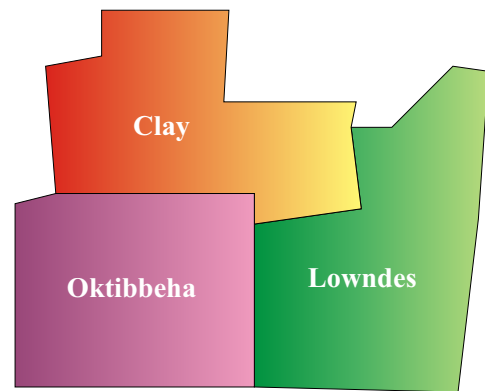


**Recommendations**  
for the  
**Expansion**  
of the  
**Economic Development**  
**Program**

**Golden Triangle Region**  
**Mississippi**

**April - 2014**



Prepared for

**Golden Triangle**  
**Development LINK**

Prepared by

**POLICOM Corporation**





## *Summary*

A local economy is a geographic area where a vast majority of the people lives and works, earns and spends. The geographic boundary of a local economy is mainly determined by the commuting patterns of the people in the area. The location and number of “jobs” within an area determines how big geographically the economy will be.

The Golden Triangle Region is composed of three Mississippi counties: Clay, Lowndes, and Oktibbeha. The Region is an extremely “contained” economy with approximately 90% of the people who live in the Region working in the Region.

Overall, the Golden Triangle Regional economy can be characterized as “average” when compared to other rural economies in the United States.

However, the Region has the potential to become the most dynamic small area economy in the United States.

A local economy will grow in size based upon the amount of money being imported to the area. After money enters a local economy, it is mixed and churned, being circulated among the businesses and the people. For the most part, money enters the economy through the business activity of the primary industries which sell their goods or services outside the area.

Since a primary employer sells its goods outside the economy, the company does not depend upon the local area for its revenues or income. However, a great deal or all of its costs are determined by the geographic location of the business.

This study reviews the Geographic - Economic assets and liabilities for each county which influence economic growth relative to primary industries. For the Region and each county, when appropriate, recommendations or action items are identified.

Overall, the Region is extremely competitive regarding these issues. As a result, the number of action items are much fewer than for most rural areas in the United States. However, there are two major recommendations which the Region must address if it is going to enjoy quality economic growth in the future.



## ***Action Items***

### **Community Controlled Industrial Sites**

**Clay County:** Continue to develop the Yokohama site.

**Lowndes County:** Continue to develop the Airport Industrial Park.

### **Existing Building Availability**

**Clay County:** After the Yokohama facility is constructed, the community should do a market study to determine the demand for a speculative building. However, given the expeditious nature the community has demonstrated on approving site and building plans, the time necessary to construct a new facility might be short enough to overcome not having an existing building to move into. Additionally, Clay County might not have the resources available to construct a speculative building.

In lieu of constructing a speculative building, it might be prudent to create a “virtual” building which is pre-permitted.

**Lowndes County:** Should it be determined the county is not being considered - removed from the site selector’s list - as a result of the absence of an existing building, the county should take steps to conduct a market study on the size and type of structure most desirable and proceed with construction.

**Oktibbeha County:** If it is determined companies have shunned Oktibbeha County do the lack of existing facilities or the time necessary to construct, then the county should seriously consider constructing a speculative building based upon a market study to determine the size and shape. At minimum, the county should create several virtual buildings.

### **Worker Training**

**Region:** Continue to support and expand the worker training programs offered by East Mississippi Community College.



### Railway

**Oktibbeha County:** The County should estimate the costs relative to providing rail service inside the Cornerstone Park and determine the benefit of doing so based upon the economic impact of a potential company.

### Commercial Airport

**Region:** The Region should monitor scheduled air traffic and discover at its earliest convenience any effort to curtail existing commercial air service to GTR, and if necessary, take affirmative steps to assure continued service.

### Seaport

**Clay and Lowndes Counties:** Both Clay and Lowndes Counties should monitor barge cargo tonnage and anticipate an expansion of the facilities should the marketplace require it.

### Electric Power

**Clay and Lowndes Counties:** These counties should maintain a good working relationship with the TVA and local electric retailers to assure ample service to its major industrial areas.

**Oktibbeha County:** Preparations should be made to increase the amount of electrical service to the Cornerstone Park should a large electric user have interest in the property. However, a cost/benefit analysis should drive the decision to proceed.

### Business Climate

**Region:** As a result of general elections, there is a natural turnover of locally elected officials. The community should continuously educate locally elected and appointed officials on how a local economy works, why an economic development program is necessary, and how the policies of local government can either enhance or detract from economic growth.



### Existing Industry Program

**Region:** The LINK should dedicate more resources to an Existing Industry Program to encourage the retention and expansion of existing primary employers in the Region.

It should not only engage the large production employers in the Region, but also smaller primary employers.

Specifically, it should monitor the Columbus Air Force Base. The air force base accounts for about 25% of the Lowndes County economy and 16% of the Regional economy. Early detection of any changes at the base will help the community respond appropriately. Additionally the community should assist the base in the same manner it would any major employer.

### Marketing Attraction Program

**Region:** On a regular basis, the LINK should review the marketing activities in which it is presently engaged to determine which activity generates the most favorable results.

As part of the major recommendation which follows, the LINK should join with Mississippi State and help guide its marketing efforts.

### Start-Up Program

**Region:** The Region should explore the need to provide a start-up incubator which services a multi-county area (outside the Region) for groups which cannot afford nor need to be in the Thad Cochran Research Park. These enterprises need guidance on product development, business planning, market research, and other issues not available outside an “incubator.”

The facility should reach out to enterprising individuals living in a ten county area.

### Target Industries

The list of target industries upon which the Region should focus its attraction efforts should reflect the competitive advantage the Region offers and focus on industries which manufacture products which are being imported to the United States.



### ***Greatest Threat to Economic Growth***

The availability of trained or trainable labor is the second most important issue when a company is considering locating to a community. It is typically the most important issue when a company is deciding whether or not to expand in an area.

Unfortunately, due to socio-economic, educational, and cultural issues, at the present time it does not appear the Region will be able to supply sufficient skilled labor to meet the needs of companies which might want to locate to the area in the future or existing companies desiring to expand.

Therefore, the community must vigorously work to solve this short and long-term problem. If it does not, it cannot grow economically and efforts to improve the economy will stall.

Several quality employers have located to the Region over the last several years. Many of these required high-skilled workers. For the most part, the Region has been able to supply this workforce, especially through the training programs of East Mississippi Community College.

However, in discussions with some major employers, the issue of the lack of trained workers persists.

Approximately 34% of the working age population in the Region is not seeking employment. In Clay County it is 40%. In 2012 a full 20,000 adults were not employed in the Region by choice or the absence of employment opportunities.

Given the large amount of entitlement money flowing into the area, it can be assumed a large portion of the population has chosen not to work and to live on government benefits.

**Therefore, it is a major recommendation the community unite to create programs which will encourage and inspire the working age population to acquire the necessary skills and education in order to qualify for mid-to-high wage jobs.**



It is recommended the Region take a new, innovative approach to the problem. It should create a place which is dedicated to inspiring people to seek a better life.

This is a physical location where a host of programs will be offered which will educate, train, and motivate the resident population to become part of the Regional economy.

### ***Best Opportunity for Economic Growth***

From a review of the geographic – economic assets and liabilities, we know the Region is in an excellent position to attract and retain quality primary employers. With an abundance of quality industrial real estate, superior worker training programs, an excellent transportation system, cooperative local governments, and generally low operational costs.

Even with these assets and expected future success, the Region has an opportunity to cause the economy to become **the most dynamic and successful of any small area economy in the nation.**

Mississippi State University can be the catalyst for explosive economic growth in the future.

Mississippi State University has the potential to cause the formation of thousands of private sector, high-wage technology jobs by implementing a comprehensive economic development program in conjunction with the Region.

The following are some of the assets of MSU which can cause this to occur:

- It is a research university. According to the National Science Foundation, in 2012 MSU ranked 92<sup>nd</sup> among 655 universities and colleges for research and development expenditures (\$233,197,000).
- It has professional graduate programs.
- It has collaborated with the private sector in research. (CAVS and agricultural community)





- It has a university incubator located in a Stage 3 research park.
- It has departments and curricula addressing most scientific and technology disciplines.
- It has a supercomputer.
- It has an abundance of greenfield land in close proximity to the university.

Most importantly, it has taken the initial steps to build the intellectual and organizational infrastructure within the university which is necessary to implement a comprehensive program.

In order for Mississippi State University to cause dynamic growth, it is recommended the following actions steps be done:

- 1) Plan and develop in cooperation with the community a major research and development campus of at least 500 acres. An additional 500 acres should be identified for future use.
- 2) Create a joint marketing program with the Golden Triangle Development LINK for targeted industries.
- 3) Initiate a “quality of life” program for the Starkville area.

### ***Conclusion***

Overall, the Golden Triangle Region has a significant number of positive features which are attractive to high-wage employers. Compared to a vast majority of the rural areas in the United States, its geographic - economic assets far exceed what most primary businesses require.

Although already more successful than most rural communities, it has the potential to become the most dynamic small market economy in the United States.

However, it must address the issue of skilled labor in order to continue to grow and to encourage the university to expand its economic development in order to excel economically, to reach its full potential.



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## ***Introduction***

### ***In some communities...***

Local governments have the financial resources to provide not only excellent police and fire departments, but also money to create parks and recreation programs, well-maintained streets and sewers, and necessary capital projects, even though taxes are low. Local government and community leaders spend time planning for a dynamic future, not burdened with how they will cope with the needs of the present.

The downtown is clean, crisp, and vibrant, and is the center of community activity. Neighborhoods are safe, full of well-manicured lawns and homes, which are kept like new because of the pride the people have in their community.

The corporate and business community is a generous giver to cultural projects and programs, which enlighten the residents. Most people have short commutes to their jobs, freeing hours of their day to spend time with their families and friends.

Schools are well financed, filled with the top teachers and modern equipment, providing the community's children the best chance to prepare for a dynamic future. The brightest students come home after college to find good career jobs waiting for them, who in turn raise their families in their "home town," building generations within the community, adding to its social strength.

### ***However, in other communities...***

Local governments struggle financially to provide even the basic services, burdened with the cost of caring for the needy, the impoverished, the unemployed, as taxes are as high as the people can afford.

The downtown lays dormant, full of vacant stores, which attract indigent occupants. Homes, with barred windows, stand in disrepair, with trash and broken down automobiles littering lawns full of tall grass. Churches and charities have little to give to the people except hope for a better future.

Under-funded schools do their best to "fill the day" for the youth of the area as they have few resources to cope with the overcrowded and understaffed



classrooms. The smartest youth must leave the area to find financial opportunity in another town.

The difference between these two communities is the condition of their local economies. One is growing economically and is vibrant, the other declining and becoming poorer.

Communities cannot control the national or state economy. But they can create programs, which will enhance the condition of their local economy. Throughout the United States, thousands of communities have established economic development programs. Some are very aggressive, others passive in their effort.

However, communities which do nothing are destined to endure a declining economy, causing the quality of life for their residents to erode, as they will gradually become poorer and poorer.

Community leaders in the Golden Triangle Region have made the decision they want to cause the Region to grow economically in order to improve the economic quality of life for the residents of the area.

As a result, POLICOM has been asked to create recommendations to the community on how to improve the economic development plan for the area.

### ***What is a “Local Economy?”***

The first step in the process of understanding the issues described in this Plan is to understand “what is a local economy” and how to improve it.

A local economy is a geographic area where a vast majority of the people live and work, earn and spend. The geographic boundary of a local economy is mainly determined by the commuting patterns of the people in the area. The location and number of “jobs” within an area determines how big geographically the economy will be.

A local economy will grow in size based upon the amount of money being imported to the area. After money enters a local economy, it is mixed and churned, being circulated among the businesses and the people. Money or wealth eventually leaves a local economy as it is “consumed.”



Wealth enters a local economy principally by way of the business activity of the “primary industries.” A primary industry or business sells its goods or services outside the area, thus importing money to the area.

The quality of an economy refers to the amount of money individuals in an area earn each year. The greater the personal earnings, the greater the disposable income and the economic “quality of life” for the individual.

In order to increase the size and improve the quality of a local economy, a community needs to create more primary industry jobs which pay a wage higher than the area average wage.

By doing this, more money will flow into the economy and the quality of the economy will improve over time. Not only will the wages for the workers enter the local area, so will all the spending and taxes paid by the companies themselves. As a result, all businesses will grow, more taxes will flow to local government enabling more and better services, schools will improve, and socio-economic problems will begin to fade.

When a community increases the number of high-wage primary industry jobs, a “force” pulls up the bottom rung of the economic ladder, lifting all through a series of wage and skill steps, improving the standard of living for most people.

This “force” causes part-time low paying retail and service jobs to fold into full-time jobs at higher wage levels and with fringe benefits.

The quality of the economy will continue to rise if the new primary jobs created in the area pay a wage higher than the local average.

However, the quality will regress, decline, or dilute if new primary jobs created pay less than the area average.<sup>1</sup>

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<sup>1</sup> For a more detailed explanation on how a local economy works, please review “The Flow of Money” which is a 28 page booklet published by POLICOM. It is available in PDF format at [www.policom.com](http://www.policom.com).



## ***This Study***

POLICOM Corporation has been engaged by the Golden Triangle Development LINK to review the assets and liabilities of each of the counties in the Region and to make recommendations which will cause long-term quality economic growth for not only the county but the region as a whole.

The most important, most vital issues will be discussed. It is the opinion of the Researcher that the Golden Triangle Region can become the most dynamic small economy in the United States.

The Researcher, William H. Fruth, is very familiar with the area.

In 2012 the Researcher created a Historical - Comparative Economic Analysis and an Economic Development Goal Study for Lowndes County. The same year he evaluated the Clay County economy. He toured each area and presented the results of these studies to the Lowndes and Clay counties business and government leaders.

To prepare for this study, the Researcher:

Created a 120 page *Historical - Comparative Economic Analysis for the Golden Triangle Region* and each of the three component counties. This study is available in PDF format from the LINK.

Created an *Economic Synopsis* for the Region and each of the component counties. This study not only summarizes the Historical - Comparative study but also identifies some unique features of each county. This study is available in PDF format from the LINK.

In December of 2013, toured and met with leaders of business, industry, the university, and local government in each of the three counties to gain better insight as to the perceived economic issues in the area.

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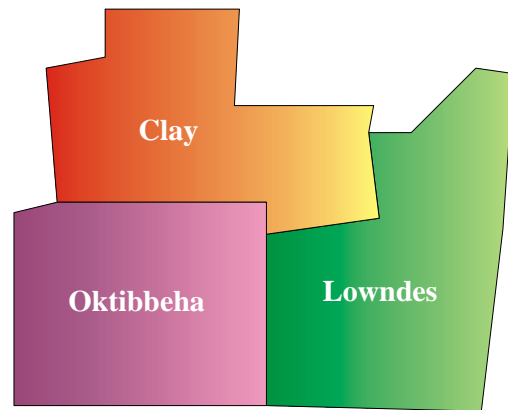


## Golden Triangle Region

The Golden Triangle Region is composed of three Mississippi counties: Clay, Lowndes, and Oktibbeha.

Overall, the Golden Triangle Regional economy can be characterized as “average” when compared to other rural economies in the United States.

While the area has been successful in recruiting quality advanced manufacturing companies to the community, it still has chronically high welfare and unemployment.



The area has been known as the “Golden Triangle” for many years, but the Region was “formalized” as a result of uniting the counties under one economic development organization: the *Golden Triangle Development LINK*.

As previously mentioned, a local economy is a geographic area in which a preponderance of the people lives and works, earns and spends.

The chart reveals the Region is an extremely “contained” economy. With 70% being the threshold of living and working in an area set by the federal government to determine an economy, you can see the Region far exceeds that limit.

Since “containment” is so great in the Region, it is fully appropriate the three counties look upon themselves as a region and unite under one economic development program.

However, each of the three counties has unique characteristics. As a result, each has different challenges and opportunities.

Of those who live in the Region, where do they work?		
	2010	2000
In the Region	90%	91%
Misc other counties	10%	9%
Of those who work in the Region, where do they live?		
	2010	2000
In the Region	86%	86%
Misc other counties	14%	14%



## ***Geographic Economic Issues***

By definition, a primary employer sells its goods or services outside the economy. The company does not depend upon the local area for its revenues or income.

However, a great deal or all of its costs are determined by the geographic location of the business.

If the costs relative to the area are low enough to enable profitability, the business not only will remain in the area but most likely expand.

However, if the costs of being located in a particular area become excessive, causing the company to become unprofitable, the business will either close or locate to another community.

There are a host of local and state issues which influence the costs for a primary employer. Communities which desire economic growth should work to reduce these costs as much as possible.

To be successful in building a strong, dynamic economy, a community must review its geographic - economic characteristics to determine its strengths and weaknesses. From this review, it can reinforce the strengths and correct as much as possible the weak issues.

The following is a list of geographic economic issues. For each, a score or grade is provided by the Researcher based upon the following scale.

	<b>Very Strong</b>	<b>Somewhat Strong</b>	<b>Average</b>	<b>Somewhat Weak</b>	<b>Very Weak</b>
<b>Strengths and Weaknesses</b>	5	4	3	2	1

The grades reflect the relative strength of the issue, with 5 being the strongest (an asset) and 1 the weakest (a liability).





## Real Estate

Real Estate	Clay	Lowndes	Oktibbeha
A. Industrial sites available (overall)	4.0	4.5	2.5
B. Community controlled industrial sites	4.0	5.0	2.5
C. Buildings available and cost	3.0	2.0	1.0
D. Cost of housing for hourly workers	3.4	4.0	2.5
E. Cost of housing for executives	4.5	4.5	4.0

## Industrial Sites

Most of the time, a company which is looking to relocate or expand within its current community desires to lease or purchase an existing building. However, it is extremely rare a vacant building which specifically suits the needs of the company is available. As a result, the company needs to construct a facility.

The most important issue relative to economic development is the availability of “improved, approved” industrial real estate upon which a company can construct a facility. Without a suitable site available, a company (new or existing) cannot construct a facility in the community and must look elsewhere.

“Improved” means the horizontal infrastructure is in place at the site. Basically the land is “building ready” and there will not be any delays regarding constructing sewer or water lines, electric service, telecommunications and other services to the site.

“Approved” means all zoning issues and planning issues, which would enable the company to begin construction, have been approved by local government.

A cloud of uncertainty on the property exists if the land is not improved and approved. Companies usually will not consider the land “available” for their use if either of these issues is not completed. A company will not wait for the community to prepare the property.



In essence, the community needs to be able to issue the site plan approval and a building permit within 90 days of application for a community to be competitive in the marketplace.

A community which does not have a supply of industrial real estate has little hope of improving its economy.

In each of the three counties, there are privately owned industrial and commercial parcels which can be utilized for the “typical” consumptive businesses. There are a large number of service businesses which require an industrial location but are not “primary” in nature. As an example, auto repair, dry cleaning plants, wholesalers, construction companies, and plumbing contractors many times locate in an industrial area.

Each county appears to have sufficient supply of land for these uses.

### **Community Controlled Industrial Sites**

Typically there is hesitancy, if not total refusal, by private industrial land developers to invest in real estate reserved for “primary employers” as opposed to “service industrial” users. Since it is not known when a primary employer will come to the community, the private developer is not willing to hold the property for 10 or even 20 years.

As a result, many times a community will develop industrial parks which are limited to primary employers, not competing with the private sector for service industrial companies.

These industrial properties are looked upon by the community as a long-term investment, providing a location for future wealth creating companies. The community also has the option of selling to property to a company for little or no cost.

### **Clay County**

For a county with a population of around 20,000, the supply of quality industrial property is extremely high. The ability to respond to the real estate needs of the Yokohama Tire Company demonstrated a degree of sophistication rarely found in rural areas.



The residual developed industrial real estate at that site has rail service, high capacity electricity, four-lane highway access, and an abundant supply of water for industrial users. It presents a highly desirable location for a large range of potential companies.

Additionally, there are other areas in the county which provide smaller parcels which are “ready-build.”

 **Action Item: Continue to develop the Yokohama site.**

*Lowndes County*



Several years ago, the Lowndes County community had the foresight to acquire and develop the Airport Industrial Park. This action was not only courageous for a small area, but has shown to be extremely insightful as several major corporations have located to the park investing billions of dollars and employing thousands of people.

Today, the Airport Industrial Park is one of the most impressive industrial sites offered by any community in the United States, large or small. With about 7,500 acres either developed or in process, this facility offers virtually every site selection requirement including heavy electrical load, water, rail, highway access, commercial airport, and large parcels.

In addition to the Airport Industrial Park, Lowndes County has available improved sites at several other locations.

 **Action Item: Continue to develop the Airport Industrial Park.**

*Oktebbeha County*



The Cornerstone Park is under development and will provide approximately 200 gross acres of industrial, commercial property when completed. Some sites are presently available. The property is fully serviced by necessary utilities, but electrical capacity is minimal for an industrial park. Rail is near the site but is not presently available.



The most likely use of this property in the future will be small industrial users which do not require a heavy electric load and for the most part be “consumptive businesses” which need to locate in an industrial area.

Overall, compared to Clay and Lowndes Counties, the supply of industrial property in Oktibbeha County is insufficient.

However, as will be discussed later, Oktibbeha County can be the most important county relative to economic growth for the Region.

 **Action Item: Please see the major recommendations regarding this issue.**

### **Existing Building Availability**

For the most part, a company looking to relocate or expand prefers to lease or purchase an existing building. The benefits to an existing building are:

1. Facility costs are known.
2. Production set-up time is almost immediate.
3. Financing is more easily secured.
4. Facility costs are usually less for an older building than constructing new.

However, it is rare that an existing building is available which meets the location and configuration requirement of a company. Additionally, while many “old” buildings appear to be much cheaper than constructing new, dealing with retrofitting and possible environmental issues can easily exceed the initial financial benefit.

Understanding most companies desire an existing building and to become more competitive in the economic development marketplace, many communities have constructed speculative buildings to attract new companies.

Speculative buildings are typically just a “shell building” which is designed for both expansion and subdivision. To save money, many times the floor is not pored nor is the parking lot created, leaving as much flexibility as possible for a future user to adapt the building to its specialized needs.

Some communities have created “virtual buildings.” An industrial site is identified, construction drawings are created, and construction cost bids are




secured determining the price. A building permit can then be issued almost immediately and most costs are known ahead of time to the company. Three dimensional renderings are created for marketing purposes.

Ironically, many times the speculative building serves as a magnet to get a site selector to come to a community. Upon inspection of the building, it might be determined the building will not meet the needs of the company. However, the community is then in the position to say, "We can build exactly what you need right next door if you like."

On average a community speculative building remains vacant for about three years.

### *Clay County*

Several vacant industrial buildings exist in the county. The structures are old and lack utility. Typically these buildings are eventually occupied by low-wage employers where the cost of the facility needs to be extremely low. Sometimes the structures are never re-occupied.

 **Action Item: After the Yokohama facility is constructed, the community should do a market study to determine the demand for a speculative building. However, given the expeditious nature the community has demonstrated on approving site and building plans, the time necessary to construct a new facility might be short enough to overcome not having an existing building to move into. Additionally, Clay County might not have the resources available to construct a speculative building.**

**In lieu of constructing a speculative building, it might be prudent to create a "virtual" building which is pre-permitted.**



*Lowndes County*




Very few vacant industrial buildings exist in the county. Of those which exist, the structures are old and lack utility. Typically these buildings are eventually occupied by low-wage employers where the cost of the facility needs to be extremely low. Sometimes the structures are never re-occupied.

The county has been very successful in recruiting new, advanced manufacturing companies to the area. For the most part, these companies almost always construct a specialized building.

However, most enterprises only require a “shell” into which they create their manufacturing systems.

While the Golden Triangle Industrial Park is an ideal location for a large number of companies, the City of Columbus also offers opportunities which are in close proximity to labor.

The LINK and the community have a great deal of experience regarding the construction of new facilities and a good understanding of the marketplace.

 **Action Item: Should it be determined the county is not being considered - removed from the site selector’s list - as a result of the absence of an existing building, the county should take steps to conduct a market study on the size and type of structure most desirable and proceed with construction.**

*Oktebbeha County*



At the present time, there might not be any existing buildings available in the county which would be considered by a primary employer.

The county has not been as successful in recruiting new companies to locate to the area as Lowndes, and given Yokohama, Clay County. The cause might be the absence of an available building.

Since there are only a handful of industrial sites available in the county, offering a modern speculative building will make the county more competitive.



**Action Item:** If it is determined companies have shunned Oktibbeha County do the lack of existing facilities or the time necessary to construct, then the county should seriously consider constructing a speculative building based upon a market study to determine the size and shape.

**At minimum, the county should create several virtual buildings.**

### **Residential Housing**

The availability of housing for the workforce and for executives can be an issue during the community selection process. Should housing costs be extraordinarily high compared to the wage to be paid by the employer, many companies will reject an area.

Additionally, in many rural communities, “executive” housing many times is in short supply, making it somewhat difficult to recruit executives to the new community.

*Clay County*  *Lowndes County*  *Oktebbeh County* 

Since the area has an excellent highway - street system, commuting time among the three counties is relatively short. As a result, an individual can live in any of the three counties and work in each.

The overall housing stock in Clay and Lowndes Counties reflects the relative earnings of the people living in the county and is not an economic development issue. Additionally, there are pockets of executive homes in each offering a variety of choices.

However, overall housing costs in Oktibbeha County are significantly higher than either Clay or Lowndes, while the average wage is lower than those two counties. The higher costs are reflective of the demand for single family residences in the county as a result of the university.

The issue of residential housing is not of such significance that it is influencing economic growth. No specific actions are recommended.



## Workforce

Workforce	Clay	Lowndes	Oktibbeha
A. Current skill level of general workforce	2.0	4.2 or 2.2	4.5 or 2.5
B. Training opportunities	4.5	4.5	4.5
C. Labor – Management relations (work stoppages)	4.0	4.0	4.5
D. Current wage rates	4.6	4.0	4.0
E. Labor availability	2.0	3.0	2.7

The issue of “labor,” its availability, suitability (skills), reliability (work stoppages), and costs, is one of the most important factors influencing the site selection process.

In fact, after the availability of industrial sites, it most often is the most important issue.

### Current Skill Level of General Workforce:

The skill level or potential skill level of an area’s workforce is one of the most important site selection criteria. For many businesses looking to locate to a new area, the ability of the local workforce to perform the tasks demanded by the business is of ultimate importance.

Some employers seek a low skilled workforce, as the process for their business is simple and can be taught in a couple of days or even hours. These companies will usually locate in areas which have chronically high unemployment, are generally impoverished, or are areas with high foreign immigration causing large numbers of low skilled workers to seek “any type of employment.” These employers rarely go to areas with dynamic economies, as a suitable low wage, low skilled workforce is not available.

To the other extreme, some employers require highly skilled, highly educated individuals to perform the tasks needed by the organization. A software developer requires a core of individuals with graduate degrees in computer science, a semiconductor manufacturer needs a host of electrical engineers, and many pharmaceutical manufacturers need chemists, engineers, and college educated technicians to produce modern day drugs. A company which requires such a workforce must look to areas which have





existing workers or the educational resources to create them. These workers also command the highest wage, as their service is of significant value.

Between these two examples are a wide range of primary businesses which utilize mid-to-high skilled workers. A site seeker will examine the existing workforce to determine if there is a supply of potential employees for their company.

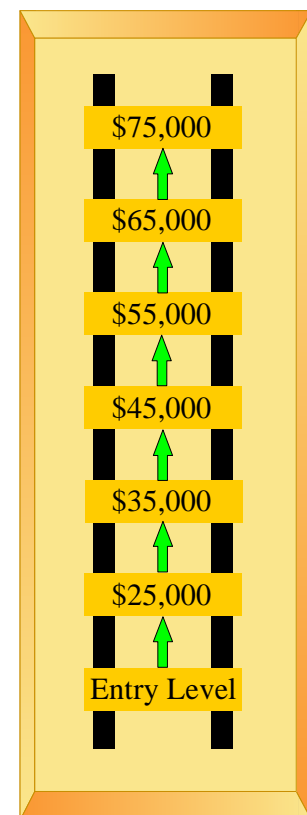
It is unusual to have a large supply (unemployed) of mid-to-high skilled workers, as these individuals do not simply “sit around,” but find some type of employment.

When a site seeker for a higher wage company sees this situation, then the availability of trainable or “under-employed” workers is considered. Under-employment is a situation when a worker has educational attainment, special training and/or physical skills in excess of what is needed for the workers current job.

An area might have a large number of under-employed workers for several reasons.

- A high wage employer closed or laid-off workers. The displaced workers accepted positions requiring lower skills at lower wages.
- The area has excellent schools with high graduation rates but few employment opportunities requiring the education provided. The workers, wanting to remain in the community in which they grew up, accept “whatever” positions are available in the community. They are capable of doing more.
- The area is a “nice or exciting place to live” and as a result draws college graduates who accept lower paying jobs just so they can live in the area. A resort community is such a location.

Along with examining the potential for under-employed workers, site seekers will examine the “ladder of skills” which is present in an area. In an economy which has a gentle mixture of industries of multiple skill needs, a natural set of upward steps is created. A high skilled employer will





draw from mid-high skilled employers. The mid-high skilled employers hire new workers from mid-skilled employers, who draw from low-mid skilled employers. The chain continues to the “no skills” workers being elevated to low skilled jobs.

This ladder of advancement has been traditional in the United States providing there is a hierarchy of employers in the community. It was also traditional because a vast number of people in the United States were well educated through the public school system.

*Clay County*  *Lowndes County*  *Oktebbeha County* 

The current skill level of the workforce in the Region is a “paradox.”

Lowndes County has a large number of high-skilled workers employed in high-wage jobs. However, this cluster of workers is limited. From this group of workers, there is a large drop in skills to the next group of workers, most of which are in the low-skilled category. Few workers possess skills between the two.

A similar situation exists in Oktibbeha County. The university employs some of the smartest, highly trained people available in the United States. Unfortunately, outside this group, most of the available labor falls into the low-skilled category.

In Clay County, aside from the workers currently employed by the existing industry in the county, a vast majority of the available labor falls into the low-skilled group.

The workforce situation in the Region is a major concern and the issue of skilled labor will be addressed as a major recommendation which appears later in this study.

### **Worker Training**

Employers require workers be trained in the specific tasks necessary to conduct the business. The availability of “training” is one of the most important issues relative to the community selection process.

Typically, training is conducted by the local community college, vocational school, the employing company, or private vendors. In some areas of the



country, training facilities are not available. This places those communities in a competitive disadvantage.

Not only is the availability of training programs needed, but the cost of the training of a local workforce is an important issue. More and more primary employers expect the community to bear the cost of preparing the workforce prior to hiring.

There are two worker training issues: 1) customized training for workers needed by expanding and new primary businesses; and 2) a continuous program for supplying trained workers for existing primary employers.

*Clay County*



*Lowndes County*



*Oktebbeha County*



The Region has one of the best worker training programs in the United States. East Mississippi Community College's *Center for Manufacturing Technology Excellence* has developed customized programs for several private companies in the area.

Local industry relies upon the community college for its skilled workforce.



**Action Item: The Region should continue to support and expand the worker training programs offered by East Mississippi Community College.**

#### **Labor – Management Relations:**

Of great concern to many production employers is the “reliability” of the workforce. In some areas of the United States, there is an extreme adversarial relationship between management and labor. This has caused frequent work disruptions (strikes) in the past. Communities which have had a history of management – labor problems are shunned by most employers.

At the present time, there does not appear to be a significant problem in the Region regarding this issue, but it should be monitored.



The community does not have to take any immediate action regarding this issue.

### **Current Wage Rates**

An employer, regardless of the skill level needed, will pay a wage relative to the marketplace. In high cost areas, an employer will likely have to pay a wage higher than the national average. For the same job in a lower cost area, the wages would be lower.

Wage rates in the Region are competitive in the economic development marketplace. The community does not have to take any action regarding this issue.

### **Labor Availability:**

The number of workers available for hire within a marketplace is of concern to employers. In very tight labor markets, when unemployment is extremely low, employers sometimes have difficulty finding enough workers with the proper skills to employ. Under this situation, employers usually have to pay a higher wage than normal to secure the workers needed. This principle applies to the general workforce.

Site selectors also do not necessarily seek areas with chronically high unemployment. Many times these areas are viewed as having a large number of unemployable people.

Primary industry employers typically pay a wage higher than the area average. As a result, these employers usually do not have a problem finding enough people who want to work for them. The problem is the “quality” of the worker.

This brings the community back to the need to educate and train the low skilled workers in the community. This will enable other workers to “climb” the skill and wage ladder.

*Clay County*  *Lowndes County*  *Oktebbeha County* 

The issue of skilled labor and the availability of skilled labor in the future will be addressed as a major recommendation which appears later in this study.



## ***Transportation Systems***

The cost of moving products and people has always been an important issue relative to economic growth for the nation and local areas. The expense of transporting products to market, via land, sea, and air, is one of the determining factors of most manufacturing and distribution businesses.

Sometimes high transportation costs can be overcome by other geographic economic features of an area such as low taxes, utilities, and wage rates.

<b>Transportation System</b>	<b>Clay</b>	<b>Lowndes</b>	<b>Oktibbeha</b>
A. Highway system external to area	4.0	4.0	4.0
B. Roadway system internal – Commuting time	4.5	4.5	4.5
C. Railway	4.0	4.3	2.5
D. Commercial airport – within 60 minutes	2.5	2.5	2.5
E. Seaport – cargo/container	1.0	2.0	0.0
F. Motor carriers	4.0	4.5	4.0

### **Highway System External to Area**

Virtually every rural county in the United States which does not have access to the Interstate Highway System has been in economic decline for the last 30 years. A remote location without transportation access has been a deterrent to the expansion of their existing production employers and to the attraction of new companies.

Conversely, communities with access to the Interstate Highway System have had the best opportunity for economic growth.

While not on an Interstate Highway, through the efforts of the State of Mississippi, the Region is accessed by four-lane highways, providing excellent ingress – egress for production employers.

No action is recommended for the Region regarding this issue.



### Internal Roadway System - Commuting Time

Traffic congestion in some metropolitan areas has caused workers to endure lengthy commutes to their worksite. Oftentimes the commute can be as long as one hour. Not only is this a “quality of life” issue for the employee, but employers begin to have trouble retaining their workforce when commuting times exceed 40 minutes.

Nationally, the average commuting time is 25.4 minutes. The average commuting time within the Region is 20.6 minutes.

The community does not have to take any action regarding this issue.

### Railway


Rail service is very important to companies which deal in high bulk items. Many advanced manufacturing companies need rail service to import raw materials and to export finished products to a national marketplace.

Rail service is also a market driven industry. Absent demand, rail companies sometimes discontinue service to communities.

The Region is fortunate to have excellent rail service to its industrial areas, especially in Lowndes and Clay Counties.

While rail service is near the Cornerstone Park in Oktibbeha County, it is not available. The cost of providing a “spur” to a site in the park is likely prohibitive unless a large company which needs rail service desires to locate in the park.

### *Oktibbeha County*

 **Action Item: The County should estimate the costs relative to providing rail service inside the Cornerstone Park and determine the benefit of doing so based upon the economic impact of a potential company.**

### Commercial Airport

Commercial air service to a community is market driven. The greater the demand for flights to or from a location - the greater the number of flights




and airlines. Typically the condition and size of an area's economy determines demand for air service.

Communities without commercial air service suffer a significant competitive disadvantage to communities which do. A large number of businesses will not locate in an area which is not within a 60 minute drive to a commercial airport.

The importance of commercial air service relative to economic growth cannot be overstated. Most areas without commercial air service have lackluster economic growth as they are "skipped over" by a large number of companies.

The Golden Triangle Regional Airport currently has commercial air service. You can fly from Columbus, MS to France if you desire. However, at the present time, the airport is only serviced by one regional airline.

*Clay County*  *Lowndes County*  *Oktebbeha County* 

 **Action Item: The Region should monitor scheduled air traffic and discover at its earliest convenience any effort to curtail existing commercial air service to GTR, and if necessary, take affirmative steps to assure continued service.**

### **Motor Carriers**

Presently several motor carriers are servicing the businesses in the Region. This is a market driven industry. As demand for more carriers increases, the marketplace will respond.

The community does not have to take any action regarding this issue.





## Seaport

A seaport expands the transportation opportunities for many enterprises. Some companies rely heavily on importing materials for processing by way of a seaport. If they export outside of North America, a seaport is the principal mode of delivering their products.



*Clay County*  *Lowndes County* 

**Barge Port in Lowndes County**

While not having a seaport at which cargo ships can dock, Lowndes County does feature a barge port. This port is a key delivery point for scrap metal processed by Severstal.

Additionally, there is a small barge port in Clay County while utilization is relative minimal at this time.

Having these two facilities available is definitively an asset to the area. Ports, like airports, are market driven entities. If the demand for barge cargo increases, the ports might have to be expanded.

There is no opportunity for a barge port in Oktibbeha County.

 **Action Item: Both Clay and Lowndes Counties should monitor barge cargo tonnage and anticipate an expansion of the facilities should the marketplace require it.**





## Utilities

For many industries, “utilities” are an integral part of the production process. Communities which have an abundant supply of inexpensive energy and large volumes of water have a competitive advantage.

Utilities	Clay	Lowndes	Oktibbeha
A. Electric Power – Availability and costs	4.5	4.5	3.0
B. Sanitary Sewer – Treatment plant capacity	4.0	4.0	4.0
C. Potable Water – Supply and costs	4.4	4.0	4.0
D. Natural Gas	4.5	4.5	4.5
E. Telecommunications – POPs and bandwidth	3.0	4.0	4.7


## Electric Power

For many manufacturing processes, the cost of electricity is crucial. Areas which have extremely high electric rates have lost manufacturing to states with lower costs.

As a result of cooperation with the Tennessee Valley Authority (TVA), an abundance supply of inexpensive electricity is available to industrial users in Clay and Lowndes County at their major industrial parks. This has made these areas very attractive to energy intense, advanced manufacturers.

The Cornerstone Park in Oktibbeha County however has limited electric capacity compared to the Airport Industrial Park and the Yokohama site.


Clay County  Lowndes County 

 **Action Item: These counties should maintain a good working relationship with the TVA and local electric retailers to assure ample service to its major industrial areas.**



*Oktebbeha County*



 **Action Item: Preparations should be made to increase the amount of electrical service to the Cornerstone Park should a large electric user have interest in the property. However, a cost/benefit analysis should drive the decision to proceed.**

### **Sanitary Sewer**

The ability to serve industrial sites with sanitary sewer is important. Few production employers will locate in an area which does not have sanitary sewer. The first consideration is the removal of the human waste caused by the workers at the facility. However, some manufacturing processes discharge treatable fluid into the sanitary system. For these, the service is a mandatory component of the site selection process.

Presently, the sanitary sewage system appears to have sufficient capacity to all industrial areas.

### **Potable Water**

For some production employers, such as food processors, large amounts of potable water are needed. However, many times water is needed for cooling machines and while the water needs to be clean, it does not have to be “potable” and can be sourced from a local well. Areas with a large supply of both have a competitive advantage.

There appears to be sufficient water availability to the industrial areas in all counties.

### **Natural Gas**

Natural gas is available to all the industrials areas in each county.

No action is necessary at this time.



### **Telecommunications**

High speed telecommunications service is a necessity for any business today. Absent modern telecommunication systems places a community in a significant competitive disadvantage.

Clay and Lowndes counties appear to have sufficient telecommunications capability in its industrial areas.

Oktribbeha County has excellent high-speed capability which is attractive to a host of businesses.

No action is necessary at this time.



## Education

Education and training programs can be a significant catalyst for economic growth. Many of the strongest economies in the United States have used their educational resources to drive the development of their economies. Universities and community colleges serve to prepare and train the workforce. The quality of the local public school system influences the general workforce and sometimes influences the site selection process when a large number of executives are being asked to move to an area.

Education	Clay	Lowndes	Oktibbeha
A. Four year and post graduate university	3.8	4.5	5.0
B. Technical – vocational school	3.0	3.0	3.0
C. Community college	4.5	4.5	4.5
D. Public school system – quality thereof	2.5	2.5	3.9

### Four Year and Post Graduate University

Sometimes the presence of a four year university can be one of the most important tools to cause economic growth for an area. Universities with post graduate programs, especially those in new technology disciplines, can be one of the most important reasons a local economy grows.

Economic growth can be caused by the presence of a university the following ways:

- Local businesses are invited to utilize university facilities (laboratories, computers) and access university personnel.
- The university provides continuing education programs for the existing workforce in the area.
- The university encourages the commercialization of university sponsored research. This becomes part of the “Start-Up” program.

Mississippi State University (MSU) is a major research university. Discussion regarding the impact the university has upon the economy will appear as a major recommendation later in this study.





In addition to MSU, the Mississippi University for Women is located in Columbus. Known as the “W,” the university has traditionally been a good partner with the community and has consistently offered assistance to the community in improving the local economy.

### Community College

As discussed earlier, a four year university can have a significant impact upon the economic growth of an area providing it is a willing partner with the community in this endeavor. But even with the full cooperation of a university, all of the educational needs of a comprehensive economic development program cannot be met. Many times the local community college is better equipped to provide special educational or training programs.

East Mississippi Community College serves the entire Region. The Researcher has toured and inspected more than 50 community colleges - technical schools in the United States and believes the programs offered at East Mississippi Community College are the most sophisticated, comprehensive, and successful of any educational institution located in a small economy in the United States.



The general curriculum of the school addresses “real world” issues which prepares students to enter the workforce in several vocations or professions.

Of greater significance, the community college is directly involved with the economic development effort in the Region. It has created a close relationship with the existing employers in the Region and has developed customized worker training and worker preparatory programs.

As a result, it has been successful in accomplishing two major goals: 1) enabling local residents to find quality employment; and 2) providing a trained workforce for employers in the area.



Clay County  Lowndes County  Oktibbeha County 

**Action Item: The Region should continue to fund and encourage the expansion of the worker training programs offered by East Mississippi Community College.**

**Public School System**

The quality of the local public school system directly influences the quality of the general workforce in an area. Additionally, when a company is considering locating several management personnel to a community, the local school system is considered. If the system is poor, the company will experience resistance by these individuals to locate to an area if their children are presently attending a system of high caliber. Sometimes, the ability to transfer key personnel influences the site selection process.

Of greater importance, the youth of today is the workforce of tomorrow. If the public schools are not preparing young people to be able to enter and be successful in the workforce, the community will struggle providing the necessary mid-to-high skilled workers needed by employers in the community.

School Districts	Accountability Status	
	2013	2012
Columbus	D	D
Lowndes County	B	B
Oktibbeha	C	D
Starkville	C	C
West Point	D	D

Mississippi Department of Education

The Researcher has discovered the community at large has concerns regarding the quality of the public school system in the Region.

These comments are perhaps verified when reviewing the “Accountability Status” grade determined by the Mississippi Department of Education. With



two of the four largest school systems receiving a “D” grade, it is apparent public education must be addressed.

Additionally, the High School Graduation Rate is extremely low except for the Lowndes County School System. These low rates are simply unacceptable.

School Districts	Graduation Rate		
	2013	2012	5 -Year Avg.
Columbus	68%	65%	70%
Lowndes County	80%	75%	73%
Oktibbeha	67%	65%	59%
Starkville	67%	77%	72%
West Point	74%	57%	61%

Mississippi Department of Education

When an individual drops out of high school, the individual is doomed to a life of low-wage jobs or government entitlements. Without a complete education, there is little chance the individual will ever be able to earn enough money to escape poverty, thus becoming a perpetual economic burden on the community.

*It is the responsibility of each generation to educate the next generation as well or better than the education it received.* Efforts to improve public education should therefore be ongoing.

Improving the public school system is a “comprehensive” issue and cannot be tackled in an economic development plan.

There is no specific action item for this issue except that which is discussed as a Major Recommendation later in this study.



## **Local Government**

<b>Local Government</b>	<b>Clay</b>	<b>Lowndes</b>	<b>Oktibbeha</b>
A. Property taxes (real, personal, intangible)	4.1	4.1	4.1
B. Income taxes (local)	5.0	5.0	5.0
C. Fees and assessments	4.2	4.2	4.1
D. Business climate	4.0	4.0	4.0

Local government, including city, county, township, or regional organizations, plays an important role in influencing the local economy. Policies enacted locally can create an atmosphere conducive to economic growth. Economic development organizations in most of the strongest local economies have the complete cooperation of local government officials relative to creating a business friendly environment which enables profitability for primary employers.

There is unfortunately a long list of communities which have fallen into economic decline as a result of the actions of local governments. Due to the promulgation of excessive regulations and punitive taxes, these areas have been losing their primary employers to communities which have a more favorable business climate.

### **Property Taxes**

Locally levied property taxes have a significant impact upon companies which have a large capital investment in their facility.

Locally levied properties taxes are not excessive in the Region.

### **Income Taxes**

Some cities, mostly in the Midwest, have enacted municipal income taxes. The Region has a competitive advantage as there are no local personal income taxes.

### **Fees and Assessments**

Locally levied fees and assessments have added significant costs to primary employers in some areas. Most of these communities are located in





California, Florida, Oregon, and most of the states in the Northeast. Many times the fees are enacted to create a new revenue source for local government. In lieu of increasing taxes on the voting residential population, the corporate community is mined for more money.

The Researcher is not aware of excessive fees and assessments which are being levied in the Region which might be a negative issue for a primary business.

### **Business Climate**

The overall business climate is a reflection of how cooperative local government is with its primary employers. In some communities, there is an adversarial relationship between government employees and the business sector. Some of this is caused by the “political philosophy” of the government workers, perhaps at the direction of elected officials. In today’s political arena, it is not uncommon for a government worker to carry the position “business is evil.” In fact, along the eastern and western seaboard of this county, this attitude is pervasive.

As a result, many communities have not only levied excessive fees and taxes upon the business sector as previously mentioned, but have manifested a regulatory climate so restrictive primary employers must literally move from the area.

There will always be business people who will complain about local government, even in communities which are the most cooperative. However, research has shown the most frequent reason (aside from market conditions) a primary business will move from one community to another is how it has been treated over the years by the community. The community, in this case, is usually local government.

Overall, the Researcher has found the government officials in all three counties to have a “positive” attitude toward economic development and the business community in general.



*Clay County*  *Lowndes County*  *Oktebbeha County* 

**Action Item:** As a result of general elections, there is a natural turnover of locally elected officials. The community should continuously educate locally elected and appointed officials on how a local economy works, why an economic development program is necessary, and how the policies of local government can either enhance or detract from economic growth.

### ***Economic Development Program***

Economic development is the process or activity which increases the size and improves the quality of a local economy through the formation of new primary industry jobs.

A comprehensive economic development program includes three basic activities. A community needs to implement all of the programs as they are of equal importance. They include:

- Existing Industry Program.
- Marketing – Attraction Program.
- Start-Up Program.

### ***Existing Industry Program***

One of the most important yet least expensive economic development programs is the Existing Industry Program. The program is designed to retain and encourage the expansion of contributory businesses already present in the area.

This is accomplished by reducing the cost of doing business and expanding the markets as much as possible for these companies. The more profitable a company is in the area, the more likely the company will remain and expand in the community.

Research has shown, aside from market conditions, the principal reason a company moves from one community to another is “local community



Golden Triangle  
Development  
**LINK**



attitude.” Local community attitude encompasses a wide range of factors from local taxation, fees, and regulatory requirements.

However, many times “attitude” is simply how the company is treated by the community when the company has a local problem. Persistent problems for a company, large or small, add costs and time to the operation of the business, which motivates the company to seek another location when it needs to expand or retool.

Every effort should be made to reduce the costs of being located in the community for the company. This will enable the company to be more profitable, thus more likely to remain and expand in the area.

The most important element of an Existing Industry Program is quality, confidential communication between the economic development organization and the employer. This leads to problem solving activity for the employer by the economic development organization.

Communities sometimes underestimate the importance of the Existing Industry Program. Since it is more “glamorous” to recruit a new company to a community than to cause an existing company to expand, existing companies are often forgotten or ignored. Ironically, it is much easier to get an existing company to expand than to get a new company to move to an area.

As previously mentioned, an Existing Industry Program is the least expensive of the three economic development activities. For the most part, the costs of the program are driven by the salaries for the professional staff that develop the relationships with the primary employers and work to solve their problems. The Geographic – Economic issues previously discussed are important and typically come into play during the problem solving phase.

One of the first steps toward having a successful existing industry program is to identify the existing primary employers in a community. The large employers are obvious. However there are likely a large number of small, 5 - 20 job companies tucked away in a small warehouse or office building which are primary in nature which the community is not aware.


The Region has several large, quality employers which require special attention. However, there are likely more than 100 primary employers in the Region. The manufacturing companies have been identified but others likely



exist. Each of these can be encouraged to expand, helping the economy to grow.

While the LINK has been very successful in recruiting companies to locate to the area, the overall Existing Industry Program is not fully implemented. It is essential this issue be addressed.

*Clay County*  *Lowndes County*  *Oktebbeha County* 

 **Action Item: The LINK should dedicate more resources to an Existing Industry Program to encourage the retention and expansion of existing primary employers in the Region.**

**It should not only engage the large production employers in the Region, but also smaller primary employers.**

**Specifically, it should monitor the Columbus Air Force Base. The air force base accounts for about 25% of the Lowndes County economy and 16% of the Regional economy. Early detection of any changes at the base will help the community respond appropriately. Additionally the community should assist the base in the same manner it would any major employer.**

### ***Marketing Attraction Program***

A Marketing Attraction Program is necessary to increase the number of contributory employers in the Region. While new primary jobs will be created by the existing companies, new companies will be needed if the area is to have rapid, quality economic growth.

A Marketing – Attraction Program focuses upon business entities which are primary in nature and will pay a wage which will meet the goal.

The specific activities of an Attraction Program are very similar to those of a private company, which sells a product or service.

There are three basic steps:

- determine what you have to sell,
- identify who wants to buy what you have to sell, and
- establish a plan to contact and sell to the potential buyers.



Most areas believe what they have to sell is a “community.” This is not the case. What an area has to sell is a geographic location, which has certain assets and characteristics, which influence the profitability of a private company.

The geographic economic issues previously discussed include many of these community characteristics.

A Marketing Attraction Program can be very expensive and time consuming. Visible results may not be seen for several years after its initiation. The actual list of marketing activities for a Marketing Attraction Program is very similar to that of a private company’s marketing - sales program.

The following are some of the marketing activities which most community programs include:

- Advertising in trade journals and industry magazines.
- Direct mail.
- Company cold calling.
- Company visitation program.
- Public Relations — Image Program.
- Attend trade shows of target industries.
- Attend association conferences of site selection professionals.
- Website geared to site selectors.
- Develop a relationship with site selection consultants.

In addition to the above activities, many communities in the United States have created an “image” for their areas through a community marketing program. This is accomplished by community-wide usage of a “brand” or theme for the area.

*Clay County*



*Lowndes County*



*Oktebbeha County*



The “product” the LINK has to sell is very attractive. With so many favorable geographic - economic assets, the Region is a very profitable location for a large number of enterprises.

The LINK has been very successful in recruiting new companies, large and small, to the Region. Much of the success can be attributed to having a wide array of positive geographic – economic assets previously discussed.



Additionally, the professional staff has a very good relationship with representatives of the Mississippi economic development office and key national site selection consulting companies.

**● Action Item: On a regular basis, the LINK should review the marketing activities in which it is presently engaged to determine which activity generates the most favorable results.**

**As part of the major recommendation which follows, the LINK should join with Mississippi State and help guide its marketing efforts.**

### ***Start-Up Program***

Nurturing home grown companies, which are contributory in nature, is becoming more and more popular throughout the United States. Understanding that Microsoft was once a “start-up” company, communities are placing greater and greater emphasis on “growing their own” economy.

A business start-up program under the economic development program is not a general “business assistance program” popular in most communities. Those programs are designed to help a person start any kind of business. The Small Business Administration, local community college, and even the Chamber of Commerce many times have programs which guide a person in establishing general businesses from a travel agency to a plumbing supply store to a restaurant.

An economic development program is concerned with creating new companies which, when they evolve, will be primary or contributory in nature. They will eventually sell their products or services outside the area and not be dependent upon the local economy. They will import wealth to the area.

There are several elements relating to a “Start-Up” program.

### **Facility or Incubator (Accelerator/Creativity Center/Innovation Center):**

One of the most important features is to have a facility in which a company is formed and a product or service is developed. The space provided to a company is usually relatively small, 500 to 2,000 square feet. The tenants typically share equipment and machines. It is in the incubator where the



company develops its product or service, determines the market, and raises the capital to create the business. The rent to the company can be subsidized, but the trend is not to reduce rent, but to provide technical services instead.

#### **Business and Technical Counseling:**

Many great ideas never find their way to the market place as the individual has no idea how to do it. Additionally, most “ideas” are not great, and have no market potential. One of the most important features of a successful start-up program is the advice and counsel by individuals with experience in how to take a new idea and cause a company to be created.

The counseling involves examining the marketability of the product or process, production methodology, running patent searches, teaching the principles how to run a business, and explaining how to be an “entrepreneur.”

The team filters the businesses and determines which are appropriate to enter the “incubator.” The team also monitors the progress of the enterprise, providing needed technical, marketing, and administrative expertise when needed.

#### **University Relationship:**

Typically the most successful Start-Up programs are in communities which have a relationship with a major research university. The new company is able to interface with experts in the field in which the company is pursuing, learning about the latest technology and ideas. Many universities will partner with the incubator start-up program, allowing access to equipment and student assistants.

Absent a four-year university, the incubator can have a relationship with the local community college.

#### **Venture Capital (Angel Network/Seed Funding):**

In order for the company to begin operations in the incubator or expand outside, venture capital or business financing needs to be available.




*Clay County*  *Lowndes County*  *Oktebbeha County* 

In 2012, Mississippi State University opened a “business incubator” at the Thad Cochran Research, Technology, and Economic Development Park. It is a modern facility, approximately 20,000 square feet, and offers an array of services to potential start-up companies.

The incubator serves as a physical location for university researchers and facility to develop products or technologies which can be commercialized in the future. Non-university enterprises may also occupy the facility enabling the start-up company to access university faculty and facilities. It is genuinely a university related business incubator.

This facility is likely sufficient to meet the needs of the Region relative to developing “high technology” businesses.

However, there might also be a “market need” for a more pedestrian start-up incubator.

 **Action Item: The Region should explore the need to provide a start-up incubator which services a multi-county area (outside the Region) for groups which cannot afford nor need to be in the Thad Cochran Research Park. These enterprises need guidance on product development, business planning, market research, and other issues not available outside an “incubator.”**

**The facility should reach out to enterprising individuals living in a ten county area.**

**This facility is part of the major recommendation which appears later in this study.**





## ***Target Industries***

In order to grow and expand any local economy, the existing primary industries must expand or new enterprises must locate to the area. Through the wages paid to the workers and the spending by the companies, more money enters the economy which is subsequently mixed and churned by businesses and the people.

When attempting to determine upon which industrial sectors to focus marketing and recruitment by the economic development organization, the following process is typically employed:

- Identify the industrial sectors which have grown over the last ten years on a national basis and in the state which are primary in nature.
- Inventory the geographic – economic assets which are necessary for the expanding industrial sectors.
- Inventory the geographic – economic assets which are either currently available or could be available in the near future in the community.
- Focus the marketing effort on those industrial sectors which are growing and need the geography – economic assets available in the community.

While this process is fundamentally sound, there is presently a serious problem employing it.

Over the last ten years, very few of the industrial sectors which could add to a local economy have had job growth. As a result, few sectors can be identified by this methodology upon which to target a recruitment program.

For the fifty year period from 1950 to 2000, the nation had an average annual growth rate of jobs of 1.7%. So far this century, average annual private sector job growth has been only four tenths of one percent (.4%). On average, the manufacturing sector had an average annual job loss of 2.8% in the 2000's.

For the fifty year period from 1950 to 2000, the nation had an average annual growth in the gross domestic product (size of the economy) of 7.5%. So far this century we have averaged only 3.8% growth. In fact, economic growth in the last quarter of 2013 was only 2.1%.

The economic development marketplace simply refers to the number of companies which manufacture a product or service which needs a



community in which to locate. Companies need to expand if there is increased demand for what they make or do.

Since the domestic (United States) economic development marketplace (companies expanding) has not been growing and likely will not for a long time, economic developers have concentrated on recruiting existing companies located in high-cost states which need to construct a modern facility and reduce overall operating costs. Many southern states like Texas have been very successful in this effort.

However, this marketplace is relatively small. There are not enough of them to go around. As a result, competition among communities and states is extremely keen, and expensive.

The word “marketplace” has been used. Marketplace simply refers to the number of companies which manufacture a product or service which needs a community in which to locate. Companies need to expand if there is increased demand for what they make.

While domestic employment in most wealth generating industrial sectors has declined over the last ten years, the total value of manufactured goods being sold in the United States has increased significantly. Unfortunately, the manufacturing is being conducted offshore, outside the United States.

In 2003, our nation imported \$1.257 trillion in foreign products and materials. By 2012, imports of goods reached \$2.275 trillion. For a vast majority of these products, this nation not only invented them but lead the world in production at one point in time.

While we export products, we import much more than we export. The trade deficit from 2003 to 2012 totaled \$7 trillion.

The rise in imports put a chill on the growth of domestic manufacturers.

As an example, in 2003 there were 291,800 jobs in the manufacture of pharmaceuticals and medicines in the United States. By 2012 employment had fallen to 269,645, a loss of 31,000 jobs.

However, imports of pharmaceuticals increased from \$49 billion in 2003 to \$87 billion in 2012. The actual demand for this product increased



significantly in the United States over the ten year period, but the product was not manufactured domestically.

In order for our nation to have economic growth, we need to make what we import.

There are a host of reasons why the production of these products is offshore. However, the fundamental reason is “cost of production.” If cost of production can be reduced in the United States making the location competitive, the manufacture of many products will resume in this nation.

Some say this cannot be accomplished. However, the Golden Triangle Region has shown it can.

The Region has been successful in recruiting companies which make products which we have been importing.

The following chart provides an example of this success.

Company	Industrial Sector	Import Value
Baldor Electric	Electric apparatus and parts	42,825,433,456
Paccar	Engines and engine parts	26,824,395,243
Severstal	Iron and steel mill products-semifinished	20,883,672,943
Yokohama	Automotive tires and tubes	11,438,727,337
Airbus Helicopters	Civilian aircraft, complete-all types	10,158,587,854
Stark Aerospace	Civilian aircraft, complete-all types	10,158,587,854

The principal reason the area has been able to attract companies is because it has specific geographic – economic assets which enable these facilities to be competitive and profitable.

As a result, the list of target industries should reflect this competitive advantage and focus on industries for which a large marketplace exists and which are being imported to the United States.



The following is a list of these sectors:

<b>Target Industry Sectors</b>	<b>2012</b>
<b>Industrial Sector</b>	<b>Import Value</b>
Auto parts and accessories	89,505,728,582
Medicinal, dental and pharmaceutical preparations	87,306,768,911
Industrial machinery	47,982,906,131
Electric apparatus and parts	42,825,433,456
Engines and engine parts	26,824,395,243
Industrial engines, pumps, compressors & generators	23,780,929,927
Iron and steel mill products-semifinished	20,883,672,943
Finished metal shapes & advncd manuf, except steel	17,372,591,099
Engines for civilian aircraft	16,320,396,232
Parts for civilian aircraft	13,371,741,832
Materials handling equipment	13,223,110,417
Excavating, paving, and construction machinery	12,659,399,433
Automotive tires and tubes	11,438,727,337
Civilian aircraft, complete-all types	10,158,587,854
Iron and steel manufactures-advanced	9,457,951,835
Laboratory testing and control instruments	5,656,118,860

The marketplace for these sectors is huge. There is also a general theme for most of them. They involved “advanced manufacturing.”

Additionally, facilities necessary for manufacturing typically require a large capital investment and a large industrial parcel.

Also, many will want to utilize the resources of a university.



## ***Greatest Threat to Economic Growth***

The greatest threat or reason the Region will not enjoy rapid, quality economic growth could be its inability to provide a skilled workforce.

The availability of trained or trainable labor is the second most important issue when a company is considering locating to a community. It is typically the most important issue when a company is deciding whether or not to expand in an area.

Unfortunately, due to socio-economic, educational, and cultural issues, at the present time it does not appear the Region will be able to supply sufficient skilled labor to meet the needs of companies which might want to locate to the area in the future or existing companies desiring to expand.

Therefore, the community must vigorously work to solve this short and long-term problem. If it does not, it cannot grow economically and efforts to improve the economy will stall.

As discussed previously, public education in the area is well below average. As a result, thousands of children are either not completing their high school education or, if graduating, most are not being adequately prepared for a “working” future.

Additionally, there appears to be culture of dependence upon entitlement programs.

2011 - Per Capita Welfare	Amount	Rank 576	
		Micro	% of USA
Region	1,162	141	130%
Lowndes, MS	1,227	113	138%
Oktibbeha, MS	898	293	101%
Clay, MS	1,588	47	178%
Oxford, MS MICRO	537	525	60%
Tupelo, MS MICRO	879	301	99%

Welfare and other entitlements have been chronically high for an extremely long time.



Per Capita Welfare is well above national norms. This has been the case for more than 30 years.

The combination of poor education and an entitlement based culture has caused a large percentage of working age individuals to not participate in the workforce.

The chart dramatizes this issue. While all the data are estimates and not exact numbers, the results are compelling.

Potential Workforce	Region	Clay	Lowndes	Oktibbeha	Mississippi	USA
2012 Population*	128,084	20,634	59,779	47,671	2,986,450	313,873,685
% Over 65*	12.4%	15.2%	13.6%	9.8%	13.5%	13.7%
% Under 18*	22.2%	25.1%	24.5%	18.0%	25.0%	23.5%
Working Age Population**	83,740	12,318	37,003	34,418	1,836,667	197,112,674
Workforce 2012***	55,659	7,361	27,009	21,289	1,333,046	155,485,000
Working Age Not Looking For Work	28,081	4,957	9,994	13,129	503,621	41,627,674
% Working Age Not Looking For Work	34%	40%	27%	38%	27%	21%
Unemployment - 2012***	10.7%	17.0%	10.0%	9.5%	9.2%	7.9%
Unemployed (Included in Workforce)	5,975	1,251	2,701	2,022	122,640	12,283,315
Total Unemployed Plus Working Age Not Looking For Work.	34,056	6,209	12,695	15,152	626,261	53,910,989
Percentage Total Unemployed Plus Working Age Not Looking For Work	41%	50%	34%	44%	34%	27%
Poverty Rate *	na	24.3%	25.7%	34.2%	22.3%	14.9%

\* Bureau of Census

\*\* Over 17, under 66 years old

\*\*\* Bureau of Labor Statistics - Includes employed and unemployed looking for work.

Based on census data for 2012, the Region has an estimated population of 128,000 people. Of these, 83,740 are of working age, between 18 and 65 years old inclusive.

The Bureau of Labor Statistics (BLS) estimates the workforce to be 55,659. Its estimate is based upon the number of people employed in each county and the number of people "looking for work." The "looking for work" are those who are either receiving unemployment compensation or indicated in BLS surveys they are unemployed and seeking employment.



When we subtract the workforce (includes unemployed) from the working age population, we discover a full 34% of the working age population in the Region is not seeking employment. In Clay County it is 40%.

There are several reasons why someone might choose not to work. A spouse tending children, an individual with financial resources, and a physical disability are some of them.

However, the percentage in the Region and each of the three counties is considerably higher than the national norm. Given the large amount of entitlement money flowing into the area, it can be assumed a large portion of the population has chosen not to work and to live on government benefits.

What is more startling, when the unemployed are added to the working age population not looking for work, we discover in the Region a full 41% of the working age population are not employed. In Clay County, it is 50%.

If you assume half (pretty high percentage) the working age people choose not to work as they can afford not to (personal resources or not able to work), then in 2012 a full 20,000 adults were not employed in the Region by choice or the absence of employment opportunities.

We then ask the question: "Are these 20,000 individuals employable if the opportunity presents itself?" The general answer is likely not, especially those living on entitlements.

Several quality employers have located to the Region over the last several years. Many of these required high-skilled workers. For the most part, the Region has been able to supply this workforce, especially through the training programs of East Mississippi Community College.

However, in discussions with some major employers, the issue of the lack of trained workers persists.

Presently, the Yokohama Tire Company is constructing a 1,000,000 square foot facility in West Point. It intends to initially employ 500 workers. The



company has set specific skill levels which are required to be hired by the company.

There apparently is a question in the community if it can provide the necessary workforce at the skill level needed by Yokohama at this time.

If the issue of providing 500 skilled workers is questionable today, it will be critical in the future in determining if Yokohama expands as planned to 2,000 workers over the long-term.

Additionally, the Region has the geographic – economic assets which are very attractive to mid-to-high skilled employers.

It is quite possible the Region could create over the next ten - twenty years as many as 10,000 new primary jobs, billions of dollars of investment, and hundreds of millions of dollars of payrolls and economic activity. This economic growth will improve the quality of life for everyone living in the area.

However, this will not happen if the workforce is not available. Keep in mind, there are about 34,000 working age people in the Region not working at the present time.



**Therefore, it is a major recommendation the community unite to create programs which will encourage and inspire the working age population to acquire the necessary skills and education in order to qualify for mid-to-high wage jobs.**

The problem, of course, is how a community accomplishes this.

The issue of convincing individuals who have become dependent upon government entitlements to enter the workforce plagues our nation, not just the Region. Many individuals have constructed their entire lives around securing government benefits and are quite satisfied with this life style. They consequently lack the motivation to do otherwise.

Additionally, those who have been dependent upon entitlements for a long time rarely have the education, work habits, or skills to participate even in low-skilled positions.





In addition to this group, the chronically unemployed many times have been out of the workforce for such a long period their work skills have diminished and they lack motivation to become re-educated or to seek a basic job.

Looking at the future in the Region, given the expanse of the culture of dependency in the Region, it can be assumed a large portion of the youth in the schools have little motivation to do more than what their parents have done. They plan to enter the world of entitlements as they have been exposed to little else.

This has caused them to apply little effort to learning while in school or even dropping out which a large percentage have.

More importantly, remember that in a brief ten years, today's eight year olds will be entering the workforce. What they are exposed to over the next ten years will likely determine their lot in life.

It is therefore very difficult to break the cycle of dependence, but the community must find a means to do it.

It is recommended the Region take a new, innovative approach to the problem. It should create a place which is dedicated to inspiring people to seek a better life.

For the lack of a better name, a Multi-County Economic Development Center should be created.

This is a physical location where a host of programs will be offered which will educate, train, and motivate the resident population to become part of the Regional economy. There are some examples of such a program being offered in other places. But this facility will likely be unique.

This facility will become the center for educating the community on economic development, free enterprise, and causing the economy to grow.



Programs should be developed which address several groups of individuals.

- School Age Children – A playful learning experience can be created exposing children to various work activities.
- Youth – Inspire the youth of the community to finish high school and to seek a life free of entitlements.
- Young Adults – Inspire “20 something’s” to complete their education and seek a better life.
- Unemployed – Provide hope, training, and motivation.
- Chronically Unemployed or Not Working – Encourage them to refresh their lives.

The facility could also house a Regional Business Incubator for start-up companies, become a community meeting location, and a collection point for industry and residents to meet. Of course there should be an effort not to duplicate activities being conducted at other locations.

A special group of community leaders will be needed to discuss and create the programs. The Researcher will not attempt to make suggestions for specific activities at this time. Careful thought and imagination will be required to tackle these problems, as most communities have not been able to solve the cultural – labor issues described. But the Region must make a diligent, deliberate attempt to do so.

One example of a program for this center is providing a fun, learning experience for “little kids” to discover the value and benefit of “working.”

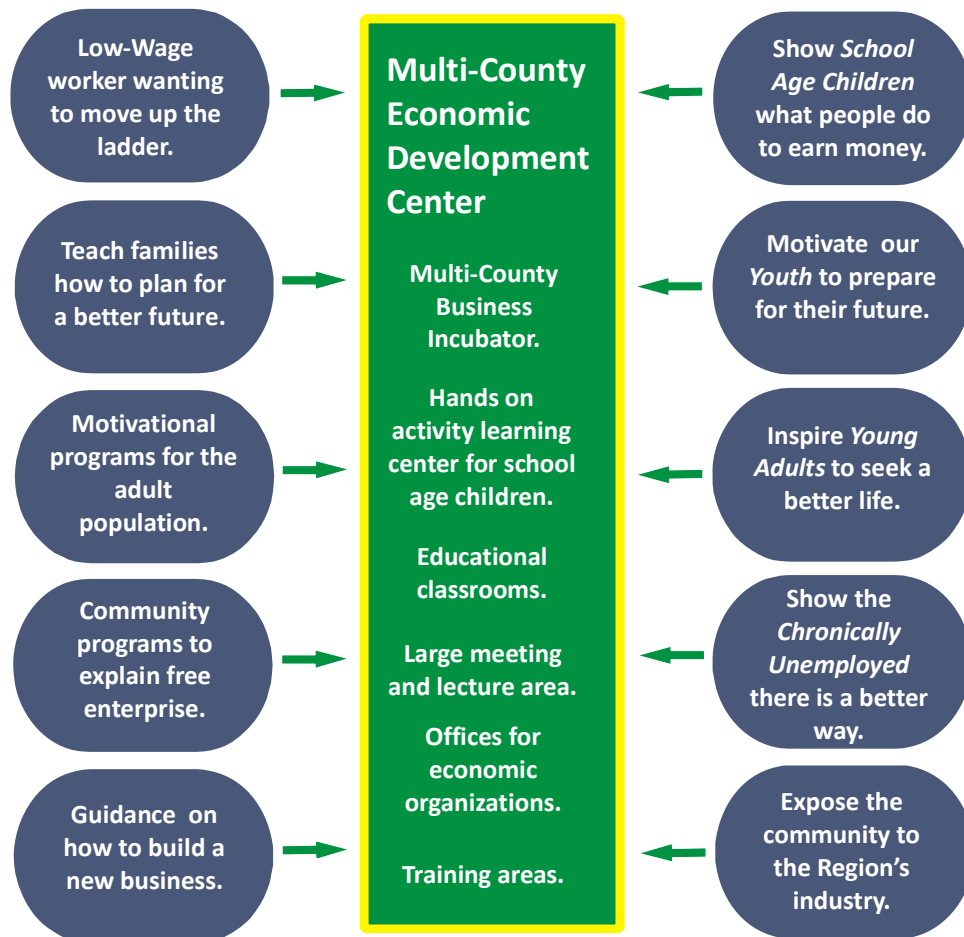
There is a program (facility) in Gainesville, Georgia created by the community called the Featherbone – Communiversity (The Researcher has toured the facility). It includes a business incubator, lecture rooms, and offices for economic related groups.

Included at the Communiversity is a section with a series of little rooms in which they have created “mock” businesses, such as store or doctor’s office or assembly line. Little kids come to the center and interactively play at the occupation. This program could be expanded upon to include some type of payment for successfully completing some of the tasks for which the kid is issued currency to be spent in the store. This program exposes kids to various vocations and can be used to teach “reward.”

The following chart provides an initial concept for this facility.



## A special place to inspire people to seek a better life.



Overall, the Region must address the issue of labor if it is going to prosper.



## ***Best Opportunity for Economic Growth***

From a review of the geographic – economic assets and liabilities, we know the Region is in an excellent position to attract and retain quality primary employers. With an abundance of quality industrial real estate, superior worker training programs, an excellent transportation system, cooperative local governments, and generally low operational costs.

This has proven to be the case with the location of Severstal, Paccar, Airbus Helicopter, Stark Aerospace, and many other companies.

It is expected in the future more companies will locate to the area and existing companies will expand, providing the issue of workforce availability is addressed.

Even with these assets and expected future success, the Region has an opportunity to cause the economy to become **the most dynamic and successful of any small area economy in the nation.**

Mississippi State University can be the catalyst for explosive economic growth in the future.

Presently, the university accounts for about 75% of the Oktibbeha County economy and 32% of the Regional economy.

However, with an expansion of its economic development program, the university could cause the creation of several thousand private sector high-wage jobs over the next ten to twenty years.

To understand how, let us review the different ways a university can impact a local economy.



### Stage 1 Impact - Typical Four Year University with general post graduate programs:

By definition, a university which accepts students from outside the economic area is a primary industry.

Money flows into the university via state funding, tuition, and its endowments and foundations. Money then enters the local economy from the wages paid to the employees of the university, spending by students, and purchases by the university.

The overall impact is typically determined by the enrollment at the university. If enrollment remains constant, employment and spending remains constant. If enrollment declines, employment and spending also decline. If enrollment increases, employment increases.

Therefore, while a contributor to the economy, the typical university does not cause economic growth unless enrollment at the university increases.

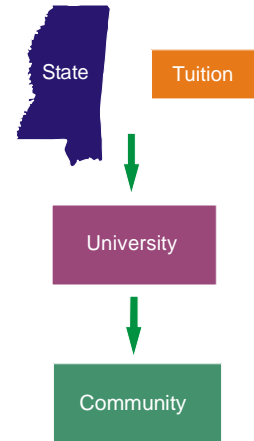
A large majority of the colleges and universities in the United States fall into this category.

The Mississippi University for Women located in Columbus is an example of Stage 1 impact.



Mississippi University for Women - Columbus, MS

### Flow of Money University - Industry - Community





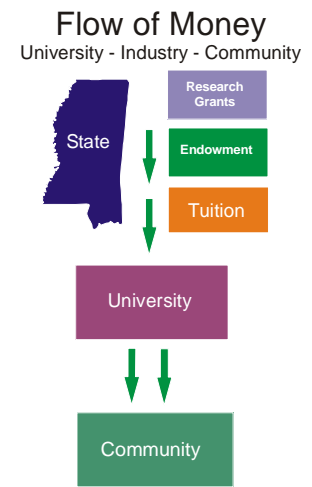
**Stage 2 Impact – Plus professional graduate programs and research:**

The next phase to increase economic impact is to add professional schools and research to the university. The first adds to enrollment, therefore employment. Additionally, by having professional programs such as law, veterinary, architecture, engineering, and medicine, the opportunity for additional endowments is greater than without such programs.

By having externally funded research programs, more money flows into the school causing growth and the university gains in stature and reputation.

Additionally, there is an opportunity to commercialize the research causing private sector growth. One of the downsides of externally funded research is the grant funding might end or be exhausted, causing displacement of the researchers.

Jackson State University is a good example of having Stage 2 impact. R&D expenditures of about \$47,000,000 (ranks 202<sup>nd</sup> among 655 colleges and universities) enables it to have a greater impact than most schools.



**Jackson State University**



**Stage 3 Impact – Plus a university research park and incubator:**

As a result of the remarkable economic growth in Silicon Valley in California and the Research Triangle Park in North Carolina, in the mid-1980's many universities around the country developed research parks for the purpose of emulating the success of these areas.

Most of these facilities sat fallow for many years as universities simply did not have the knowledge or expertise on how to cause occupants, private or public, to locate to the parks.

It was discovered one of the necessary elements in a university park was an "incubator" in which the first steps toward commercializing university research could begin.

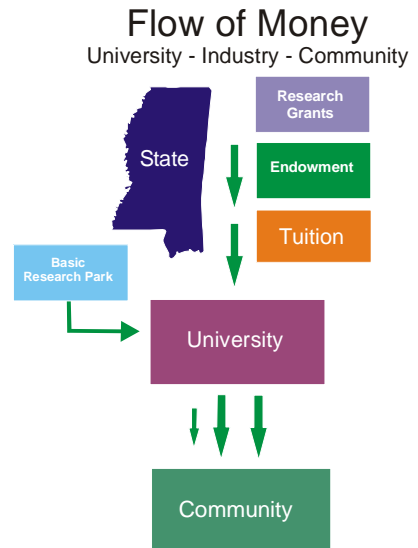
Most of these initial parks ranged in size from 50 to 100 acres of land. Many, but not all, have been relatively successful in attracting public and private research facilities and some private industry.

Since the initial interest in creating university parks in the 1980's, throughout the 1990's and 2000's more universities have create these facilities.

The University of Florida is a good example of a university with Stage 3 impact.

The school ranks 23<sup>rd</sup> among 655 universities and colleges for R&D expenditures (\$697,000,000) and has a complete set of professional schools.

The Sid Martin Biotechnology Incubator is one of the most successful university incubators in the nation. The incubator is located in a small privately owned industrial park about 20 miles from campus.



**University of Florida Sid Martin Biotech Incubator located Progress Research Park.**





Today, almost 200 universities have some type of research and development park. The occupants of these parks usually are involved in high technology, high wage industries.

Aside from the tenants occupying the incubator, most of the companies typically have a consistent source of funding unlike some research grants. As a result, they are consistent contributors to the local economy.

Typically several hundred people, public and private, are employed by enterprises located in Stage 3 university research parks.

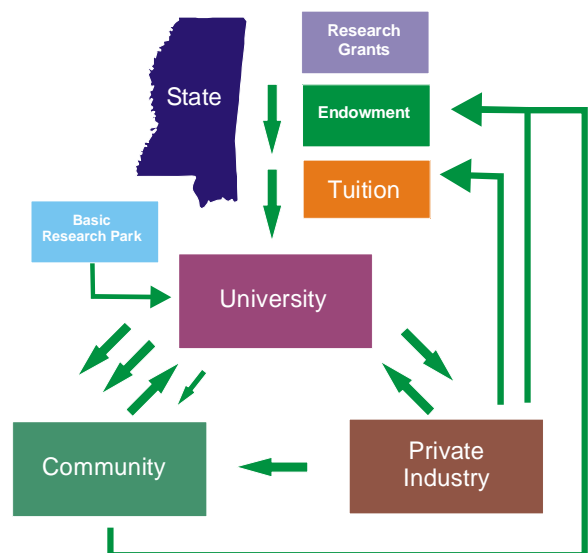
**Stage 4 Impact – Plus a comprehensive economic development program:**

Several universities have initiated a comprehensive, aggressive economic development program utilizing the assets of the university to cause quality economic growth in the community.

As a result, thousands of high-wage private sector jobs have been created in close proximity to the main campus dramatically increasing the economic impact of the university.

The volume of money flowing from the private sector to the university and the community increases dramatically.

**Flow of Money**  
University - Industry - Community



In order for a university to cause significant economic growth, most or all of the following are necessary:

1. The state, the university leadership, and the local community must all want it to happen.

The state is needed to fund some of the infrastructure necessary for the facilities needed to stimulate the economic growth. Additionally, the state sometimes needs to give permission or instruction to the university to proceed.





The leadership of the university is necessary to provide direction and permission to faculty and staff to participate in the effort. Typically an Office of Economic Development is created to coordinate the program.

Cooperation with the local community is necessary. Local government can either inhibit or expedite the effort. Additionally, many times local government is a partner in infrastructure development and implementation of the comprehensive economic development program.

2. The most successful programs are associated with a research university which encourages private sector production of commercialized research.

The Stage 3 impact level of a university included research which was being developed for the private sector in a university incubator at the research park.

In Stage 4, after research has been determined to have commercial value, the production of the product or service (technology) is captured in the community. Too often in the Stage 3 scenario, the production leaves the community and occurs in another area.

This is the case at the University of Florida. Researchers at the university have developed a large number of products and technologies which have been commercialized. However, these companies have “flowed away,” some locating in other Florida communities but many to other states.

3. The research park associated with the university is much larger than those found in Stage 3. Typically the park is at least 500 acres and most are greater than 1,000 acres.

The parks in Stage 3 usually offer sites between 3 and 10 acres. In order to lure large private sector companies, parcel sizes of 20 to 50 acres are necessary.

At the most successful Stage 4 research parks, several thousand individuals are employed by the companies operating in the parks. Additionally, most of the companies are private sector.

Most universities are landlocked. There is little vacant land adjacent to the university available for the physical expansion of the school let alone for a large Research and Development Park.



The most successful R&D Parks are geographically either adjacent or very close to the university.

4. The university becomes a partner in research, product development, and product production with private sector companies.

One of the greatest benefits to the university is to have a large technology company locate to the community with the intention of collaborating with the university. The company many times funds research, laboratory equipment, and pays consulting fees to faculty.

Additionally, a similar benefit to the university occurs when the university reaches out to the existing business, industrial community in the area. Relationships are developed and both parties benefit.

5. The university becomes a partner with the local economic development organization.

One of the most consistent themes of a successful university driven economic development program is the partnership between the university and the professional staff of the local EDO.

The economic development organization has knowledge and expertise in marketing and industrial retention and expansion, land development and facility construction, project finance, state and local regulations, and a host of other issues which determine if a project can be successful in an area.

This expertise is necessary for the program to be successful.

The following are examples of successful Stage 4 University driven economic development programs:



**University of Central Florida - Orlando, FL**

**Enrollment - 59,000**

**R&D Expenditures - \$121,000,000 - Rank 136/655**



The Central Florida Research and Development Park is adjacent to the University of Central Florida campus. The park includes 1,027 acres. Presently 126 companies in 59 buildings are located in the park employing more than 10,000 people.

It is a campus-like environment for business that desire a "university relationship." Research Park tenants form relationships with the University of Central Florida through technology transfer, research, faculty consultations, graduate and undergraduate internships and part-time employment programs.

Research Park tenants can also contract with the university for use of computer resources and laboratory facilities.



**Central Florida Research and Development Park**



**University of Alabama - Huntsville, AL**  
**Enrollment - 7,500**  
**R&D Expenditures - \$87,000,000 - Rank 155/655**



The Cummings Research Park was first established in 1962. It comprises more than 3,800

acres. It is the second largest R&D Park in the United States behind the Research Triangle Park in North Carolina.

It is the home to 285 companies and more than 25,000 employees which generate a payroll greater than \$2 billion per year. According to the State of Alabama, employment at the park accounts for 1.3% of the jobs in the state.



**Cummings Research Park**

The University occupies about 400 acres of the park. The companies at the park are involved in a wide range of high technology disciplines such as optics, simulation, aerospace, logistics, and systems design. Twenty-six Fortune 500 companies are located in the park.



**University of Wisconsin - Madison, WI**

**Enrollment - 43,000**

**R&D Expenditures - \$1,170,000,000 - Rank 3/655**



The University of Wisconsin Research Park was created in 1984 on University land no longer conducive to agricultural research. Today, the park provides an atmosphere custom-designed to nurture a productive combination of economic and technological

development. There was no activity at the park for several years until the local utility company, Madison Gas & Electric, constructed a 60,000 square foot incubator on the property.

Today, the park comprises 351 acres, 37 buildings with 1.8 million square feet under roof.

There are 126 companies located at the park employing more than 3,500 people with an annual payroll of \$260 million.

A large number of the companies located at the park were formed as a result of research at the university. The park not only sports a "typical" incubator facility, but also a "next stage" *University Research Park Accelerator* which catapults companies from the incubator to stand alone enterprises.

With the original location virtually built-out, Phase 2 has been developed on a site approximately three miles from this complex. It comprises approximately 370 acres and will be able to accommodate up to 8,000 employees.



**University of Wisconsin Research and  
Development Park - Phase 1**



**Purdue University - Lafayette, IN**

**Enrollment - 38,700**

**R&D Expenditures - \$602,000,000 - Rank 32/655**



Purdue Research Park of West Lafayette is the largest of four research parks affiliated with Purdue University. The park is located just north of Purdue University's main campus and is home to the largest cluster of technology-based companies in the state of Indiana.

The 725-acre park boasts more than 50 buildings; more than 3,200 employees; 327,000 square feet of business incubation space; and an average wage for startup companies in excess of \$63,000.



**Purdue Research Park - West Lafayette, IN**

A vast majority of the occupants of the park are private sector enterprises.





**Mississippi State University - Starkville, MS**  
**Enrollment - 20,000**  
**R&D Expenditures - \$233,000,000 - Rank 92/655**



Mississippi State University, for the most part, is a Stage 3 economic contributor. However, it has the potential to become a Stage 4, which can result in the formation of thousands of private sector, high-wage technology jobs.

The following are some of the assets of MSU which will lead to Stage 4 status:

- It is a research university. According to the National Science Foundation, in 2012 MSU ranked 92<sup>nd</sup> among 655 universities and colleges for research and development expenditures (\$233,197,000).
- It has professional graduate programs.
- It has collaborated with the private sector in research (CAVS and agricultural community).
- It has a university incubator located in a Stage 3 research park.
- It has departments and curricula addressing most scientific and technology disciplines.
- It has a supercomputer.
- It has an abundance of greenfield land in close proximity to the university.

Most importantly, it has taken the initial steps to build the intellectual and organizational infrastructure within the university which is necessary to implement a comprehensive program.

Over the last four years, through the efforts of Dr. David Shaw, Vice President for Research and Economic Development and Dr. Melvin Ray, Associate Vice President for Economic Development, the university has laid the groundwork, built the foundation upon which the next major steps can be taken.

The *Economic Development Assistance Network* has been created which has organized and secured the support of the various departments in the university relative to participating in economic development.



**Center for Advanced  
Vehicular Systems**



This is a very important issue. One of the most frequent reasons a university does not cause economic growth in a community is because the university community has little interest in doing it.

By creating a network of researchers, department heads, and outreach programs being coordinated by the Office of Economic Development, the university has taken a major, vital step forward toward causing quality economic growth. Most universities in the United States do not make this effort. As a result, most fail.

In order for Mississippi State University to cause dynamic growth, it is recommended the following actions steps be done:

- Plan and develop in cooperation with the community a major research and development campus of at least 500 acres. An additional 500 acres should be identified for future use.

Just as the Columbus area has been successful in recruiting advanced manufacturing to the community as a result of having large parcels of real estate building ready and fully serviced, successful Stage 4 university economic development programs have large industrial parks.

In contrast to the Airport Industrial Park, this facility will be rich in landscaping and employee amenities. It will resemble a college campus more than an industrial park.

Most of the parks are developed as a joint venture between the local community and the university. The ownership entity is typically a not-for-profit entity, not the university.

Keep in mind, as previously stated, most universities do not have large tracks of greenfield land near their campuses. MSU does. This provides a significant competitive advantage for the university in attracting large, research - technology companies.

- Create a joint marketing program with the Golden Triangle Development LINK for targeted industries.

Economic development practitioners have a great deal of experience in identifying economic development marketplaces and negotiating with





companies regarding relocation.

The university should take advantage of this expertise and collaborate regarding attempting to recruit private sector companies which will partner with the university.

- Initiate a “quality of life” program for the Starkville area.

While every community believes their town is the best place to live and has the best quality of life, unfortunately sometimes their vision can be clouded.

When attempting to recruit high-technology high-wage companies to the Starkville area, quality of life issues come into play.

Most of these companies have several choices as to where they locate. One of the issues in that decision making process is whether its high tech workforce will move to the community being considered.

Very few of the individuals who will work for these companies presently reside in the Region. They will be asked to relocate to Starkville.

The Starkville community has many attributes. However, its “quality of life” amenities are not as desirable or abundant as many university communities located in areas with greater populations.

Some individuals reading that statement might take offence. However, there are certainly more things to do in Durham, NC or Athens, GA, or Austin, TX than in Starkville.

In order to be successful, this issue needs to be addressed.

It is recommended the Starkville – Oktibbeha community conducts an assembly to discuss “quality of life” amenities. It needs to brainstorm to decide “What do we want Starkville to look like 20 years from now.”

A phased, long-term plan should be created. This plan can be used as a tool to overcome issues relative to recruitment. As more companies move to the area and the economy expands, funds will be available to implement the plan.



## ***Conclusion***

Overall, the Golden Triangle Region has a significant number of positive features which are attractive to high-wage employers.

Compared to a vast majority of the rural areas in the United States, its geographic - economic assets far exceed what most primary businesses require.

Although already more successful than most rural communities, it has the potential to become the most dynamic small market economy in the United States.

However, it must address the issue of skilled labor in order to continue to grow and to encourage the university to expand its economic development in order to excel economically, to reach its full potential.