercial Service of the U.S. Department of Commerce which is a federal government agency dedicated to helping small- to medium-sized companies with their exporting strategies. The Spokane Export Assistance Center is part of an international network consisting of 105 U.S. Export Assistance Centers across the country and 165 offices in 82 countries. The Spokane Export Assistance Center serves the highly diverse and multi-cultural business community in Spokane County. (Export.gov, 2014)
Overview of Spokane Clusters

Spokane as a metropolitan statistical area has fairly diversified clusters. Local cluster, retail and services clusters dominate the MSA. Spokane’s clusters have a small LQ, the U.S. Bureau of Labor Statistics results for Spokane County in 2012 indicates that there are only 3 clusters that have LQs higher than 2 which are primary metal product manufacturing, leather and allied product manufacturing, and broadcasting except internet.

Looking back at Spokane’s history with clusters we can see that the area frequently shifts its attention between its clusters. It is noticeable that few clusters had some government support and then the attention shifted to other clusters. Figure 3 indicates the timeline of the shift in focus between Spokane’s clusters. (Inlandnw.wordpress.com, 2014)

Figure 3 Focus of Spokane’s Clusters Timeline

Source: Data from (Inlandnw.wordpress.com, 2014)
This can be unhealthy for the clusters and might cause inconsistency and incoherence between the area’s diverse clusters and its economic plan for development, especially when they are being abandoned before they mature. Our footwear cluster did not receive any kind of support although it is a cluster that generates support.

Spokane’s Footwear Cluster

The primary focus of this paper is to focus on the footwear cluster in the greater Spokane area in Washington State.

Overview of the Footwear Cluster in Spokane

The footwear industry has existed in the Spokane area for over one hundred years. This cluster is one of the few footwear clusters that are not located on the east coast of the United States. The focus of the cluster is handmade boots and boot repair. Currently, there are several companies that hand make boots in Spokane including White’s Boots, JK Tailors and Custom Boots, Nick’s Custom Boots, and Cruz Custom Boots & Shoes. White’s Boots moved from the east coast and settled in St. Maries, Idaho in 1902. Otto White came to the west coast chasing the logging industry and eventually settled in Spokane in 1915 (White’s Boots). Nick’s Custom Boots was established in 1964 by Nick Blahcuzyn that was trained by a northwest boot maker (Nicksboots.com, 2014). Cruz Albisu of Cruz Custom Boots started working for White’s Boots in 1970 and started his own company in 2004 (Stein, 2012). These boots have gained an international presence with 35% of White’s boots being fashion-oriented and sold to countries such as France, Russia, and Japan.
Key Economic Factors for Footwear

- Import penetration into the manufacturing sector.
- Per capita disposable income
- Processed leather

Per Capita Disposable Income

The amount of disposable income per capita in the U.S. has slowly been rising. According to the Bureau of Economic Analysis per capita disposable income is total personal income minus personal current taxes. (Rankin) Except for small dips when an economic downturn hits, the disposable income per capita has been rising in the U.S. As of 2010 the disposable income per capita was $36,315; up from $25,596 in 2000 (Rankin).

Processed Leather

According to the International Council of Tanners, in the mid-2000s the global use of leather products was over 19 billion square feet annually. Footwear accounted for more than half of all leather products (56 percent) (Business.highbeam.com, 2014) Leather tanning and finishing shipped $53.8 million in products, while manufacturers of leather accessory products shipped $32.5 million and leather tanneries shipped $676.2 million. (Business.highbeam.com, 2014) The U.S. exports more than 90 percent of its hides and skins, with China and Hong Kong becoming leading importers. Exports from India and Vietnam were showing promise for the industry. According to the U.S. Hide, Skin and Leather Association, "In an ever increasing global marketplace and difficult economic times, our exports and trade agreements will be ever more important."
Spokane’s Footwear Success Factors

A major success factor that increased national demand is the fact that Spokane’s footwear products meet the federal safety regulations. Boots that meet federal regulations are used in occupations where safety standards are required on the work site. Only a few other footwear manufacturers in the country are licensed for manufacturing boots that meet with the federal safety regulations. Those who are not licensed are either focusing on a different target market or they are still working on getting their licenses. Being a licensed footwear manufacturer is both an extensive and costly process. Manufacturing boots that meet the federal regulation’s standards and the National Firefighters Protection Act (NFPA) require using certain soles and other materials that shoemakers don’t usually use in manufacturing their boots, which can be costly. To be NFPA certified, boots manufacturers must obtain the (ISO 9001) certification. ISO 9001 is the ultimate global benchmark for quality management. It is a critical tool for boosting the company’s success, profitability and market potential. ISO 9001 will better equip the business to meet every client requirement, improve client focus throughout and a host of other benefits, such as:

- Improve competitiveness leading to a higher profit potential
- Increase the market potential, and open the business up to larger clients.
- Streamline efficiency, cost containment and savings
- Improve the consistency and information flow
- Improve the employee motivation
- Improve time management, service and performance to the highest level
- Improve the businesses customer service
- Improve accountability and traceability

(Local.imsm.com, 2104)
White’s boots the major manufacturer in our cluster is highly responsive to consumers’ demand. They took the initiative and got ISO and NFPA certified and are expanding their safety toe work boots since it is becoming a much wider requirement.

Another success factor would be the cluster’s responsiveness of exotic demand. Consumers demand exotic boots made out of the weird leather that is not usually used in manufacturing boots like shark, ostrich and lizard leather and they can find such boots in Spokane’s footwear cluster. White’s boots specifically offer the safari hunters the chance to build boots out of their hunted animals.

**Challenges facing Spokane’s Footwear Cluster**

**Weak Infrastructure**

Our initial assumption that Spokane’s strategic location and closeness to major markets is an indicating factor to the success of the cluster was incorrect. After interviewing the major manufacturers in the area we concluded that brand equity and brand recognition are the major demand stimulators. Spokane’s infrastructure is weak and doesn’t help both the distribution and supplying processes. Footwear manufacturers are facing logistical issues when they try to ship $500 boots with a cost of a $100 for overseas shipment. Dealers want to contract with the companies in our cluster not because of the easiness to transport the products but because of the heavy demand of the products in their States/Countries. The logo is so strong that customers requested it to be placed on all four sides of the boot. Our footwear cluster’s dealerships were limited to the Western states, Alaska, and they worked their way to California and they are trying to get established towards the Mississippi and the East Coast. The cluster’s main dealers are located in Texas and Tennessee. Even though Texas has the strongest footwear cluster in the
U.S, it has a major dealer for our cluster’s products. Despite the weakness of infrastructure, our cluster is pushing the limits and trying to expand despite the costly logistical distribution issues.

Spokane’s weak infrastructure negatively affects the cluster’s supply. Leather, the major component for the boot manufacturing, is outsourced from the Great Lakes, Chicago and California. Exotic boots of shark, lizard and ostrich leather are supplied from Mexico.

**Lack of Availability of Footwear Designers**

Part of ISO’s requirements is to continuously produce new products. Interviewing the manufacturers in our clusters, we understood that they rely heavily on four major fits of boots. New designs are mostly dealer driven and the lack of shoe designers in the area makes it a challenge for our cluster to meet the ISO requirement.

**Footwear Cluster Competitiveness**

In the U.S there are few footwear clusters and according to the Harvard Business School the strongest of those clusters are located in the following states: Maine, New Hampshire, Texas, Minnesota, Wisconsin and Montana as indicated in the map below. Geographically, the footwear clusters in the U.S are diversified with little competition on the West coast.
What determines the competitiveness of a cluster is its export rates. Our cluster’s major international exporter is Japan. The driver for international export for our cluster is “made in the U.S” and the brand equity as well. White’s Boots alone exports value is estimated to be $3,450,000 annually. The below table compares Spokane’s estimated footwear export to the U.S footwear export.

<table>
<thead>
<tr>
<th>Footwear</th>
<th>Export Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S</td>
<td>$70,990.45 M</td>
</tr>
<tr>
<td>Spokane</td>
<td>$3,450,000</td>
</tr>
</tbody>
</table>

Underlying data drawn from the UN Commodity Trade Statistics Database and the IMF BOP statistics.
Competing Cluster Overview

Penobscot County, located in Maine, is home to several handmade shoe and boot companies including Highland Shoe Co., Lamey-Wellehan Shoes, and Shoe MGK. Penobscot County has been chosen to be used as a basis for comparison for Spokane County due to multiple similarities and few existences of other footwear clusters.

The county itself is comparatively smaller than Spokane County with regard to total employment in both the local and trade clusters but doubles the total employment in the natural endowment dependent clusters. Average wages are lower in the local and the natural endowment dependent clusters than Spokane but are relatively similar in the traded clusters. A glance at both economies will show that Spokane has a larger labor force, 220,000 as compared to 73,600, and a steadier manufacturing employment when compared to Bangor, Maine (U.S. Bureau of Labor Statistics). The region also has a smaller population density with only 45.3 people per square mile. Bangor, ME does have a lower unemployment rate than Spokane. Both regions are made up of several smaller manufacturers and wholesalers. Another similarity between the two regions is the close proximity to major seaports and airports. Spokane’s footwear cluster focuses on the manufacturing of boots whereas Penobscot County has a variety of products in the footwear cluster not limited solely to boots.

Maine’s footwear cluster has an LQ high than that of Spokane’s footwear cluster and is even amongst the top ten employment industries within that region. The footwear cluster in Maine makes up 13.11% of employment share for those regions with a footwear concentration like Penobscot County. Over 1,500 people are employed within the footwear industry in Bangor, ME and surrounding areas with footwear cluster components. The pie charts below compare Spokane and Bangor’s employment and wages for their respective footwear clusters.
Source: (Clustermapping.us, 2014)
The footwear cluster in Spokane is small but it contributes to the Spokane’s economy as it serves and feeds many related and supporting sector industries in a complex & integrated relationship. The footwear cluster in Spokane is comprised of a system of various channels within the value chain. Each component has its own purpose within this network with connected activities. The footwear cluster interacts and shares resources and factors with other related clusters and industries; the cluster map above illustrates all the related clusters. The map also depicts the institutions linked to the footwear cluster like the NFPA (National Fire Protection
Association) which regulates the boots manufactured for wild land firefighting. ASTM International is the main standards developer that develops and maintains consensus standards and test methods pertaining to protective footwear (A Guide to United States Footwear Compliance Requirements, 2012).

Cluster Diamond
Figure 1: Spokane’s Footwear Cluster Diamond

<table>
<thead>
<tr>
<th>Factor Conditions</th>
<th>Demand Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Skilled Labor</td>
<td>● Large overseas demand</td>
</tr>
<tr>
<td>● Inputs such as leather and chemicals are available locally</td>
<td>● Increase in wages</td>
</tr>
<tr>
<td>● Design education and technical schools</td>
<td>● Decrease in unemployment</td>
</tr>
</tbody>
</table>

- Local suppliers i.e. tannery and multiple local chemical companies
- Trade association
- Cattle ranches able to provide supplies or local tanneries

- Items that were thought to be present, but were found to be missing after further investigation

Factor Conditions

There has been an increase in the growth and development of fur trading since the 19th century. This has led to a large growth in the leather manufacturing industry. The local popularity of the leather has been a benefit for the cluster and has helped it grow and create the necessary technologies and techniques that have allowed it to produce the footwear it does today.
The leather itself is a necessary input for the footwear industry along with other chemicals including the glue and rubber that is used to manufacture the boots.

**Related and Supporting Industries**

The popularity of this cluster has led to the creation of suppliers for many of the inputs that are used in the production of the boots. Chemical suppliers have been created to help supply the necessary materials for the production of boots. These materials include the glue and the rubber for the boots. Suppliers of other inputs like leather are mostly located outside of Spokane. Leather made from exotic animals is in high demand in premier boots. Some of the leather is imported from outside the country coming from other countries like Mexico and sometimes African Countries. Spokane Fur Tanning Company was created in the early 1900’s and used to be a supplier of leather for White’s Boots in the early part of the 20th century. Local cattle ranches are another component in this network. Ranches are able to supply the leather manufacturing companies with hides of animals to produce the leather. The leather can then be sent out to be used for the boots.

**Demand Conditions**

Demand is what established the footwear cluster in Spokane; few footwear manufacturers had followed the timber trade from the east coast including White’s boots. The prominence of outdoor jobs has created a demand for handmade boots. Many of these boot makers serve construction workers, linemen, loggers, firefighters, and farmers. Regulatory bodies have reinforced this demand by issuing standards on protective clothing and equipment for these occupations. The National Fire Protection Association (NFPA) has issued a standard making sure wild land firefighting requires NFPA approved boots using specific soles and threads in the
stitching. Apart from the NFPA, the American Society for Testing & Materials (ASTM) has created standards for the requirements for protective toe cap footwear for lineman boots.

White’s boots think of the local demand as sophisticated regarding footwear. Consumers interested in high value boots for either fishing, hunting or hiking walk in to the store knowing exactly what they want and if they couldn’t find what they need their order can be custom made just for them.

National demand is also a factor to the success of the footwear cluster in Spokane. Texas and Tennessee are the two major importers nationally. Part of the success of the footwear industry can be attributed to the large overseas demand. The customization of the boots created has played a major role in the fashion industry. International demand for handmade boots has increased throughout the years. Countries such as France, Russia, and Japan placed many orders to local Spokane boot manufactures for Western style trends that have arose through the years.

**Context for Firm Strategy and Rivalry**

The infrastructure of Spokane has helped grow and refine the footwear cluster to where it is today. Spokane has been known for its large and developed railway system. The city became a central railroad hub allowing the proliferation of trade amongst different regions. This has helped expand the amount of possible suppliers for the industry. Also, Custom boots has been known to be a niche market. Many external competitors have played a key role in this niche market creating the need for the companies to separate them from the competition. The design and use of superior inputs used in making the boots have helped drive competitions amongst the few small firms that make up the cluster.
Data Collection

A majority of the information about the footwear cluster was primary data. This information was collected from several local boot manufacturers through face-to-face interviews or phone calls. This data was collected to answer questions such as why the footwear cluster exists and how it has developed. The only way to answer these questions accurately was to collect information from the boot manufacturers themselves. The information from these sources explains the history of this industry and current conditions which have helped produce recommendations to facilitate the growth of the cluster. Secondary data collection was also collected. This information was publicly available and was necessary as it pertained to the regions being studied.

Conclusion

Based on the data collection through interviews conducted with local boot manufacturers, it was determined that the cause of the footwear industry to develop was based on location quotient. White’s Boots brought this trade over from the east side of the United States chasing the timber industry to supply workers with boots. Further investigation through interviews showed that most companies learned the trade from White’s Boots. The owners of local boot manufacturers such as Nick’s Custom Boots, Cruz Custom Boots & Shoes and No Name Boot Co. started as employees of White’s Boots. Currently, there are no local tanneries for the companies. Most of the boot manufacturers receive leather from tanneries located in the Great Lakes area, Chicago and some from California. Early tanneries in the local area could not be determined to be a supplier of White’s Boots. Due to a lack of local suppliers, factors such as inputs and the existence of other manufactures derived from a single business it has been concluded that the existence of this industry is due to the location quotient.
**Recommendations**

Based on the analysis conducted on both the region and the cluster we recommend the following.

The footwear cluster in Spokane is an exporting cluster, which means it gets money into the region’s economy but it had never received any government support. We think that Spokane County should support this cluster and help it prosper and develop. Government support can include both direct and indirect support of the cluster. As we noticed from our cluster analysis, that all the leather supplies are outsourced from other states and that the cluster export a decent amount of its production. Spokane’s infrastructure is a barrier and does not make both imports and exports to the area easy. It is recommended that the government invest in the area’s infrastructure and improve it to help the area’s economy in general as well as this cluster’s performance.

It is recommended that the local boot companies make themselves available for tours. The tours would be coupled with other events such as local wine tasting or a downtown history of Spokane. During the tour boot makers could show the process of making the boot; much like blacksmiths show their craft at historical events. Both Nick’s Boots and White’s Boot’s have entry level hiking boots that could be promoted on the tour, and would fit in with the many outdoor activities in Spokane.

Also from the cluster’s analysis we noticed that the cluster lacks footwear designers, which we think is an important factor to producing new products. Since the cluster only needs new designs every once in a while to meet with ISO requirements and since all of its exports are fashion related, we recommend for the footwear cluster to make designers available on demand, this gives the cluster the margin of lower production cost since the major focus of the cluster is
occupational boots that rely on the same design and since the shoe industry is a seasonal industry.

Manufacturing boots rely heavily on processed leather as its raw material and our cluster lacks a tannery in the area. We recommend that the footwear manufacturers work together on getting a tannery in the area by securing a location for the facility and obtain zoning approval. Then contact the state's Environmental Protection Agency to learn the regulations for chemical usage, storage and disposal and any additional requirements that might need consideration, such as proper drainage and ventilation. Construct separate areas to accommodate each stage of the tanning process, such as a wet room, drum room, refrigeration, work area, drying room, water treatment room, salting room and a storage facility for your chemicals and equipment. (Chapman, 2014) Then purchase the tanneries equipment; the type of equipment utilized in tanneries is fairly well standardized. The following tables display the needed equipment and their estimated costs.
<table>
<thead>
<tr>
<th>Departmental</th>
<th>Estimated Cost</th>
<th>Supplies</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hide house</td>
<td>9,900</td>
<td>Milk of lime</td>
<td>1,500</td>
</tr>
<tr>
<td>Beam house</td>
<td>29,900</td>
<td>Chemicals for tanning</td>
<td>2,000</td>
</tr>
<tr>
<td>Tanning and Finishing</td>
<td>43,100</td>
<td>Sawdust and wood sweepings</td>
<td>100</td>
</tr>
<tr>
<td>Other Tools and Equipment</td>
<td>2,500</td>
<td>Various dyes</td>
<td>3,000</td>
</tr>
<tr>
<td>Maintenance equipment, hand tools, lathe, drill press, grinder</td>
<td>2,500</td>
<td>Lubricating oils</td>
<td>100</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>1,600</td>
<td>Neatsfoot oil</td>
<td>1,400</td>
</tr>
<tr>
<td>Desks, chairs, files, lockers, cabinets, typewriter</td>
<td>1,600</td>
<td>Fish oil</td>
<td>1,500</td>
</tr>
<tr>
<td>Total</td>
<td>$87,000</td>
<td>Soap</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Burlap, rope and twine</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chrome alum</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sodium bichromate</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sulphuric acid</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cane sugar glucose</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maintenance materials and repair parts</td>
<td>2,400</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Office Supplies</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>$16,400</td>
</tr>
</tbody>
</table>

Source: (TECHNICAL AIDS BRANCH, n.d.)
References


