

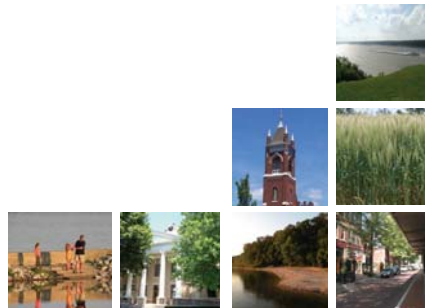
Purchase Future:

Regional Economic Development Strategy

TIP Strategies, Inc.

Tom Stellman, President & CEO
Karen Beard, Senior Consultant

November 23, 2010



1

Agenda

- Introductions
- Project Overview
- Findings
- Recommendations
- Q&A



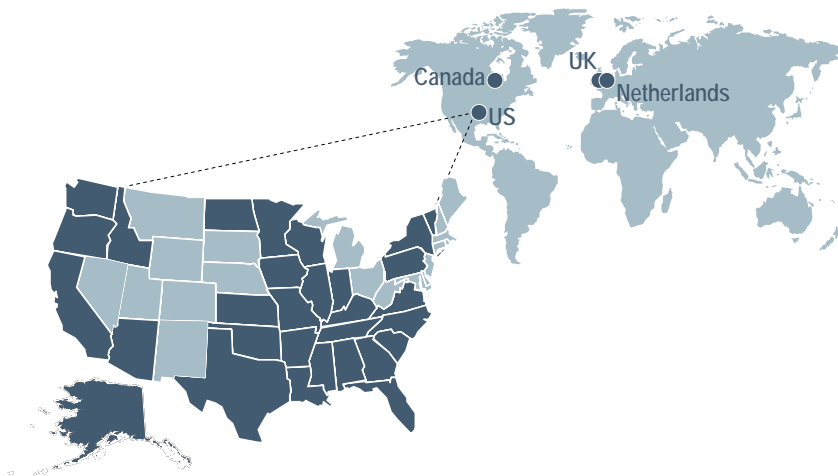
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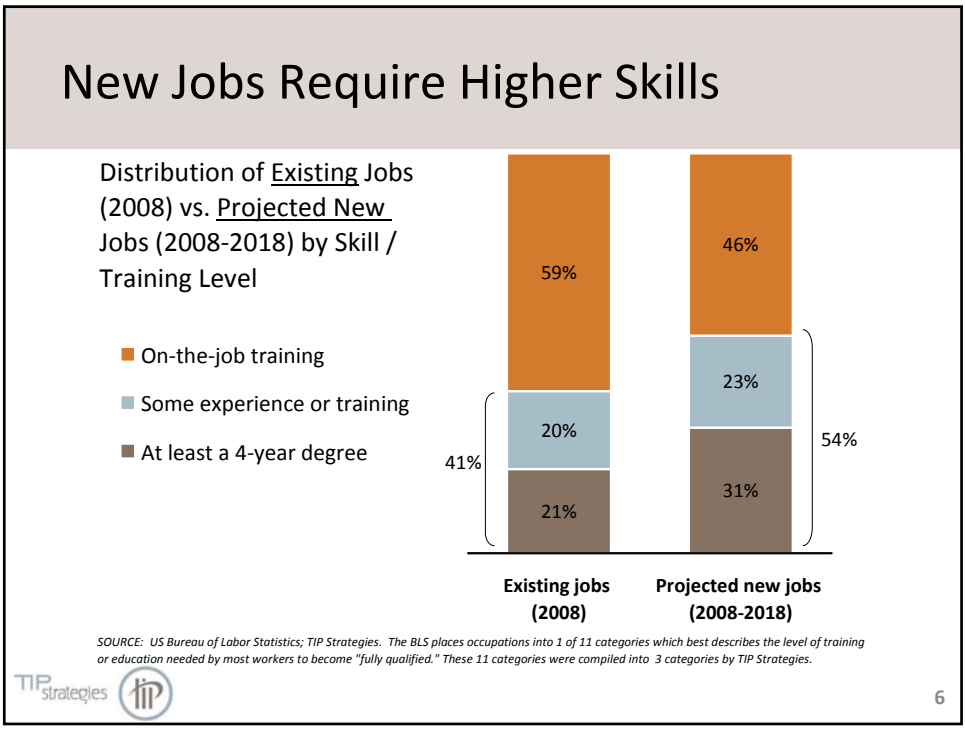
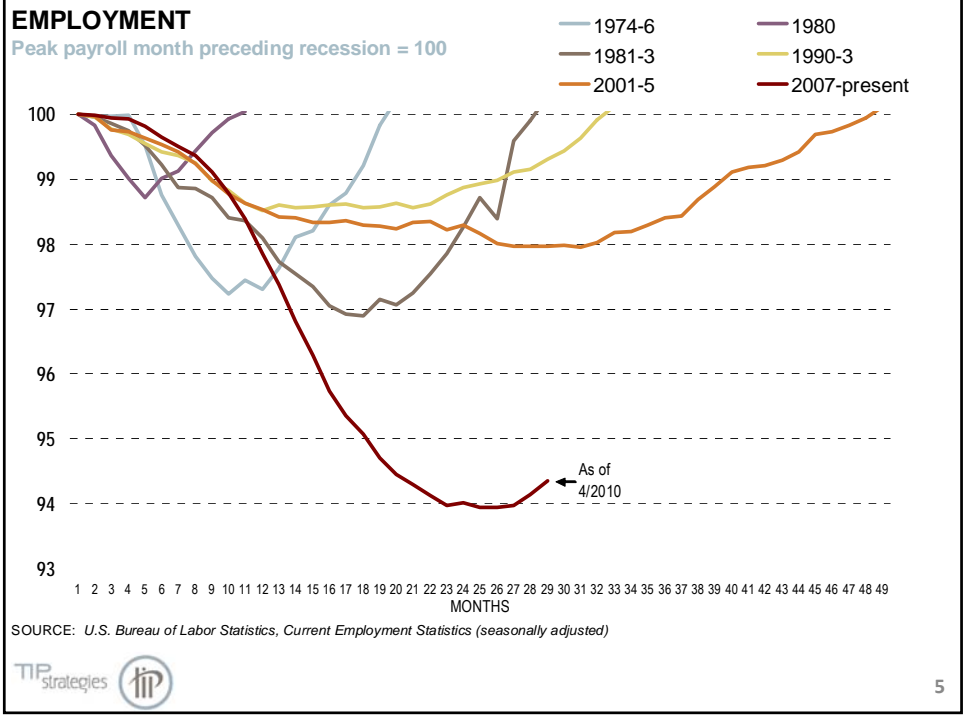
TIP Strategies

- Strategic Planning
- Workforce Development
- Entrepreneurship
- Site Selection & Analysis
- Defense Communities
- Industry Cluster Analysis



TIP Project Locations

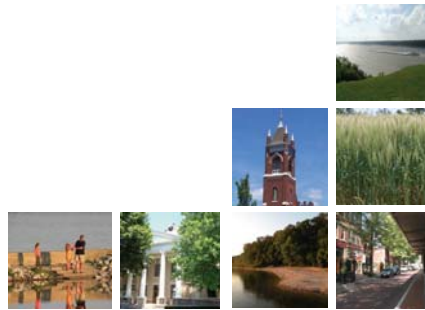




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Project Overview



7

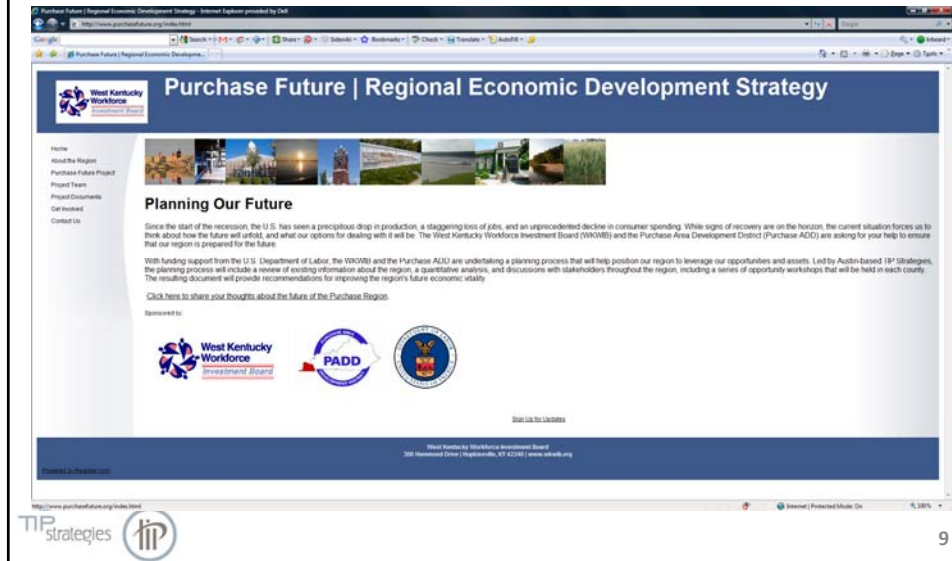
Project Overview

- Primary goal was to identify opportunities to enhance regional economic vitality
- Funded through US Department of Labor Regional Innovation Grant
- Conducted concurrently with Workforce Analysis & Target Marketing study for Purchase Regional Industrial Park



8

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Stakeholder Outreach

- Major employers representing >5,300 full-time employees
- Training providers
 - WKCTC
 - Murray State
 - Mid-Continent
- Local economic development organizations
- USEC / DOE (2,500+ jobs)



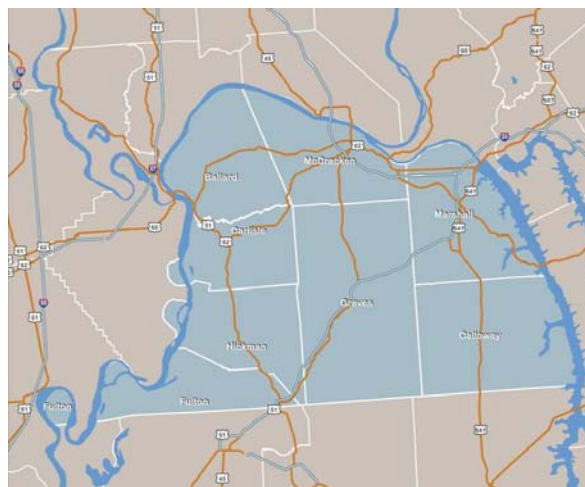
Alcan Composites
Briggs & Stratton
CSI (Computer Services, Inc.)
Dippin' Dots, Inc.
Henry A. Petter Supply Co.
Ingram Barge, Co.
MVP Group Int'l
Murray-Calloway County Hospitals
NewPage Corporation
Pilgrims Pride
Progress Rail Services
Sekisui Specialty Chemical, Inc.
S'portable Scoreboards, Inc.
Wacker Polymer
Westlake Vinyls, Inc.

Ally Interviews

- Kentucky Cabinet for Economic Development
- Kentucky Cabinet for Energy and Environment
- Tennessee Valley Authority
- Jackson Purchase Electric Cooperative
- Big Rivers Electric
- West Kentucky Rural Electric Cooperative

Opportunity Workshops

- Tuesday, June 1
 - Graves County
- Wednesday, June 2
 - Marshall County
 - McCracken County
 - Ballard County
- Thursday, June 3
 - Carlisle County
 - Hickman County
 - Fulton County
- Friday, June 4
 - Calloway County



Post-secondary Offerings

- Created Excel-based matrix of occupations and credit programs offered by schools within 100-mile radius.

PADD Region SUMMARY Find results for: Industrial Engineering Technicians

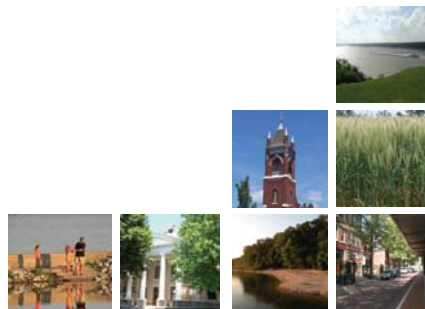
Match available programs within a 100-mile radius. Sources: National Center for Education Statistics; U.S. Bureau of Labor Statistics; National Crosswalk Service Center; U.S. Employment & Training Administration; TIP Strategies

Potential Post-Secondary Program Match	Degree Type					School Type			Proximity to PADD region					State Location					
	Total Annual Completions	Certificate	Associate Degree	Bachelor's Degree	Post-Bachelor's Degree	Total Annual Completions	Public	Private	Total Annual Completions	0-25 Miles	25-50 Miles	50-75 Miles	75-100 Miles	Total Annual Completions	Alabama	Arkansas	Kentucky	Missouri	Tennessee
Total annual program completions	331	0	72	263	16	331	331	0	331	29	0	84	208	331	1	192	29	91	18
Industrial Technology Technician	283	0	10	264	0	283	283	0	283	0	0	85	198	283	1	176	0	85	18
Manufacturing Technology Technician	42	0	3	29	10	42	42	0	42	29	0	3	10	42	0	13	20	0	0
Industrial Production Technologist/Technicians, Other	6	0	0	0	0	6	6	0	6	0	0	0	0	6	0	0	0	0	0
Engineering/Industrial Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Purchase Future: Regional Economic Development Strategy

Key Findings

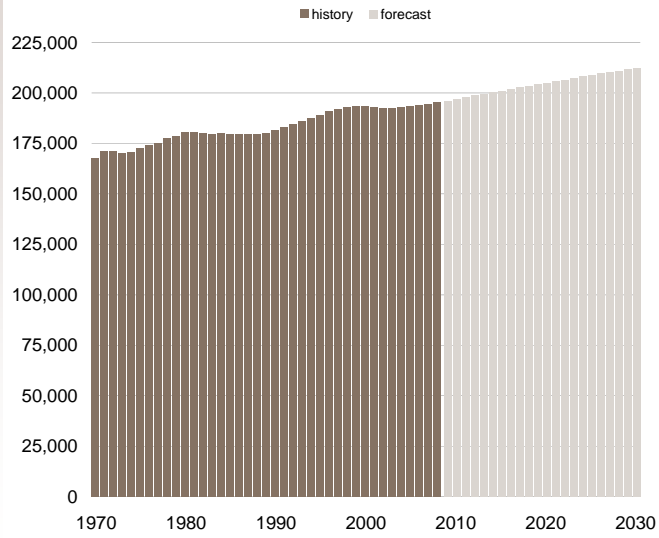


Slow population growth

It has taken more than 3 decades for the 8-county region to add 25,000 new residents.

Purchase Region population

Moving steadily upward



SOURCES: U.S. Bureau of the Census (history); Moody's Analytics (projections)

15

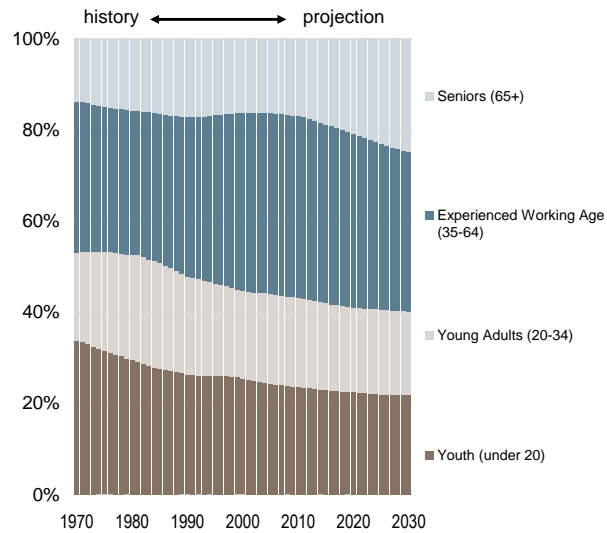
Changing demographics

In 1970, one in every three residents was under the age of 20. By 2030, this group will represent barely one in five.

Purchase Region population by age cohort

A mirror of national patterns

Age cohorts shown as a percent of the region's total population

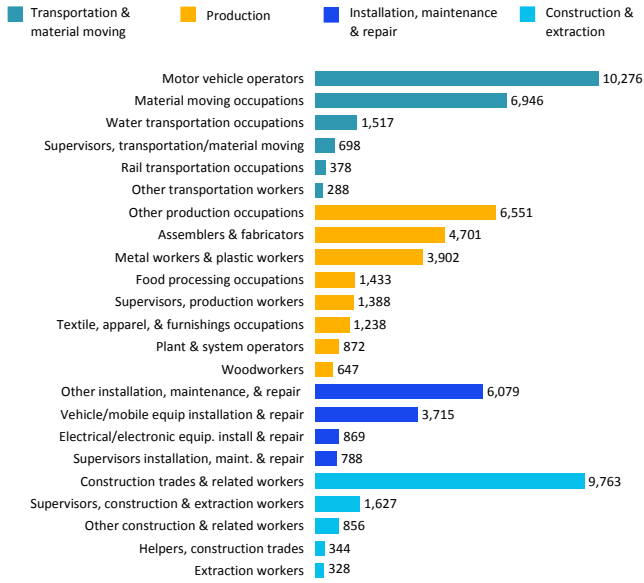


SOURCES: U.S. Bureau of the Census (history); Moody's Analytics (projections)

16

60-MILE RADIUS
A large pool
of skilled
workers

2010 employment in industrial-related occupations, 60-mile radius
Production, material moving, installation & maintenance, and construction

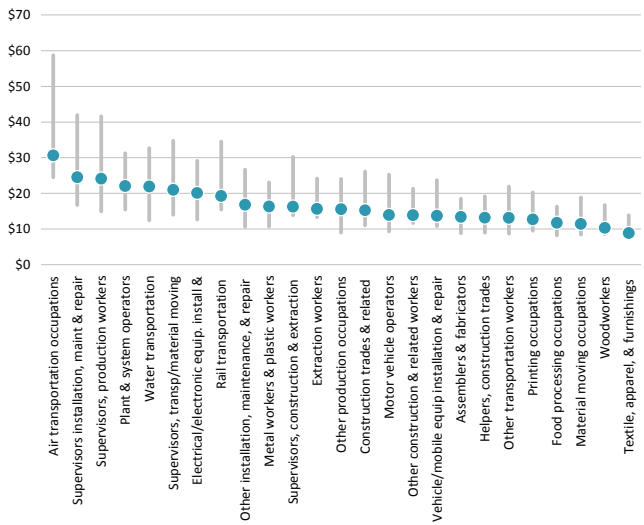


SOURCES: EMSI Complete Employment - 2nd Quarter 2010

60-MILE RADIUS
Competitive
wage rates

Median hourly wage rate for industrial-related occupations

Local median wage presented in the context of the national wage range
 Dot represents the local median; line represents the national range between the 10th and 90th percentiles



SOURCES: EMSI Complete Employment - 2nd Quarter 2010

Regional strengths (manufacturing industries)

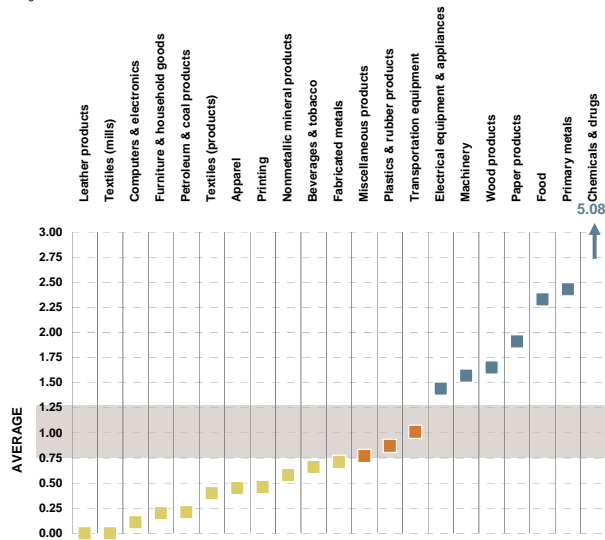
Manufacturing industry concentrations

Location quotient analysis

US average for each industry = 1.00

Regional strength > 1.25

Regional weakness < 0.75



NOTE: Miscellaneous manufacturing includes medical equipment & supplies, sporting goods, jewelry, toys & games, non-paper office supplies, & caskets
SOURCES: EMSI, Spring 2010 forecast

19

Employers' Views

- Strong work ethic among current employees
 - “Dedicated,” “hard-working,” “loyal”
- Can be hard to find new employees
 - Hard to recruit people to the area
- Aging workers problem for some employers
 - One employer anticipated 50% of workers retiring near-term
- Technical skills hard to find, retain
- Partnerships with higher education seen as plus
 - WKCTC, Murray State

Employers' Views

- Employers identified the following as “hard-to-fill”:
 - Industrial maintenance and repair
 - Engineers, particularly chemical engineers
 - Process control workers, instrument technicians
 - Supervisors and managers
 - Experienced salespeople
 - Electricians, including those with locomotive experience
 - Diesel mechanics
- Basic skills — e.g., communication skills, leadership qualities, analytical skills, and computer proficiency — continue to be a concern for employers in the region and nationally.

SELECTED MANUFACTURING OCCUPATIONS

SOC Code	Description	2009 Jobs	Median Hourly Earnings		Relative Wages (US = 1.0)	Education Level
			Purchase Region	US		
41-4012	Sales reps, wholesale & mfg., except tech & scientific products	856	\$20.24	\$24.93	0.81	Moderate-term OTJ
51-1011	First-line supervisors/managers of production & operating workers	590	\$24.71	\$24.07	1.03	Work experience
47-2111	Electricians	571	\$20.76	\$21.91	0.95	Long-term OTJ
49-9041	Industrial machinery mechanics	487	\$20.65	\$20.93	0.99	Long-term OTJ
51-9061	Inspectors, testers, sorters, samplers, & weighers	259	\$15.41	\$15.13	1.02	Moderate-term OTJ
51-8091	Chemical plant & system operators	241	\$28.16	\$25.23	1.12	Long-term OTJ
11-3051	Industrial production managers	137	\$42.95	\$39.59	1.08	Work experience
17-2112	Industrial engineers	104	\$35.07	\$35.37	0.99	Bachelor's degree
17-2041	Chemical engineers	88	\$41.35	\$40.57	1.02	Bachelor's degree
19-4031	Chemical technicians	80	\$29.89	\$20.20	1.48	Associate's degree
51-4011	Computer-controlled machine tool operators, metal & plastic	66	\$14.96	\$16.02	0.93	Moderate-term OTJ
49-9043	Maintenance workers, machinery	52	\$17.69	\$17.68	1.00	Short-term OTJ
43-5111	Weighers, measurers, checkers, & samplers, recordkeeping	32	\$11.83	\$12.96	0.91	Short-term OTJ
17-3026	Industrial engineering techs	22	\$20.99	\$22.59	0.93	Associate's degree
17-3027	Mechanical engineering techs	12	\$23.47	\$22.99	1.02	Associate's degree

SOURCE: EMSI – Spring 2010; TIP Strategies

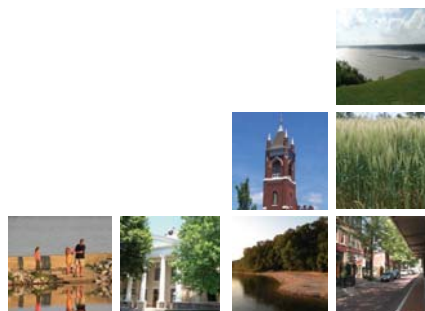
A Wealth of Assets

- Central location
- Proximity to major metro areas
- Lifestyle options
- Tourism assets
- Higher education options
- State-of-the-art training facilities
- Large pool of workers
- Manufacturing tradition
- Agricultural products
- Multiple modes of transportation
- Available sites
- Improving air service at Barkley / access to other airports

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Regional Economic Development Strategy

Priority Recommendations



Priority: Strengthen Industry Sectors

- Existing and emerging sectors:
 - Manufacturing
 - Transportation & warehousing
 - Agriculture
 - Energy
- International opportunities
- Regional marketing

Key Sector: Manufacturing

- Manufacturing
 - Chemicals
 - Food Processing
 - Metal Fabrication
 - Transportation equipment
- *Moving forward:*
 - *Advanced materials*
 - *Green economy*
 - *Changing auto industry*
 - *Specialty foods*



Key Sector: Transportation & Whsng

- Transportation & Warehousing
 - Maritime
 - Distribution
 - Rail services
- Moving forward
 - Panama Canal
 - Port development
 - Small- to mid-sized distribution
 - Rail-related targets
 - Sustainability driving industry



The U.S. Department of Transportation expects overall freight rail service to jump 75 percent by 2035, and other federal forecasts call for rail intermodal shipments to grow faster than long-haul trucking.

*"Freight Finds Its Niche,"
Planning magazine, May/June 2010*

Key Sector: Agriculture

Acres of soybean crops by county

	Acres	Rank in State
Ballard	32,602	12
Calloway	34,121	11
Carlisle	27,794	16
Fulton	48,150	7
Graves	53,964	3
Hickman	45,868	8
Marshall	10,114	30
McCracken	19,998	19
TOTAL	272,611	—

SOURCE: U.S. Department of Agriculture, National Agricultural Statistics Service. County's rank out of 100 Kentucky counties that produce soybeans.

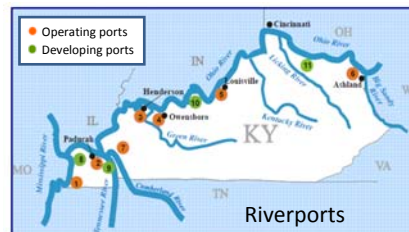
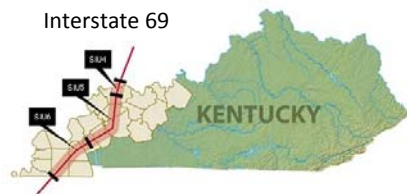
- Agriculture
 - Soybeans, grains
 - Poultry
 - Biomass potential
- Moving forward
 - Energy-related opportunities (e.g., energy crops, algae, waste-to energy)
 - Consumer trends (e.g., organics, local foods)
 - Aquaculture
 - International markets (e.g., soybeans)

Key Sector: Energy

- Energy
 - Biomass/biodiesel
 - Waste-to-energy
 - Coal-related (CTG/CTL)
 - Carbon sequestration
 - Shale gas
 - Nuclear
 - Hydrokinetics
- Driven by policy ...
 - Renewable Fuels Standard (RFS)
 - Renewable Portfolio Standard (RPS)
- ... And by consumer concerns

Site Bank Properties	Score (% of points awarded)			
	Biomass	Nuclear	CTG/CTL	Solar
Purchase Region Ind. Park Graves Co. 2000 acres	66	0	69	39
TVA Hickman Fulton Co. 841 acres	75	51	80	46
Marshall Co. Industrial Park Marshall Co. 736 acres	75	59	80	50
Bailey Port Marshall Co. 650 acres	76	55	82	55
PACRO site McCracken Co. 562 acres	83	70	79	59

Priority: Support Infrastructure Projects



Priority: Leverage Tourism Assets

- Tourism
 - Linking strategies
 - Road & RV trips
 - Day trips
 - Theme travel
 - Invest in needed infrastructure
 - Mechanism for talent and business recruitment



Priority: Foster Entrepreneurship

- Growing interest among WF & ED practitioners
- Doesn't face same challenges as recruitment
 - Typically people already vested in the region
 - Costs per job created often lower
- Changing nature of work
 - Workforce becoming more entrepreneurial even within traditional settings

Figure 3.11 | Purchase Region Entrepreneurship "Ecosystem"



Priority: Foster Entrepreneurship

- Continue to build on existing “no wrong door” policy
 - Close working relationship between Innovation and Commercialization Center, SBDC, and EntrePaducah is an asset
- Create directory of service providers in region
 - Encourage those outside the region to consider part-time Purchase area location
- Facilitate access to capital
 - Help entrepreneurs hone ideas and presentations
 - Hold workshops and networking events to link entrepreneurs with capital
- Extend Kentucky Entrepreneurial Coaches Institute

Priority: Focus on Talent

- Pipeline
 - Keeping kids in school
 - Training for “hard-to-find” and other key occupations
- Talent management
 - Development (*grow your own*)
 - Retention
 - Attraction



Priority: Focus on Talent

Talent Management Strategy falls into two broad categories:

1) Leveraging existing organizations

- Extended alumni networks
 - Tupelo Ties
 - Friends of Lou
- Marketing & image
 - Ambassadors
 - “Come Home” campaigns
- Tourism, conferences, events

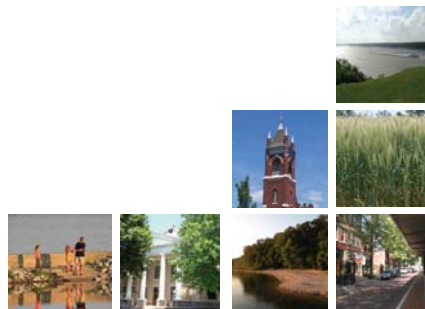
2) Supporting the efforts of local employers

- Formal mechanism for gathering workforce needs
 - Link with business retention programs
- Web-based resource portal
- Business plan / design competitions

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Discussion



Questions?



Purchase Future: Regional Economic Development Strategy

Thank You

TIP Strategies, Inc.
106 East 6th Street, Suite 550
Austin, Texas 78701
512.343.9113
www.tipstrategies.com

Tom Stellman, President & CEO
tom@tipstrategies.com
Karen Beard, Senior Consultant
karen@tipstrategies.com

