
Image: FloorTek

REGIONAL DATA AND CLUSTER DEVELOPMENT BEST PRACTICES *for* NORTHWEST GEORGIA'S FLOORCOVERING CLUSTER

NWGRC Council Meeting

January 16, 2014


Image: www.mmn.com


Image: Shaw Industries


Image: Kathy Lohr/NPR

Georgia Tech Enterprise Innovation Institute

NWGRC NORTHWEST GEORGIA REGIONAL COMMISSION *A Region With A Bright Future*

Georgia Tech Enterprise Innovation Institute ***with*** The Northwest Georgia Regional Commission

Overview

- What is Investing in Manufacturing Communities Partnership (IMCP)?
- The Strategic Planning Process
- Data Snapshot
  - Manufacturing job and wage growth (US, SE, and region)
  - Floorcovering Labor Force Characteristics
  - Manufacturing and Industry Outlook
- Best Practice Examples in Cluster Development
  - Northwest Ohio Building Integrated Photovoltaics
  - Oshkosh Wisconsin Aviation Park
  - Clemson University – International Center for Automotive Research (CU-ICAR)

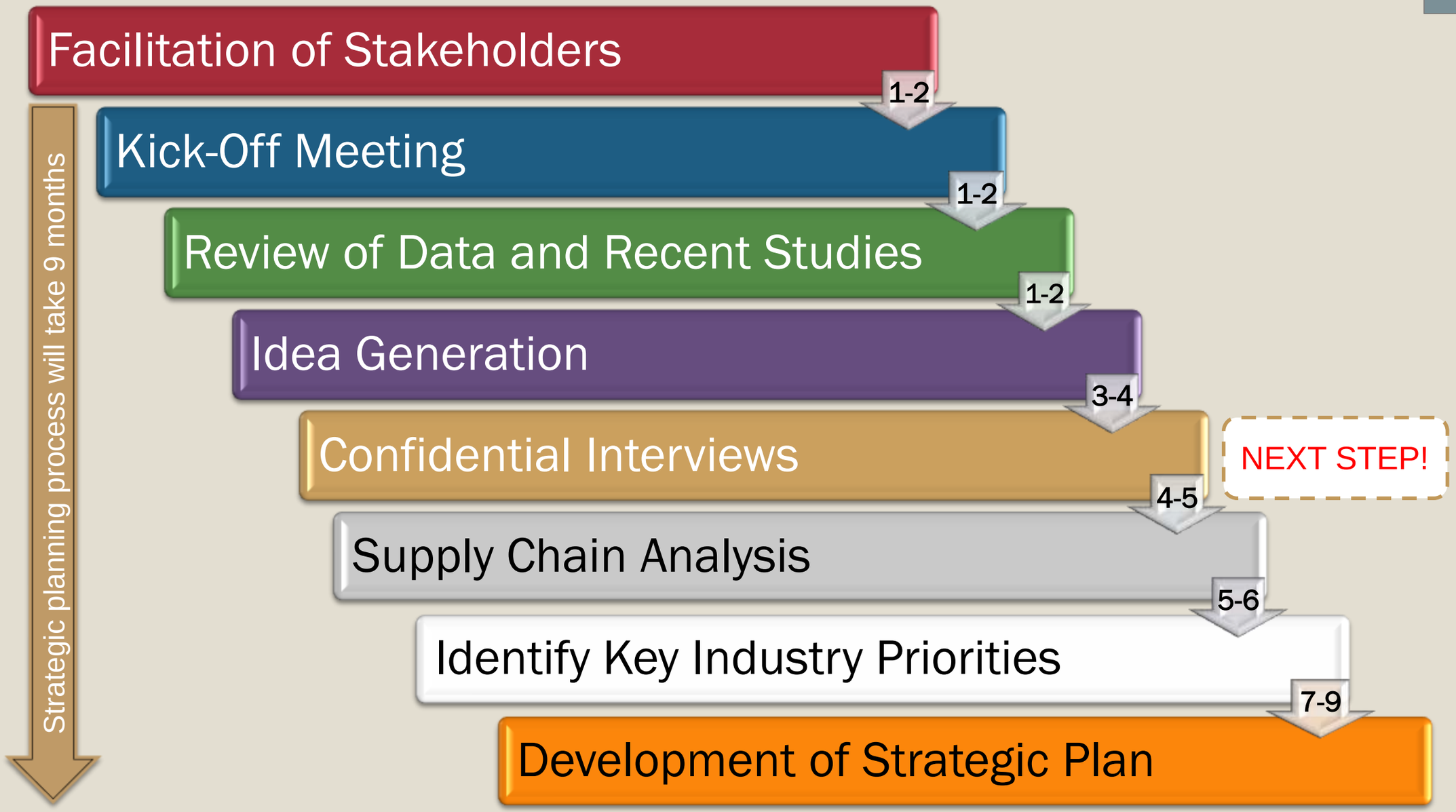
IMCP Project Background

- **Partnership:** NWGRC + Georgia Tech Enterprise Innovation Institute (EI^2)
  - ***EI^2 is Georgia Tech's primary business outreach organization,*** *and provides a comprehensive program of assistance to industry, entrepreneurs, and economic development organizations throughout Georgia.*
- **Outcome:** Advanced Manufacturing Strategic Plan and coordinate regional strategies
- **Key Contacts:** Brian Anderson, President & CEO of the Greater Dalton Chamber of Commerce, David Howerin and Julie Meadows (NWGRC), and Leigh Hopkins (EI^2)
- **Kick off Meeting:** November 2013, held at the Dalton Chamber with representatives from education, local government, and industry
- **Idea Generation:** January 2014, held at the Calhoun Depot to gauge interest in the project and obtain ideas for the future of the industry

IMCP Project Summary

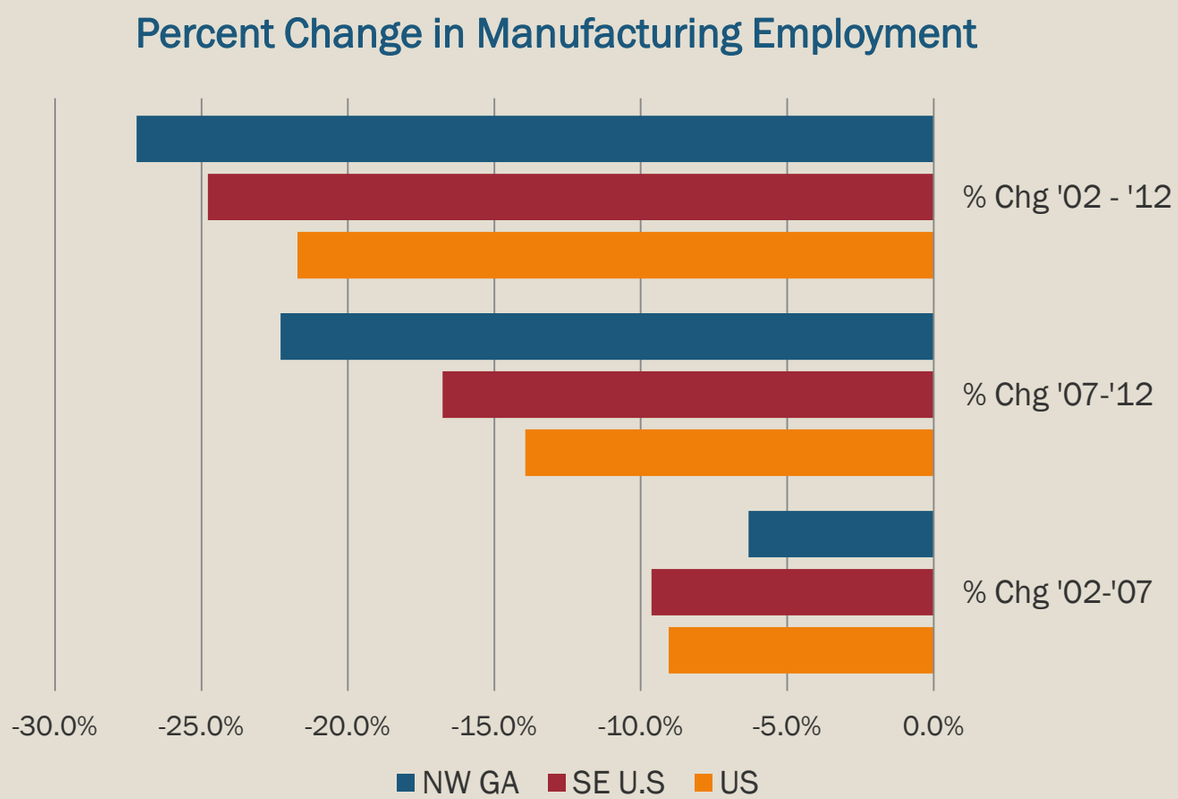
- **Q. What is the Investing in Manufacturing Communities Partnership (IMCP) program?**
- **A.** A new Administration-wide initiative designed to accelerate the resurgence of manufacturing in the U.S. in support of the Administration's "Open for Business" agenda.
- **Key Points:**
  - One of 26 commerce awards made across the country
  - Goal to create an Advanced Manufacturing Strategic Plan for the floorcovering industry
  - End product should apply to other advanced manufacturing industries
  - Currently in Phase 1, the assessment phase. Phase 2 "Manufacturing Community" designation.
  - Looking for plans that incorporate:
    - ✓ *Workforce and training;*
    - ✓ *Advanced research;*
    - ✓ *Infrastructure and site development;*
    - ✓ *Supply chain support;*
    - ✓ *Export promotion;*
    - ✓ *Access to capital*

Strategic Plan Timeline



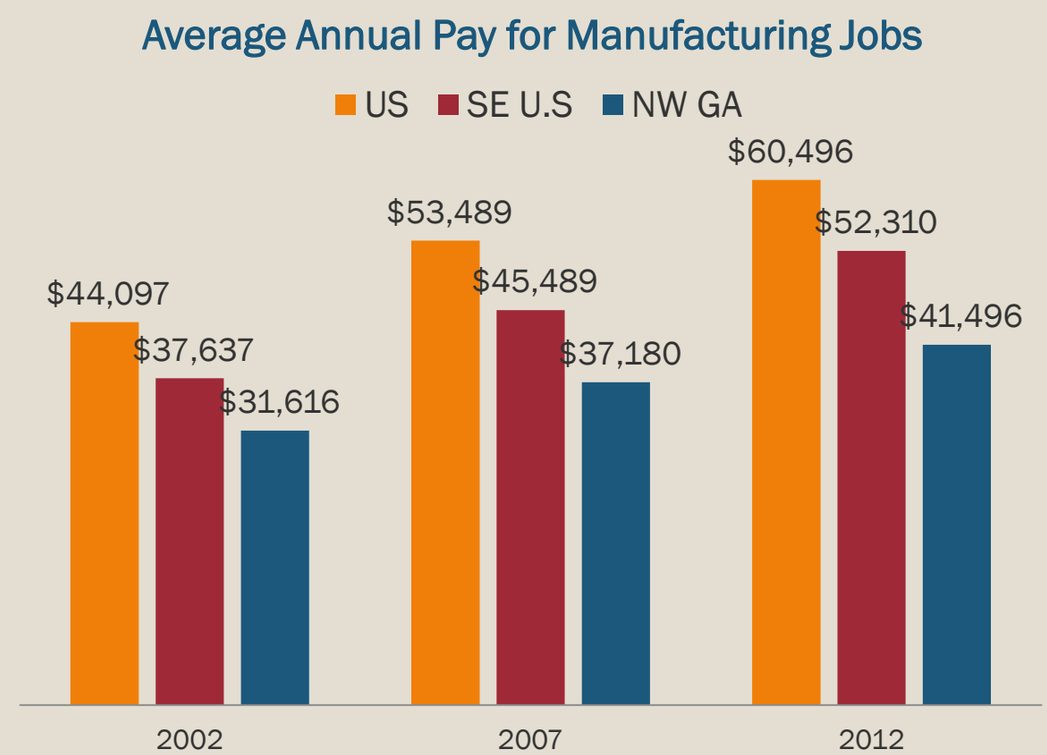
Regional Economic Data

Manufacturing Labor Force Characteristics



Source: Quarterly Census of Employment & Wages, BLS and Ga DOL

Average annual manufacturing pay in Northwest Georgia is 79% of the Southeast average and 69% of the U.S. average

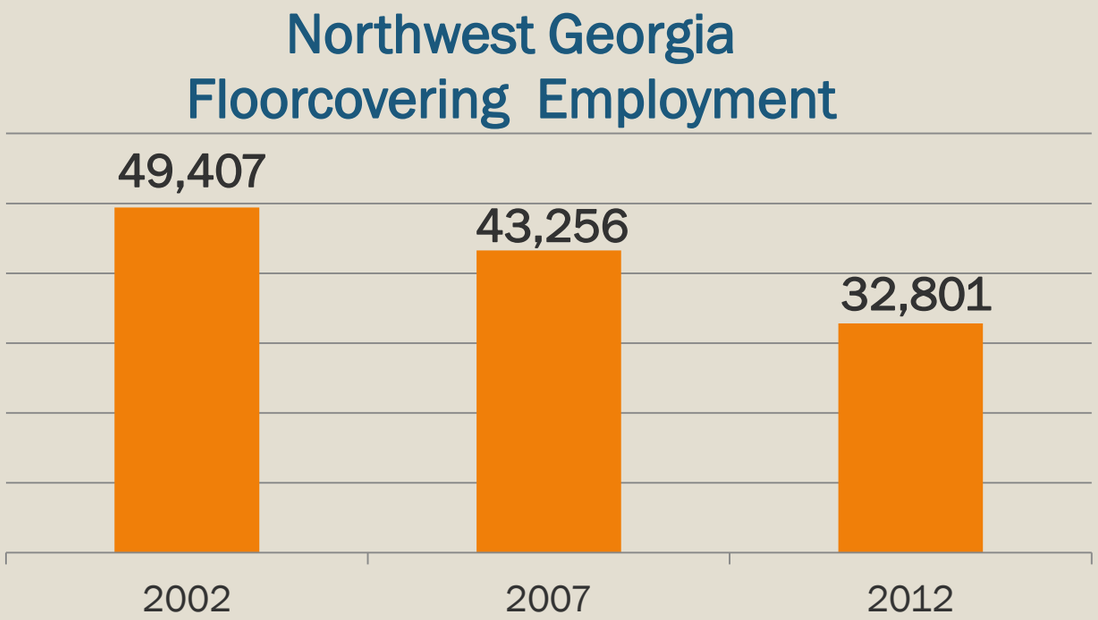


Source: Quarterly Census of Employment & Wages, BLS and Ga DOL

Floorcovering is 13.6% of total employment in Northwest Georgia (2012)

Regional Economic Data

Floorcovering Labor Force Characteristics



- **Employment**
  - *2002 to 2007*: **-12.4%**
  - *2007 to 2012*: **- 24.2%**
  - *2002 to 2012*: **-33.6%**
- Wages rising, but still lower than the U.S. average (81% of $47,763)

*For purposes of this project, **"floorcovering"** is carpet and rug, resilient, wood, ceramic, and floor tile manufacturing.*

Regional Economic Data

Floorcovering Labor Force Characteristics

NAICS	NAICS Title	Georgia	United States
31311	Fiber, Yarn, and Thread Mills	4.8%	-3.4%
	Narrow Fabric Mills and Schiffli Machine		
31322	Embroidery	20.0%	8.4%
31323	Nonwoven Fabric Mills	409.3%	2.7%
31331	Textile and Fabric Finishing Mills	1.3%	-8.2%
33999	All Other Miscellaneous Manufacturing	22.7%	4.9%

Georgia's Floorcovering Cluster:
Industries with Higher Growth in Employment than the U.S.
2010 - 2012

Regional Economic Data

Manufacturing Advantage of NW Georgia

NAICS	NAICS Title	Employment	LQ
31311	Fiber, Yarn, and Thread Mills	4,963	81.1
31321	Broadwoven Fabric Mills	2,528	40.6
31322	Narrow Fabric Mills and Schiffli Machine Embroidery	ND	1.4
31323	Nonwoven Fabric Mills	219	8.5
31331	Textile and Fabric Finishing Mills	1,099	18.8
31411	Carpet and Rug Mills	20,448	298.7
31499	All Other Textile Product Mills	372	4.4
32191	Millwork	280	1.5
32522	Artificial and Synthetic Fibers and Filaments Manufacturing	451	8.0
32619	Other Plastics Product Manufacturing	1,664	2.7
32712	Clay Building Material and Refractories Manufacturing	155	2.9
33324	Industrial Machinery Manufacturing	425	1.9
33999	All Other Miscellaneous Manufacturing	173	0.7
Total Floorcovering Employment		32,801	18.8
Total Northwest GA Employment		240,574	

Regional Economic Data

Positioned for Growth…

Industry Opportunities

- Significant industry investment in 2013*
  - *Statewide: 3,800 jobs and $885M investment*
  - *Regional Share: 3,120 jobs and $680M investment (82% jobs and 77% of total state investment)*
- Manufacturing to add 4,100 jobs in Georgia in 2014*
- New tax incentives: Manufacturing Machinery, Energy Used in Manufacturing, Closing Fund
- Single family home starts projected to increase by 36% in 2014

Potential Threats

- Modest increases could take 50 years to get back to pre-recession job levels
- Increase in mortgage rates could slow housing market, consumer confidence levels
- Skills mismatch with return of advanced manufacturing to Georgia

** Source: Georgia Department of Economic Development, Center of Innovation for Manufacturing. Jobs projected over time.*

Best Practices in Cluster Development

Northwest Ohio | PVIC | Photovoltaics Cluster

What is PVIC?

- **Science and technology platform** using PV materials for clean energy generation
- **Collaboration** between three Ohio universities, developed between University of Toledo and First Solar (formerly Solar Cells)
- Grew out of glass and polymer manufacturing, with support and funding from the State of Ohio

Funding:

- **State investment** in the PV sector dates back to the late 1980s
- **Continued support:** Between 2003 and 2008, Ohio Third Frontier (OTF) invested $39.3 million in Ohio's PV research base and in Ohio companies
- $18.6 million grant in 2007 to create the **Center for Photovoltaics Innovation and Commercialization (PVIC)**

Results to Date:

- Cluster has **25 core companies**, employing over 3,200 (as of 2008)
- **Economic benefits** for Ohio:
  - *$29.7 million in industry, university and other cost share on OTF's investment*
  - *$30 million in follow-on investment*
  - *$18.7 million in Federal research grants*
  - *145 jobs, with average annual salaries of $55,350*

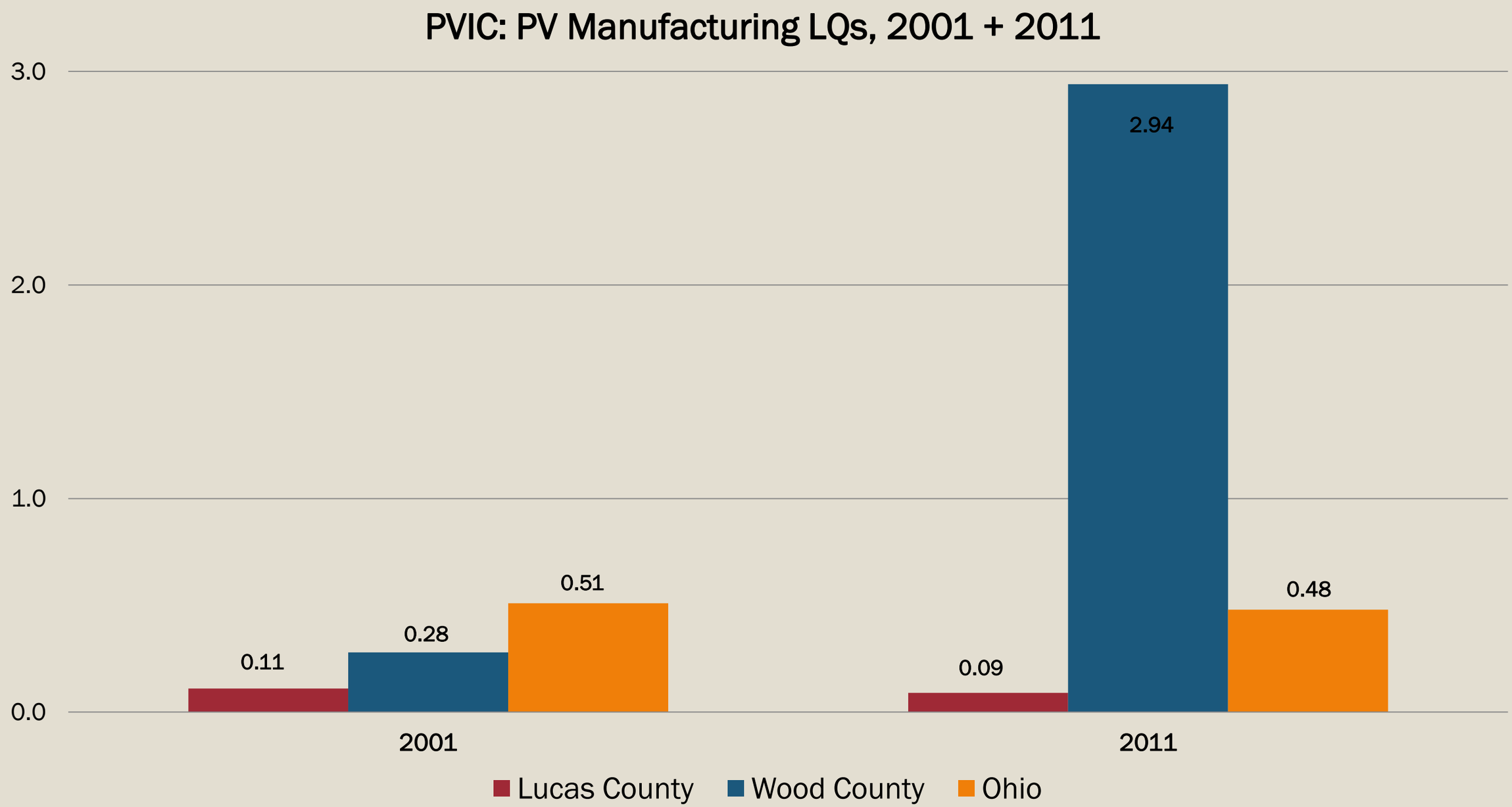

Image: First Solar


Image: First Solar


Image: Xunlight

Best Practices in Cluster Development

Comparative LQs



Best Practices in Cluster Development

Oshkosh, WI | Aviation Business Park | Aviation

Aviation + Aerospace in Wisconsin

- Experimental Aircraft Association (EAA) Aviation Center opened in 1983 in Oshkosh
- Aviation-related educational initiatives:
  - *Fox Valley Technical College offers **three degree programs***
  - *The University of Wisconsin Oshkosh **AeroInnovate** supports aviation-industry entrepreneurs*
- Transition the region from defense-related manufacturing to the **emerging aviation cluster**

Funding:

- EDA awarded **$2 million in public works funds** to the City of Oshkosh and Winnebago County WI, to construct road, water, and other critical infrastructure needed to develop the Aviation Business Park ($4.7M)

Results to Date:

- Wisconsin's **aerospace industry grew by 57%** while the U.S. decreased 6% (2001 – 2011)
- Wisconsin's annual EAA Airventure event brings in **500,000** aviation enthusiasts from over 60 countries
- Fox Valley Technical College has **100% placement** in aeronautic pilot training and airframe and powerplant mechanics programs; 83% placement in the aircraft electronics program
- Most of those graduates are **retained locally**

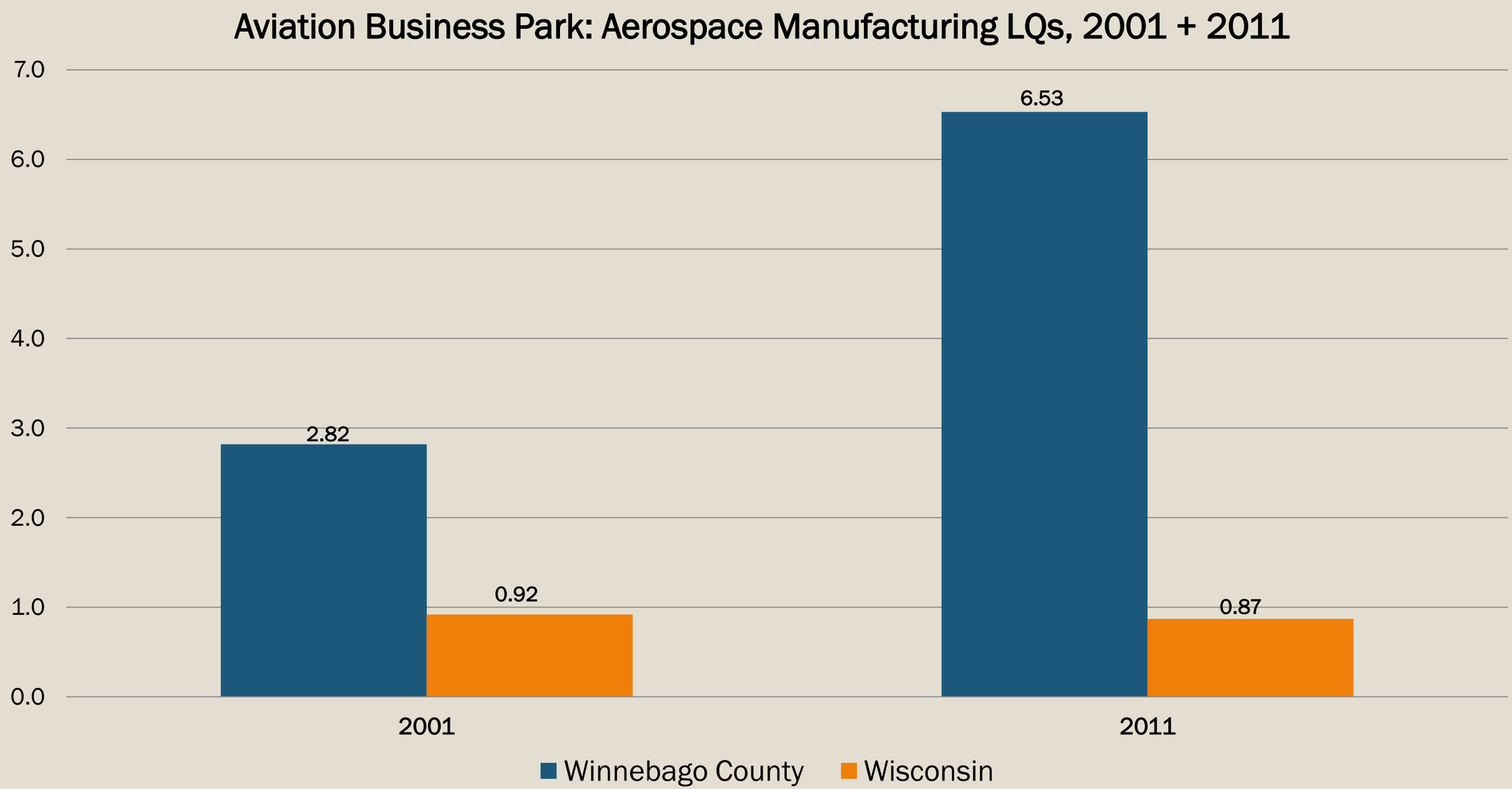

Image: www.airventure.org


Image: www.ftvc.edu


Image: www.ftvc.edu

Best Practices in Cluster Development

Comparative LQs



Best Practices in Cluster Development

Greenville, SC | CU-ICAR | Automotive Cluster

What is CU-ICAR?

- **250-acre advanced tech research campus** developed for the auto industry in Greenville-Spartanburg.
- Developed by **partnership between Clemson University and BMW**
- **Embedded labs** including the BMW Information Technology Research Center
- **19 on-site partners** in five buildings that comprise 760,000 constructed square feet.

Funding:

- **Initial funding:** $40 million through the South Carolina Department of Commerce, originating from BMW's tax credits for job creation and capital investment.
- **Further support:** $70 million from the SC Research University Infrastructure Bond Act; $10 million in matching funds from the state; four endowed chair positions; $250 million in public and private partnerships
- **NEW:** Center for Emerging Technologies (CET) funded in part by a $3 million grant from EDA

Results to Date:

- Over **$230 million** in public and private investments, created over 775 jobs, and generated thousands more jobs from CU-ICAR's partner companies and affiliates.
- Created **over 10,000 jobs** in the greater Greenville area.
- On the average **100% students** placed in related industry jobs, with 44% of graduates retained in SC.

Image: Adam Kaslikowski

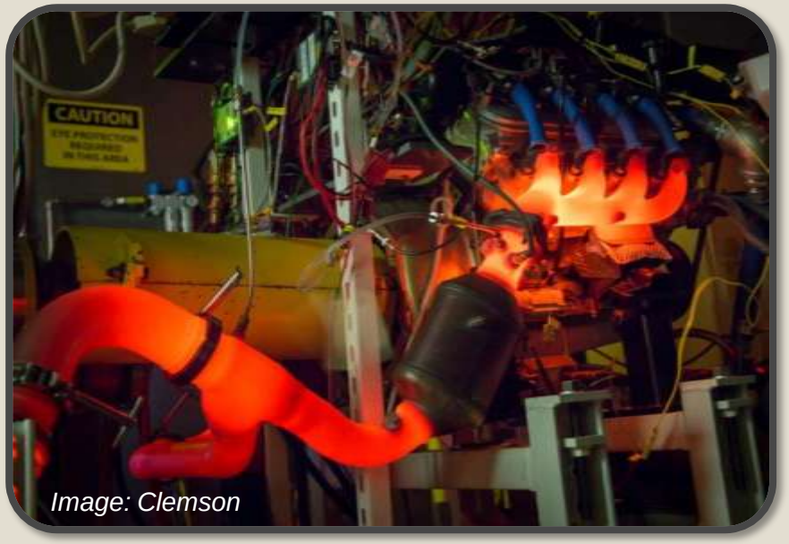
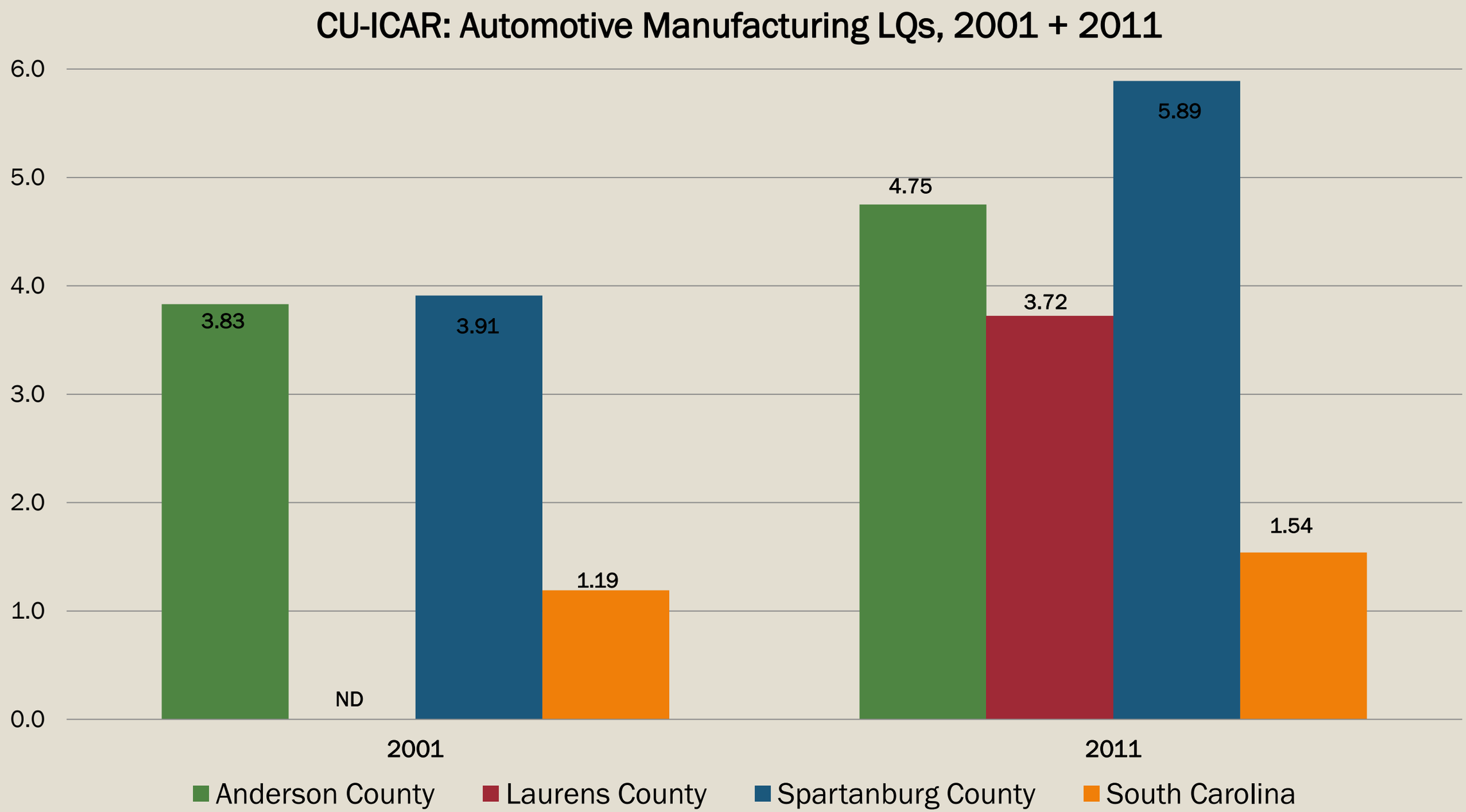


Image: Clemson


Image: BMW

Best Practices in Cluster Development

Comparative LQs



Lessons Learned?

Key Takeaways:

- The NWGA region has an **established advantage** in floorcovering
- All signs point to **growth in manufacturing and the industry**
- **Stagnant clusters** can be accelerated
- Best practices → *RESULTS!*

Best Practice Key Themes:

1. Collaboration between university/technical colleges and industry
2. Industry-specific degree programs
3. Co-location of equipment/R&D/entrepreneurs/growing companies
4. State support

Thank You!

Questions?

Leigh Hopkins, AICP

404-894-0933

leigh.hopkins@innovate.gatech.edu

Georgia Tech Enterprise Innovation Institute

NWGRC
NORTHWEST GEORGIA REGIONAL COMMISSION
A Region With A Bright Future

Next Steps:

- *Schedule stakeholder interviews (Feb. - March)*
- *Schedule state and regional partner interviews (March)*
- *Apply for "Manufacturing Community" designation (March)*
- *Develop strategic plan (April – May)*