

NCARED'S Economic Clusters Provide Potential for Growth

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Section I

Regional Setting



Future Directions?

- More of the Same
- Improve Standard of Living & Quality of Life



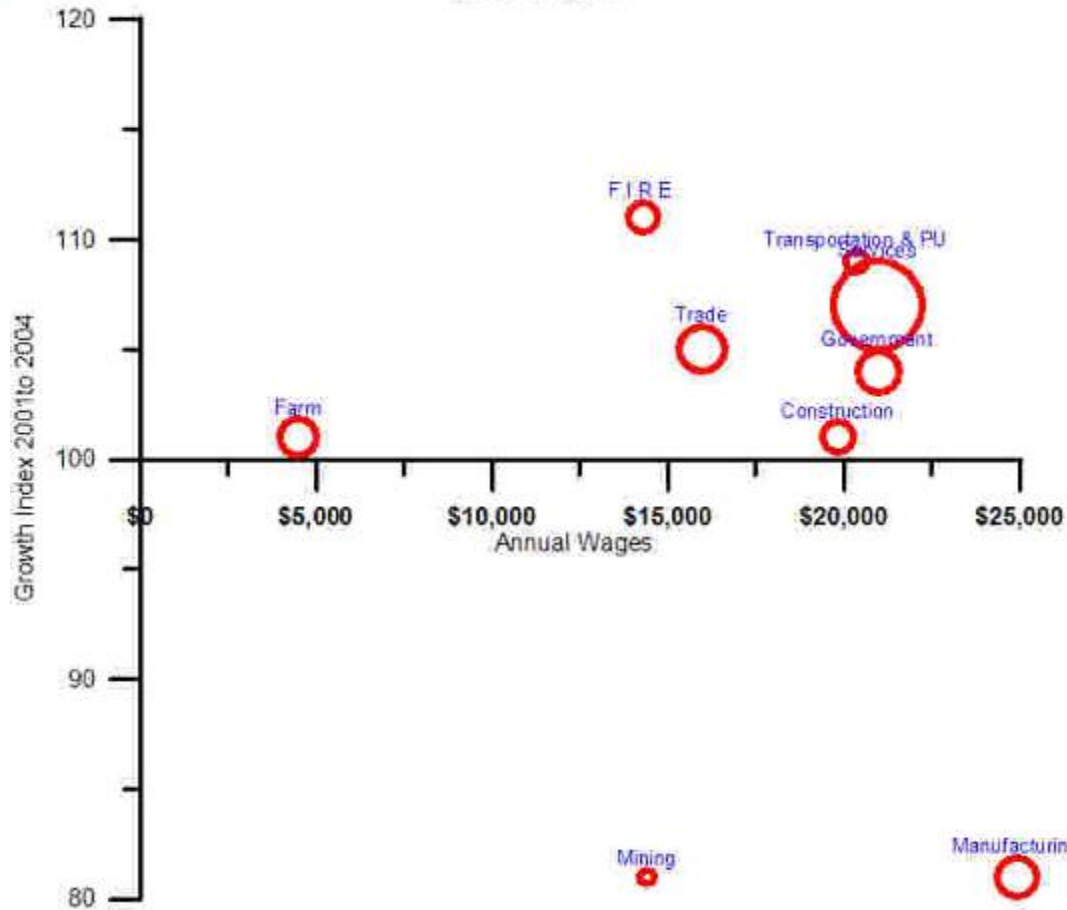


Improve Standard of Living

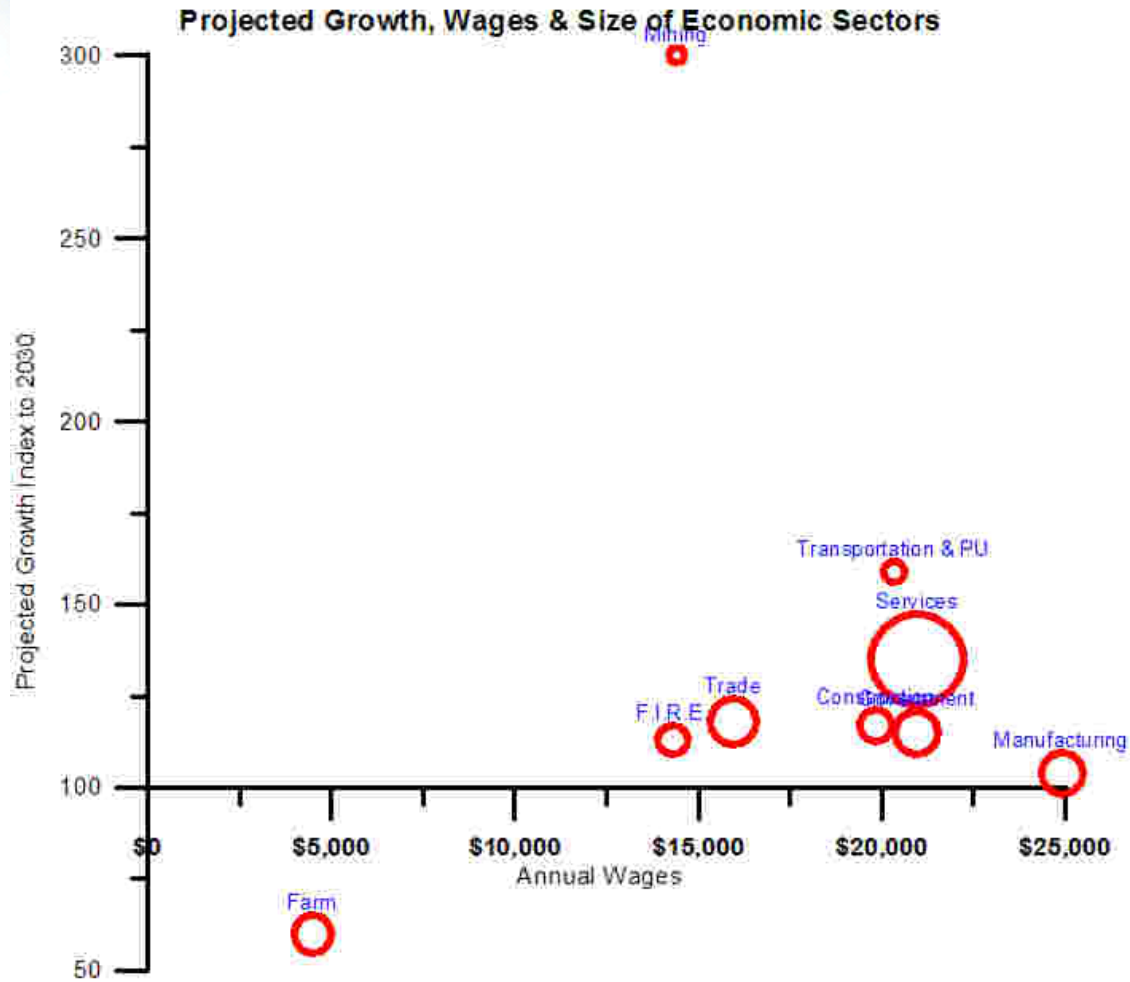
- ❑ Increase Productivity
- ❑ Add Value to Products
- ❑ Produce Products, not Commodities

Recent Employment Growth

Growth, Wages & Size of Economic Sectors
2001 to 2004



Projected Employment Growth





Section II

NCARED Economic Clusters



Industry Clusters Across A Regional Economy

- Economic development efforts generate greater results when community and business leaders build on *existing strengths* and focus on growing *industry clusters* across a *regional economy*
 - Vertical integration
 - Horizontal integration



Economic Clusters with Growth Potential

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- Amenity Based Cluster
 - Tourism - Retiree Attraction – Telecommuters
- Natural Resource Based Clusters
 - Agriculture – Forestry
 - Natural Gas

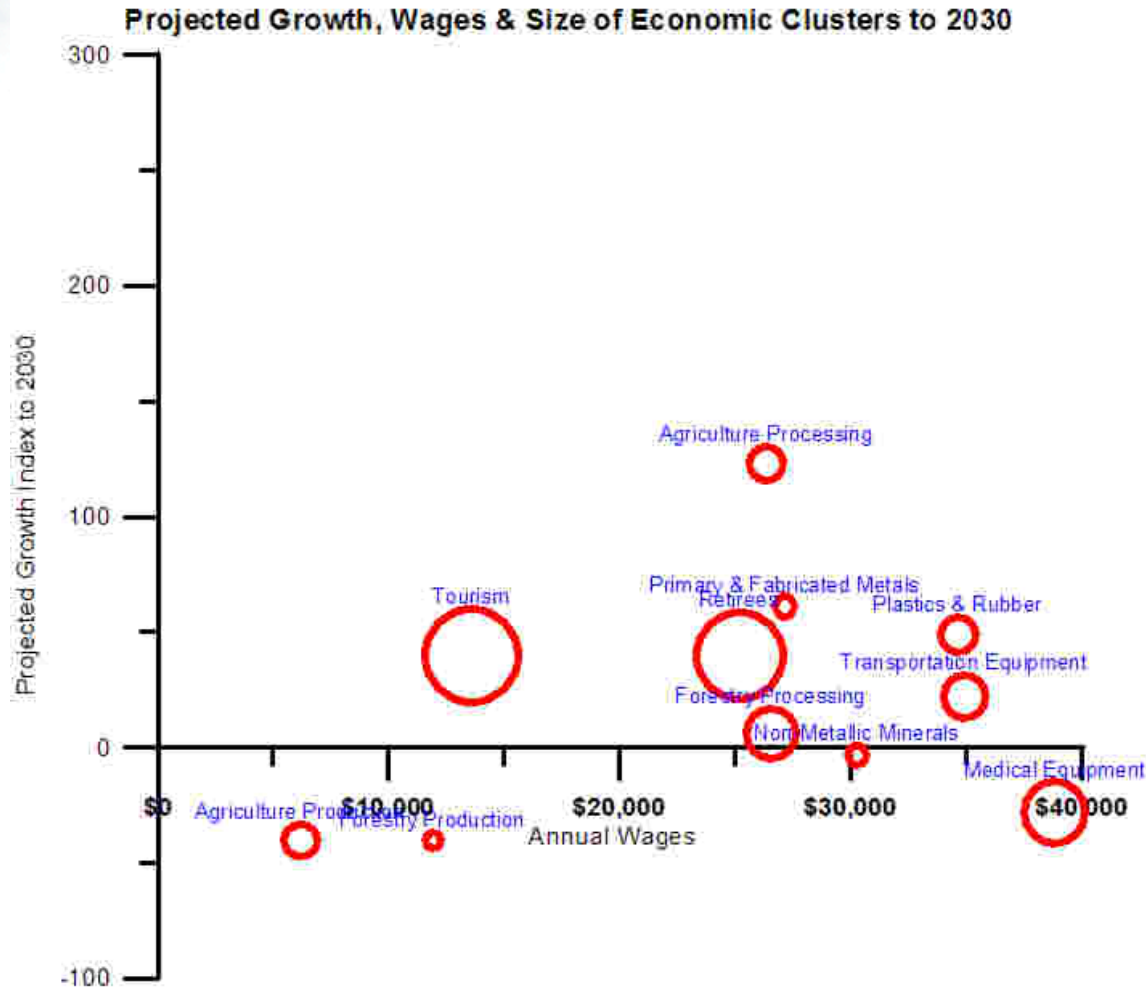


Economic Clusters with Growth Potential

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- Manufacturing Clusters
 - Plastics & Rubber
 - Transportation Equipment
 - Primary & Fabricated Metal
- Service Sector Cluster
 - Health Care Services

Projected Growth of Clusters



Economic Clusters

NAICS	NCARED Clusters	Jobs
Agricultural Products		
311119	Other animal food	5
311211	Flour milling	8
311133	Confectionery from purchased cheese	14
31141	Frozen food	682
311514	Dry, condensed, & evaporated dairy products	8
311611	Animal, except poultry, slaughtering	10
311811	Bread & bakery products	25
31211	Soft drink and ice	3
Forest Products		
321113	Sawmills	193
321114	Wood preservation	81
321213	Engineered wood member and trusses	8
321912	Cut stock, resawing lumber, and planing	234
321918	Other millwork, including flooring	423
32192	Wood container and pallets	73
321999	Miscellaneous wood products	32
33711	Wood kitchen cabinet and countertops	21
337122	Nonupholstered wood household furniture	21
337127	Institutional furniture	58
337215	Showcases, partitions, shelving, & lockers	88

Economic Clusters

Frozen Food Industry Purchases 2003

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* = Million \$

NAICS Code	Industry	Inputs per \$ of Sales	Gross Inputs*	RPC	Regional Inputs per \$1 Sales	Regional Inputs*
11113	Grain farming	0.002593	0.43	0.01	0.000022	0.00
1112	Vegetable and melon farming	0.056766	9.41	0.06	0.003673	0.61
11131	Fruit farming	0.049865	8.26	0.12	0.006021	1.00
11194	All other crop farming	0.000590	0.10	0.97	0.000572	0.09
1123	Poultry and egg production	0.006935	1.15	1.00	0.006914	1.15
211	Oil and gas extraction	0.000087	0.01	0.05	0.000005	0.00
2121	Coal mining	0.000403	0.07	0.00	0.000000	0.00
2211	Power generation and supply	0.014800	2.45	0.60	0.008944	1.48
2212	Natural gas distribution	0.008088	1.34	0.44	0.003534	0.59
2213	Water- sewage and other systems	0.000051	0.01	1.00	0.000051	0.01
23	Maintenance & repair of buildings	0.002214	0.37	0.84	0.001852	0.31
311211	Flour milling	0.009631	1.60	0.01	0.000126	0.02
311212	Rice milling	0.000372	0.06	0.00	0.000000	0.00
311221	Wet corn milling	0.000986	0.16	0.00	0.000000	0.00
311222	Soybean processing	0.000970	0.16	0.00	0.000000	0.00
311223	Other oilseed processing	0.003246	0.54	0.00	0.000000	0.00



Amenity Based Cluster

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- Tourism - Retiree Attraction – Telecommuters
 - Add value – create cultural experiences & unique regional products
 - Excellent infrastructure & good quality of life
 - Must maintain & enhance scenic beauty, lakes, rivers & ambiance



Natural Resources Based Clusters


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- Agriculture – Forestry
 - New products & services (Add value – brand products – organic – grass fed – Amish crafted)
 - Frozen food industry
- Natural Gas
 - Capture benefits
 - Minimize costs



Add Value to Natural Resources

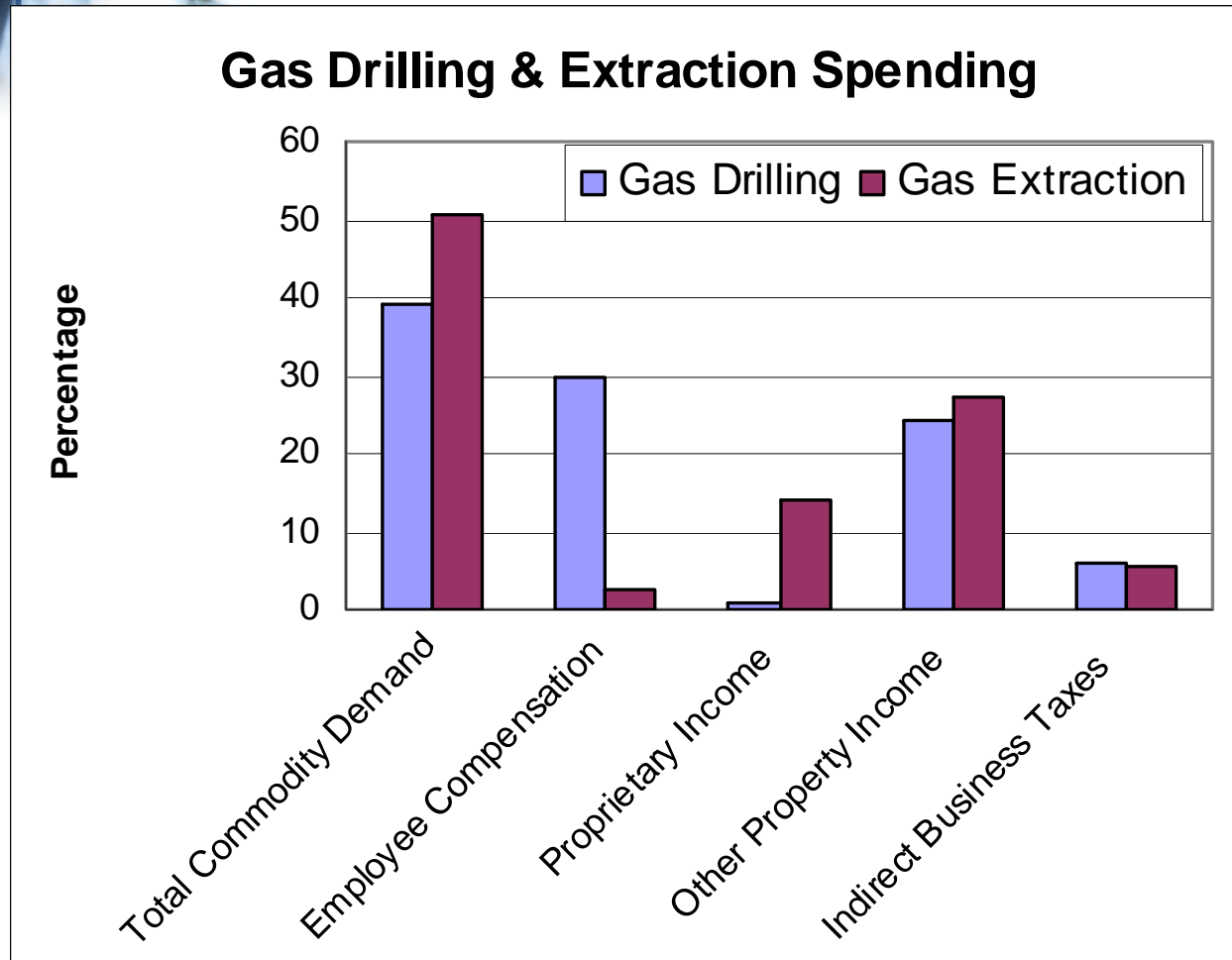
- Develop recreation opportunities around water bodies and other natural resources
- Encourage farmers to increase productivity of land by pasture improvement, optimizing inputs for land potential, improved genetics of livestock, etc.
- Promote forest management and stewardship
- Improve water quality (e.g., fencing livestock out of streams) to promote fisheries and associated tourism
- Develop quail habitat to promote tourism
- Educate citizens about the economic value of conserving natural resources
- Promote natural resource based tourism



Add Value To Raw Products

- Promote entrepreneurial businesses to process raw agricultural and forestry products into value-added products.
 - Produce specialty meat products (e.g., European-type sausages) and develop markets with high end restaurants in Little Rock and Northwest Arkansas
 - Expand wood products manufacturing (e.g., furniture parts)
 - Shift to branded livestock (e.g., certified angus)
 - Further process organic products already produced in the region
 - Create a tourism website of organic products and artisans with maps, hours and weekend trip itineraries aimed at nearby metropolitan areas
 - Market the region's value-added products through joint ventures, collaboration, branding, etc.

Gas Drilling & Extraction





Manufacturing Clusters

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- Plastics & Rubber
- Transportation Equipment
- Primary & Fabricated Metals



Increase Labor Productivity

- Encourage improved supply chain management
 - Reduce the costs of inputs by developing local suppliers
 - Increase collaboration/joint ventures
 - Share real-time information with suppliers
- Support investment in labor-saving technology to manage information and production processes
- Support industry-specific worker training to improve skills/efficiency
- Increase the local supply of well-prepared workers through improved education at all levels
- Encourage high-achieving students to obtain degrees needed by local manufacturers and processors (e.g., scholarships)
- Provide incentives for local high-achieving college students to return home (e.g., internships/externships/co-ops)



Strengthen Industry Clusters

- Encourage/support expansion of industry clusters vertically and horizontally
- Help integrate supply chains focusing on existing clusters
- Provide industry-specific workforce development
- Attract high-tech investment related to industry clusters
- Support entrepreneurs and joint ventures to create new economy spin-offs (back office operations, call centers, etc.) to support industry clusters



Service Sector Cluster

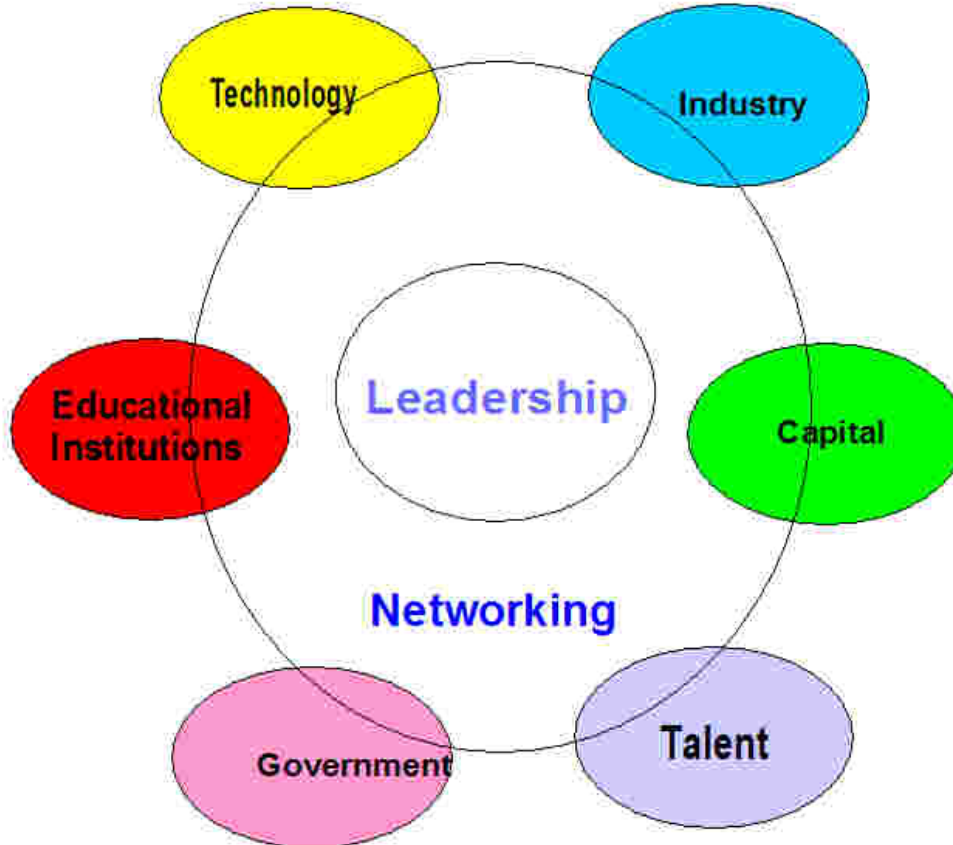
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- Health Care Services
 - Positioned to take advantage of regional growth
 - Critical for amenity based development



Collaboration / Cooperation

Collaboration for Economic Cluster





Section III

Develop Capacity



Retain, Develop & Attract Talent

- Support existing & future leaders
 - Recognition & support
 - Leadership programs for young professionals & youth

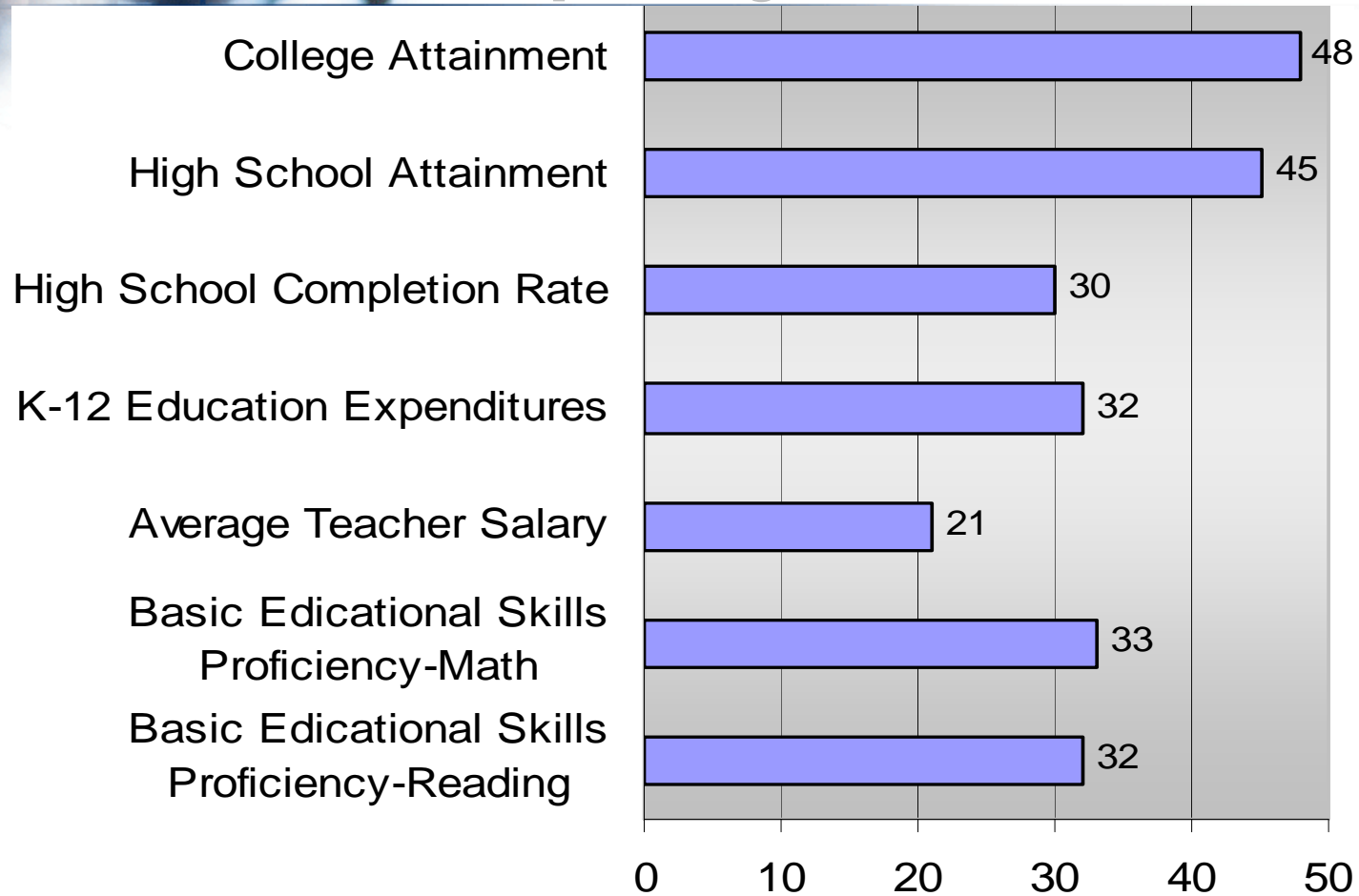
- Improve education & workforce skills
 - Workforce skills – Community Colleges
 - Establish working groups to determine training & educational needs
 - Strengthen linkages between schools and businesses



Retain, Develop & Attract Talent

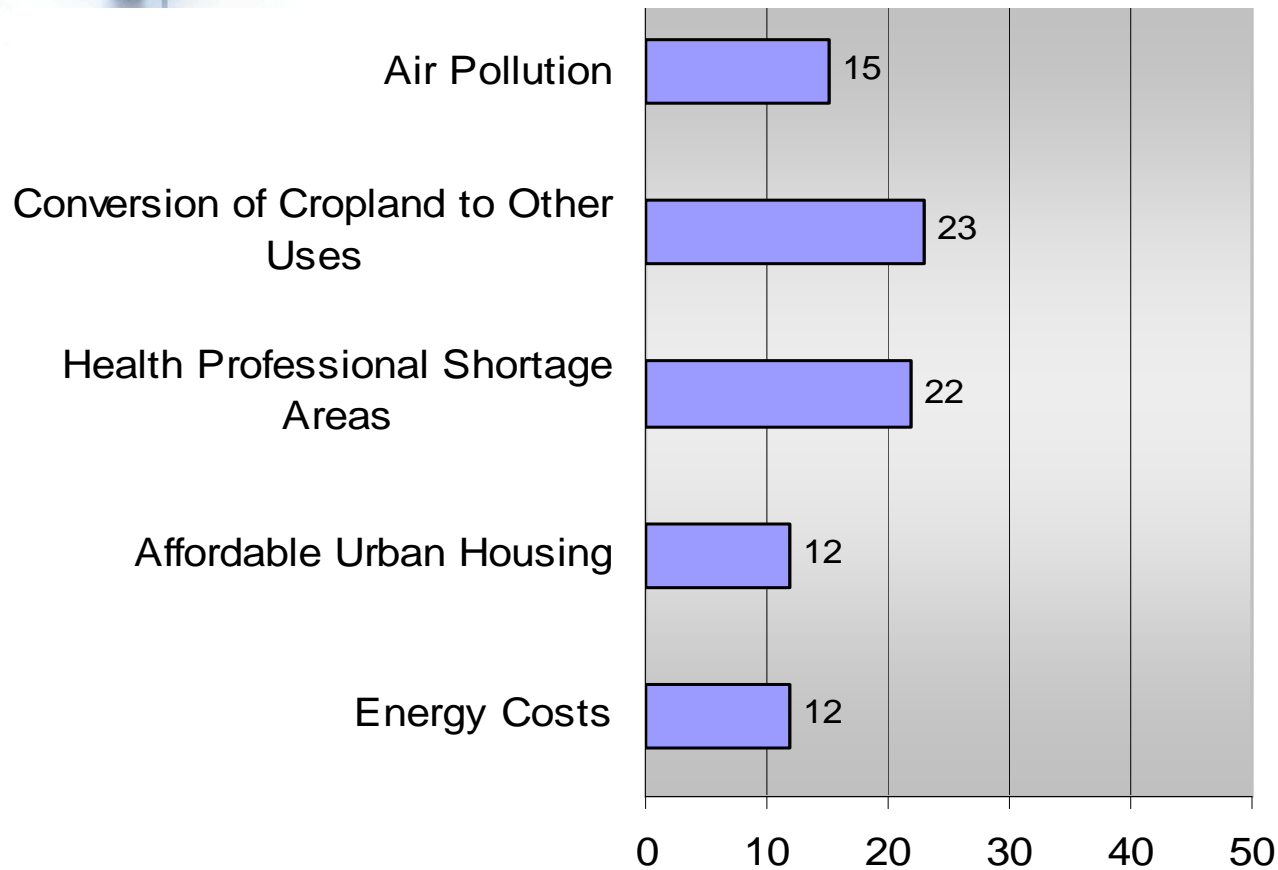
- Recruit talent for a creative economy
 - Attract youthful retirees to help develop a creative economy
 - Market the quality of life and entrepreneurial environment to talented & experienced former residents
 - Recruit telecommuters who think outside the box

Arkansas Human Resource Capacity Index



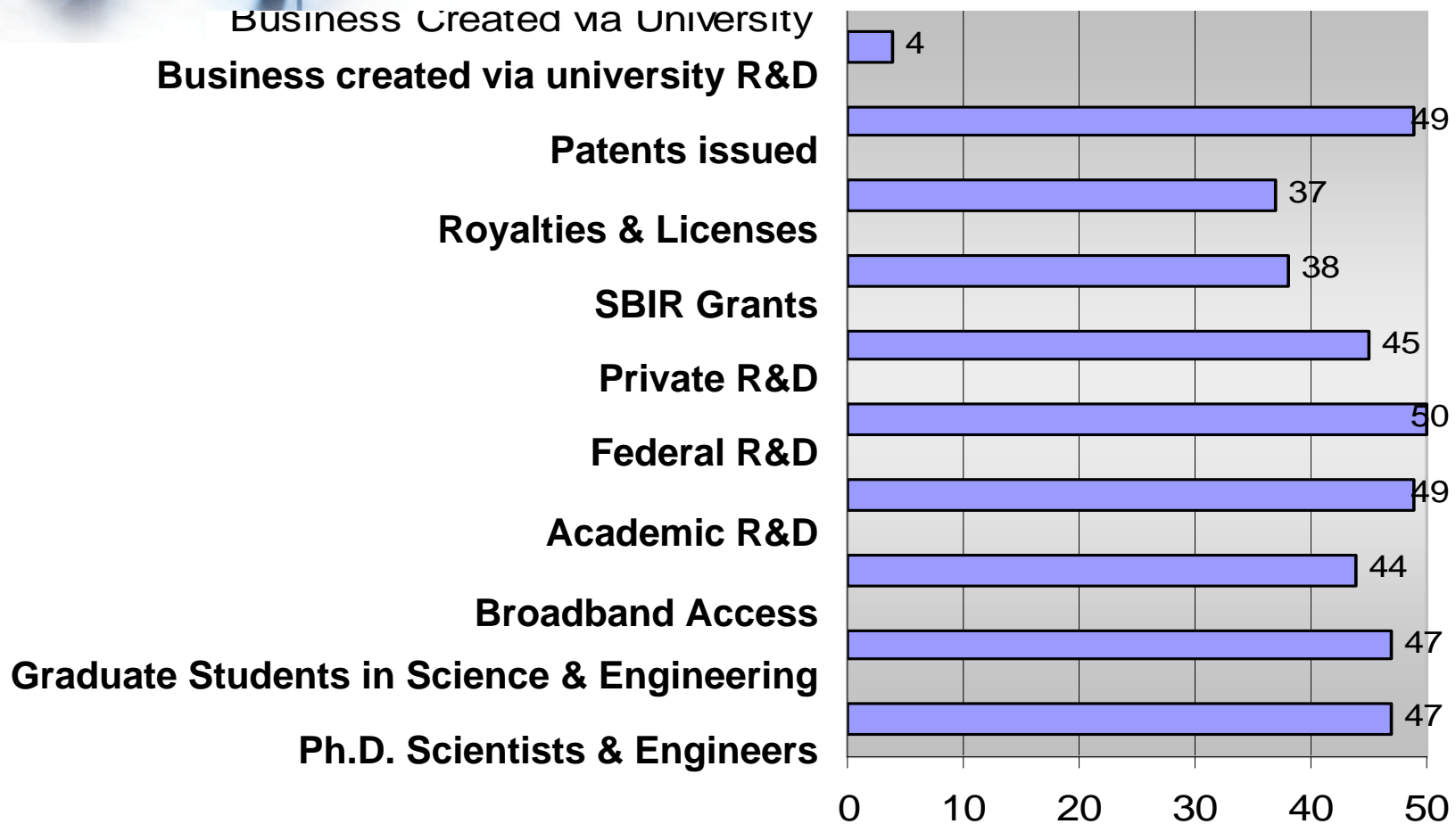
Source: CFED

Arkansas Amenity and Natural Capital Capacity Index



Source: CFED

Arkansas Innovation Assets Capacity Index



Source: CFED



R&D Investment Guidelines

- **Regional & statewide research & innovation strategy**
- **Make investment to gain talent**
- **Encourage (mandate) collaboration**
- **Put world-class professionals, not political pals, in key positions**
- **Create an organization & funding source that R&D partnering**
- **Hold investments of public investments accountable**

Source: Innovation America: Investing in Innovation, National Governors Association and The Pew Center on States.



Section IV

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Economic Development Strategies



Build On Strengths

- Economic Clusters
- Economic diversity within region
- Labor market integration
- Growing regional identity
- Growing commitment to cooperate across region



Priority Economic Development Strategies

- Increase Productivity & Value Added
- Retain, Develop & Attract Talent
- Provide Infrastructure to Support Development



Strengthen Capacity

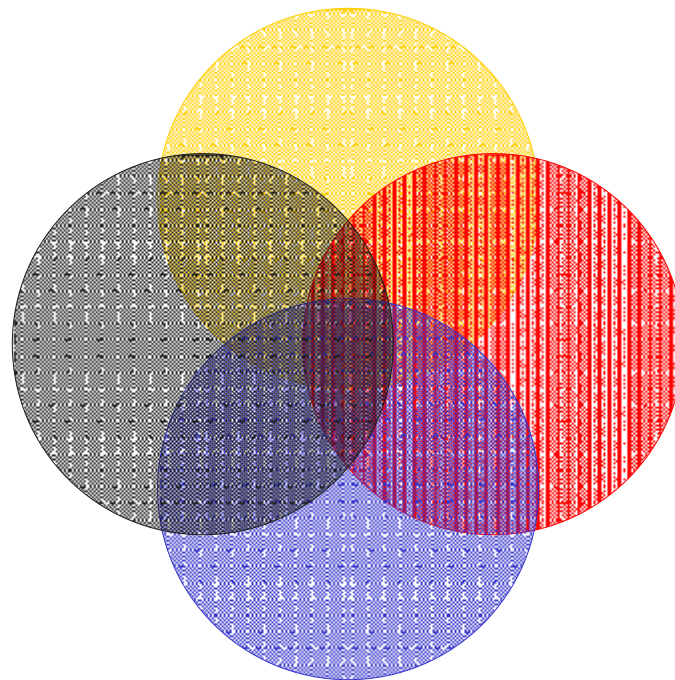
- Amenities
 - Access/quality health care
 - Affordable housing
 - Recreational & cultural opportunities
- Traditional Infrastructure
 - Roads/rail access/airport
 - Rural transportation
 - Broadband Internet access
- Finance
 - Equity investors for all stages of entrepreneurial development
 - Access to loans for small business development

Collaboration, Cooperation & Joint Ventures


Business/Industry

Finance/Services

Local Government



Education At All Levels



“Innovation is probably the single biggest factor determining who succeeds and who fails anywhere in the world.”

—Nick Donofrio, IBM Corporation, Global Innovation Outlook, 2007

The Future is yours to shape!