

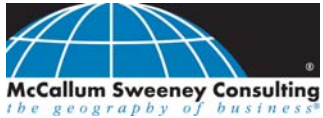


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CLUSTER MANAGEMENT STRATEGIES

**EXECUTIVE
SUMMARY:**

Opportunity Next: Building a Globally Competitive Economy for the Charleston Region
Charleston Regional Development Alliance



April 2011



C O N T E N T S

ACKNOWLEDGEMENTS
ABOUT THE PROJECT
TARGET AUDIENCES
STRATEGY



A C K N O W L E D G E M E N T S

ACKNOWLEDGEMENTS

The consulting team sincerely thanks the hundreds of individuals who participated in the creation of *Opportunity Next: Building a Globally Competitive Economy for the Charleston Region*. Over the course of the past eight months, more than 200 individuals have participated in focus groups and interviews, 133 area companies in a workforce survey, and 1,172 residents in an economic vision survey. Because of their energy, thought, and collaboration, the Charleston region now has a targeted cluster strategy that will outperform any previous economic development initiatives.

An Advisory Board consisting of 42 regional leaders and a Steering Committee of six regional leaders have served as the consulting team's sounding board since the beginning of the project. The Advisory Board and Steering Committee met on a regular basis to review the *Strategy's* development and to provide input. In addition, they participated in questionnaires and webinars between consultant visits. The Advisory Board and Steering Committee included:

Jim Hill, MWV Community Development & Land Management
Steering Committee Co-Chairman

Thom Penney, LS3P ASSOCIATES LTD.
Steering Committee Co-Chairman

Steering Committee Members

Ronnie Givens, Dixon Hughes PLLC

Wayne Hall, First Federal

Jim Hill, MWV Community Development & Land Management

Bill Mahoney, South Carolina Research Authority

Thom Penney, LS3P ASSOCIATES LTD.

Anita Zucker, The InterTech Group

ACKNOWLEDGEMENTS

Advisory Board Members

Ernest Andrade, Charleston Digital Corridor
Dana Beach, Coastal Conservation League
Sean Bennett, Asset Integration Consultants, CRDA Board Chair
Rita Berry, Greater Summerville / Dorchester County Chamber of Commerce
James Bryan, SCANA Corporation
Frank Bullard, BB&T
Dan Davis, Berkeley County Council
David Dunlap, Roper St. Francis Healthcare
Jamie Feltner, Dorchester County Council
George Fletcher, New Carolina / SC Council on Competitiveness
Mark Gaddy, Berkeley Electric Cooperative
Todd Gallati, Trident Health System
Mary Graham, Charleston Metro Chamber of Commerce
Helen Hill, Charleston Area Convention & Visitors Bureau
Kin Hill, Charleston Water System
Chip Hood, MUSC Foundation for Research Development
Grady Johnson, SC Biz News, LLC
Dr. John Kelly, Clemson University Restoration Institute
Chris Kerrigan, Trident United Way
Larry Lautenschlager, Robert Bosch, LLC
Art Pruett, South Carolina State Ports Authority
Allison Cox McCutcheon, Obviouslee Marketing / Charleston Young Professionals
Joe McDonald, Belimed USA
Otha Meadows, Charleston Trident Urban League

Beth Meredith, Lockheed Martin
Clay Middleton, Office of Congressman James E. Clyburn (SC-6)
Chris Miller, Space and Naval Warfare Systems Center Atlantic (SPAWAR)
Jack Mitchell, AT&T
Ron Mitchum, BCD Council of Governments
Elaine Morgan, Berkeley County Chamber of Commerce
Robert Prioleau, Blue Ion, LLC / Parliament
Teddie Pryor, Charleston County Council
David Ramey, LS3P ASSOCIATES LTD. / Education Foundation
Travis Rockey, Evening Post Publishing Company
R.M. Singletary, Santee Cooper
Jeff Spicer, Wachovia Bank, N.A. - a Wells Fargo Company
Sue Stevens, Charleston County Aviation Authority
George Stevens, Coastal Community Foundation
Dr. Mary Thornley, Trident Technical College
Ken Tucker, The Boeing Company
Charles Van Rysselberge, Charleston Metro Chamber of Commerce
Art Titus, Scientific Research Corporation
Jeremy Willits, Grubb & Ellis / WRS

In addition to meeting with the Advisory Board, the consulting team met with representatives from numerous regional organizations across the private, education, and public sectors, including:

ACKNOWLEDGEMENTS

AAI Services
Advanced Technology International
Ameresco
ArborGen, LLC
BAE Systems
Barling Bay, LLC
Belimed USA
Benefitfocus
Berchtold
Berkeley Charleston Dorchester Council of Government
Berkeley County Chamber of Commerce
Blackbaud Inc.
Blue Ion, LLC
The Boeing Company
Booz Allen Hamilton
Bushy Park Industrial Complex
Carolina-Pacific, LLC
Charleston Area Convention and Visitors Bureau
Charleston County
Charleston County Aviation Authority
Charleston County School District
Charleston Digital Corridor
Charleston Metro Chamber of Commerce
Charleston Naval Complex Redevelopment Authority (RDA)
Charleston Promise Neighborhood
Charleston Regional Business Journal
Charleston Trident Urban League (CTUL)
Charleston Young Professionals
Childress Klein Properties
City of Charleston
City of Goose Creek

City of North Charleston
Clemson School of Architecture
Clemson University Restoration Institute (CURI)
Coastal Conservation League
Cognetix Marketing & Design
College of Charleston
Daimler/Sprinter Vans
Eaton
Evening Post Publishing Co.
FirstString Research, Inc.
Force Protection
Fuzzco
GE Energy
Go To Team
Hedge Fund Focus Group
Hill-Rom
Hillwood Investment Properties
Hollings Marine Laboratory/Marine Genomics Center of Economic Excellence
Immunologix
IMR Test Labs
Jack Cook Consulting
Johnson Development Associates
Joint Base Charleston
Leatherwood Electronics & Manufacturing, Inc.
Lockheed Martin
Lowcountry Alliance for Model Communities (LAMC)
Lowcountry Graduate Center
Lowcountry Local First

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Medical University of South Carolina
Mediterranean Shipping Company
Modus21
MTCSC, Inc.
MUSC Foundation for Research Development
MUSC Foundation/ Horizon Project
Nanoscreen, LLC
New Carolina Nuclear Cluster Champion
Obviouslee Marketing
Parker Hannifin
Pattillo Industrial Real Estate
PeopleMatter
readySC
Robert Bosch, LLC
Roper St. Francis Healthcare
Sabal Medical
SAIC Inc.
Santee Cooper
Savannah River Lab
SCANA Corporation
Scientific Research Corporation

SKF Specialty Bearing
Social Wine Bar
South Carolina Research Authority (SCRA)
South Carolina State Ports Authority
Space and Naval Warfare Systems Command (SPAWAR)
Strategic Marketing & Charleston PR
Surfagen Inc.
The Art Institute of Charleston
The Beach Company
The Citadel
The Education Foundation
The Greater Summerville/Dorchester County Chamber of Commerce
The InterTech Group Inc.
Theater Charleston
Town of Mount Pleasant
Town of Summerville
Trident Health System
Trident Technical College
Trident United Way
Trumpf Medical Systems, Inc.
UEC Electronics
USDA Vegetable Lab
Venture Aerobearings
WareOnEarth Communications, Inc.

The consulting team spent one full day in each of the three counties in the region. During visits, the team met with business, public sector, and educational leaders who shared insight into the assets of their county. We thank Gene Butler, Director of Berkeley County Economic Development, Steve Dykes, Director of Economic Development for Charleston County, and Jon Baggett, Director of Dorchester County Economic Development, for their thoughtful assistance.

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Finally, the Charleston Regional Development Alliance staff was critical to this process. We give special thanks to **David Ginn, Steve Warner, Karen Kuchenbecker, Virginia Perry, and Angelyn Thomas** for their many hours of dedication and guidance to this *Strategy*.

Opportunity Next is made possible due to the generous support of economic development allies: **South Carolina Power Team, MeadWestvaco, First Federal, and SCANA Corporation.**

The consulting team included Amy Holloway and Chris Engle with Avalanche Consulting and Ed McCallum and Lindsey Meyers with McCallum Sweeney Consulting.

EXECUTIVE SUMMARY

About the Project

In July 2010, the Charleston Regional Development Alliance engaged Avalanche Consulting and McCallum Sweeney Consulting to facilitate the creation of the *Opportunity Next Strategy*, the three-county region's most comprehensive economic development initiative to date. The nine-month planning process included an in-depth competitive assessment of the region's strengths and challenges, identification of target audiences for the region's future economic and workforce development initiatives, detailed action plans for growing target companies in the region, and an organizational program of work.

The objective of the *Opportunity Next Strategy* is to launch a collaborative effort to supercharge the region's economy and to become an international hub for business and talent.



EXECUTIVE SUMMARY

PUBLIC PARTICIPATION

More than 1,400 residents of the three-county region were involved in the creation of the *Opportunity Next Strategy*. More than 200 individuals participated in focus groups and interviews, 133 area companies in a workforce survey, and 1,172 residents in a survey. A 42-member Advisory Board and six-member Steering Committee of regional stakeholders guided the process from beginning to end. The resulting Strategy is one that represents the vision of the entire region.

PROJECT SPONSORS

The consulting team would like to thank First Federal, MeadWestvaco, SCANA Corporation, and the South Carolina Power Team whose generous support made *Opportunity Next* possible.

EXECUTIVE SUMMARY

Target Audiences

Target audiences are the focus of this comprehensive initiative. Communities that concentrate economic development, workforce development, and community development activities around meeting the needs of a select set of target audiences are more competitive and sustain robust economies. Shot gun approaches to economic development, in which a community tries to be everything to every industry, are ineffective.

The consulting team recommends that the following four industry sectors serve as the Charleston region's targets for the next five years:

- Advanced Security & IT
- Aerospace
- Biomedical
- Wind Energy

Within each of the above vertical targets are a small handful of niche sectors which will become the primary focus of economic development activity.

The *Strategy* also recommends that the region adopt a set of competency targets.

Competency targets can consist of a unique technology, research capacity, workforce skill, or physical asset that supports numerous vertical industries. A multi-modal transportation network is one example, as it can serve any number of industries. Competencies may also be workforce-specific, such as skills in machining, IT, advanced materials or creative design. Nurturing regional competencies is the responsibility of the entire region. The Charleston region's are:

- Advanced Materials
- Drivetrain & Power Systems
- Software
- Creative Design
- Logistics

Charleston Regional Economic Development Targets

Vertical Industry Targets

	Advanced Security & IT	Aerospace	Biomedical	Wind Energy
Competency Targets				
Advanced Materials		✓	✓	✓
Drivetrain & Power Systems		✓		✓
Software	✓	✓	✓	✓
Creative Design	✓	✓	✓	✓
Logistics	✓	✓	✓	✓

EXECUTIVE SUMMARY

It is important to note that targeting does not prevent other industries from growing. Quite the opposite. The target clusters and competencies recommended here are those that will result in the highest return on investment for the region during the next five years. The growth of these sectors will generate heightened investment and wages that will circulate throughout the region, flowing through suppliers, retailers, other businesses, and households. The multiplier effect of those dollars will create a “rising tide” for the rest of the economy.

EXECUTIVE SUMMARY

Strategy

Economic development requires participation from the entire community. The most effective economic development initiatives in the country share the following traits:

- Cluster development balances new business recruitment, local business retention and expansion, and entrepreneurship.
- Community development, workforce development and economic development activities are aligned around a shared set of audiences. Stakeholders work in-step to ensure that the community is rich with competitive assets for those audiences.
- Regionalism is a priority. Local organizations set aside differences to build a strong, internationally competitive region.
- Top executives from the region's target clusters are engaged as advisors throughout an economic development initiative.

The recommendations contained in the *Opportunity Next Strategy* reflect these important principles.

REGIONAL PRIORITIES

Priority projects include activities that will lead to improved economic conditions across the entire region. Priorities for the Charleston region span topics of leadership, education, infrastructure, innovation, and marketing.

Leadership – To compete internationally, all organizations must act as a unified region with shared goals. Work together to communicate the region's targets and strategies with state officials. Involve the private sector in economic development to an unprecedented degree.

Workforce Development and Education – Engage workforce developers in an examination of the region's talent pipeline. Bridge gaps between target needs and current programming. Expand higher education offerings and continue to strengthen the quality of PreK-12 schools.

Infrastructure – The region's infrastructure impacts the health of the entire state's economy. The region must settle and move forward with rail decisions as soon as possible. Complete port expansion projects. Find funding to improve I-26 in anticipation of future growth. Complete the BCD-COG's regional land use plan.

EXECUTIVE SUMMARY

Entrepreneurship and Innovation – Create a Competitiveness Center that serves as the central station for regional research and intelligence. Develop a neighborhood of training, higher education, R&D and private industry on the Clemson University Restoration Institute campus. Merge aerospace and wind energy expertise on the site.

Marketing – Regional marketing will focus on international audiences in the years to come. Be prepared by starting with a public education campaign to build community pride, awareness of the region’s many assets and the public’s role in economic development. Develop a talent recruitment campaign that complements target cluster marketing. Increase coordination of tourism and economic development marketing activities.

TARGET RECOMMENDATIONS

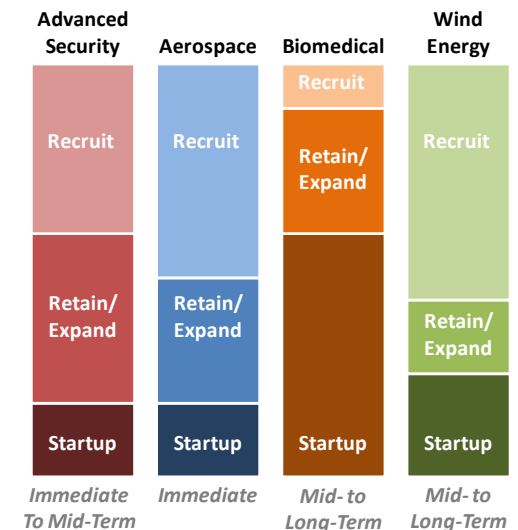
Economic development should balance business recruitment with retention/expansion and entrepreneurship. *Opportunity Next* will involve a unique balance of these activities for each target. Some targets, such as aerospace, represent an immediate recruitment and expansion opportunity. Others, such as biomedical, depend on entrepreneurial resources.

The following pages highlight the goals established for each cluster and competency target. The *Cluster Management Strategies* report provides the detailed recommendations and tactics associated with each.

Cluster Goals

Advanced Security & IT Goals

- The region attracts and retains military facilities.
- Defense contractor investment continues to increase in the region.
- The region contains a strong advanced security & IT talent pool.
- Advanced Security & IT strengths are well-connected to other industry clusters.



EXECUTIVE SUMMARY

Aerospace Goals

- Regional and state leadership is rallied in support of the aerospace cluster.
- Aerospace investment continues to increase in the region.
- The region contains a strong aerospace talent pool.
- Aerospace strengths are well-connected to other industry clusters.

Biomedical Cluster Goals

- The region has a coordinated, active biomedical initiative.
- Conditions for biomedical entrepreneurship and commercialization rival top-tier biomedical regions.
- The region is recognized as a national and international destination for biomedical companies.

Wind Energy Cluster Goals

- A neighborhood of training, higher education, R&D, and private industry is developed on the Clemson University Restoration Institute (CURI) campus.
- South Carolina adopts competitive renewable energy policies.
- Wind energy investment increases in the region.
- The region has a strong wind energy talent pool.
- Wind energy strengths are well-connected to other industry clusters.

EXECUTIVE SUMMARY

Competency Goals

Advanced Materials Competency Goals

- The region is home to extensive advanced materials expertise.
- Advanced materials investment increases in the region.

Creative Design Competency Goals

- The region increases resources dedicated to nurturing the region's creative cluster.
- The region is recognized as a destination for creative businesses.
- The region's creative talent pool grows and flourishes.

Drivetrain and Power Systems Competency Goals

- A neighborhood of training, higher education, R&D, and private industry is developed on the Clemson University Restoration Institute (CURI) campus.
- The region's talent pipeline generates skills in drivetrain and power systems.

Logistics Competency Goals

- A clear plan for future transportation infrastructure improvements is established.
- Regional and state leaders understand the critical importance of logistics on the economy.
- The region contains a strong logistic talent pool.

Software Competency Goals

- The region contains a strong software talent pool.
- The entire region is served with high-speed Internet service.

EXECUTIVE SUMMARY

IMPLEMENTATION

The Opportunity Next Strategy is a plan for the entire region. Achieving its full potential will require participation from a wide variety of organizations. In the upcoming months, an Alignment Board will form that includes representatives from each organization that has a roll in implementation. In addition, private sector led task forces will be organized for each target cluster and competency. Each year, implementation progress will be measured and reported to the community.

Every resident has an opportunity to participate in the region's progress. For example, volunteer at local schools and advocate for public education. Encourage elected officials to adopt innovative policies and invest in infrastructure that anticipates future growth to preserve the region's high quality of life. Support actions that increase the competitiveness of the port. Be an ambassador and promoter for the region's target clusters and competencies. Find an element of the new strategy that you're passionate about and get involved in a big way. Community pride and collaboration are the keys to *Opportunity Next's* success.