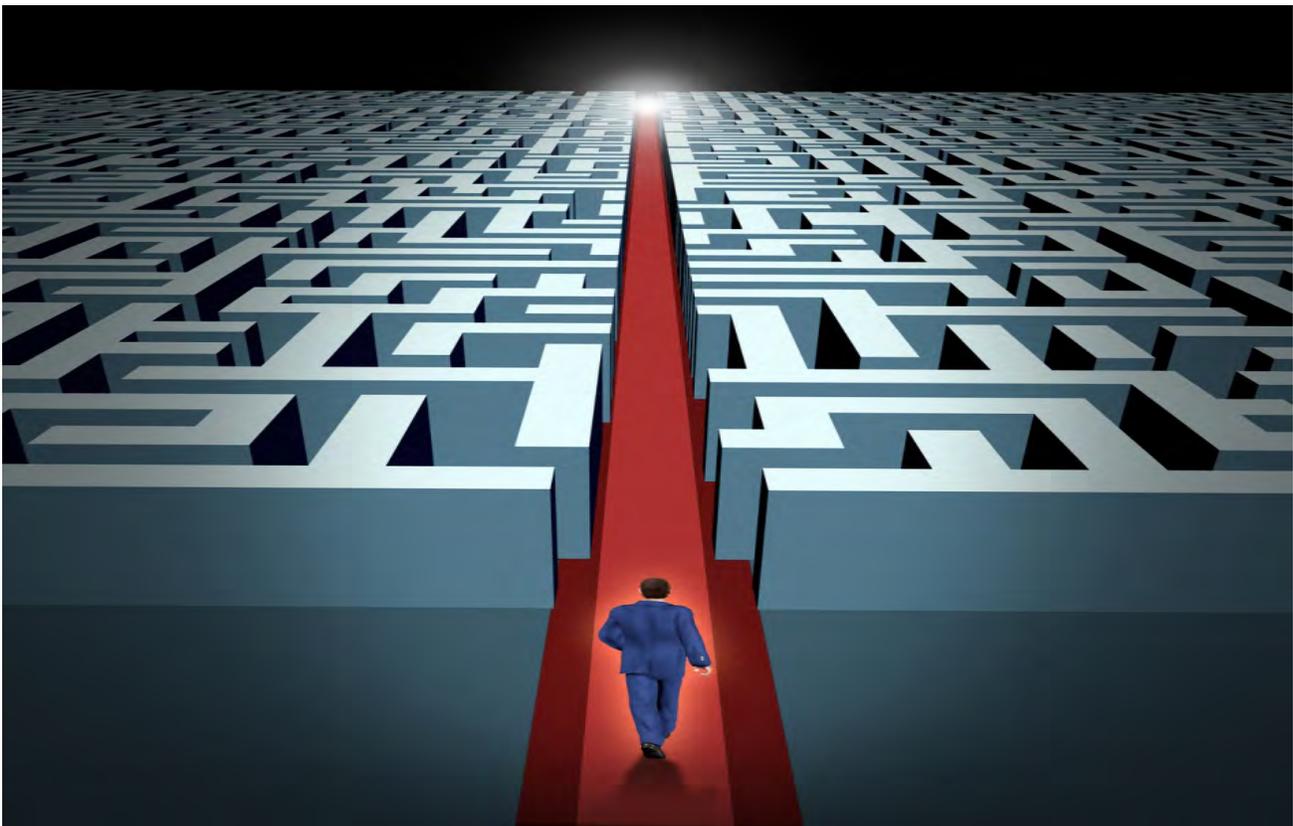


Johnston County Economic Development Action Agenda 2014-2019



August, 2014



**ECONOMIC
LEADERSHIP**

Summary of Recommendations

Based on local input, best practices research, and the available resources we recommend that the Economic Development Office focus **equally** on three priorities:



We also recommend that the Office work to manage clients and deliver these services efficiently, to better engage community partners and advisors, and to share results with the broader community.

Recommended Actions for Year One

Marketing & Client Generation

- ❖ Aggressively partner with the Research Triangle Regional Partnership and the NC Department of Commerce to generate more domestic clients
- ❖ Update and strengthen the web site annually
- ❖ Develop a “to-market” positioning “brand” around cost-competitiveness, location, transportation, and business-friendliness

Client Management

- ❖ Conduct economic development training for key County and City staff, elected officials, and corporate and community partners

Product Development

- ❖ Reconfirm inventory of “ready” buildings and sites based on a “Certified” model, engage Advisory Committee in the process
- ❖ Align inventory with NCDOC and regional partners
- ❖ Identify critical gaps in current inventory based on demand statistics from NCDOC – develop list of potential solutions

Existing Business

- ❖ Move from a squeaky-wheel model to a structured visitation program
- ❖ Conduct the first of a regular survey of business to determine issues

Metrics

- ❖ Develop a “public” dashboard of recent economic data
- ❖ Partner with County Chambers for “State of the County” annual event

Advisory Committee

- ❖ Clarify and strengthen the role of the advisors by developing a job description and holding an annual strategic issues retreat
- ❖ Develop materials and a program for members to engage a broader group of organizations and citizens.

Additional Recommendations for Years Two through Five

Marketing

- ❖ Develop marketing content based on positioning “brand”
- ❖ Design a call program on major real estate firms in Wake and Durham counties to share product inventory
- ❖ Gradually grow the budget for Johnston County marketing trips to targeted clients and to key site selectors in target industries by \$50,000.

Existing Business

- ❖ Add an existing industry specialist to the economic develop office staff
- ❖ Develop an economic development annual program to engage and recognize existing businesses

Existing Business Support

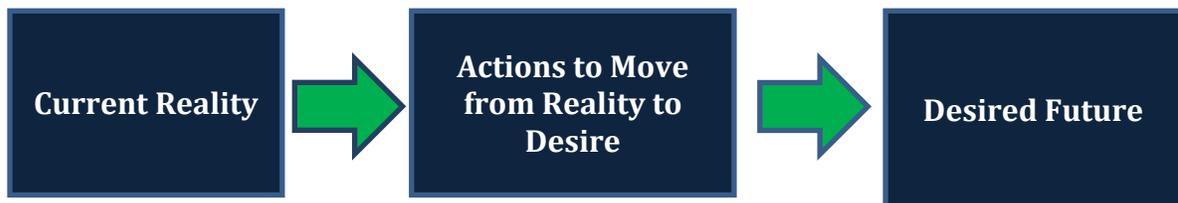
- ❖ Increase ED Office leadership in workforce development issues and entrepreneurial support, further positioning the Office as the focal point for economic development issues.
- ❖ Develop additional web portal for “all answers” for small business

Overview

Economic Leadership LLC was contracted by Johnston County to work collaboratively with the Economic Development Office staff and the County Manager to develop an economic development action plan, focused on identifying specific actions to grow the economy and the jobs in the County for the next 3-5 years. Over 100 local citizens and businesses provided input into the process through a series of focus groups and individual interviews.

When developing strategic action plans Economic Leadership uses a model that works with the organization to first create a clear current reality, and then a desired future. The third step is to develop realistic actions that can move the organization and the county from its current position to a more competitive position designed to meet its goals. The work for Johnston County assumed that recommendations needed to use mostly current resources and be driven by a combination of best practices research and local leadership priorities.

This report recognizes that both the bar for success of economic development organizations and the community's expectations for results have risen in recent years. Doing and accomplishing more with available resources is now the norm. Maintaining and maximizing current services, raising the organization and the community's Economic Development Intelligence Quotient and developing guiding metrics can improve the effectiveness and efficiency of the Economic Development Office.



Establishing the Current Economic Reality

The Realities of the Competitive Marketplace

Johnston County operates in a rapidly changing competitive landscape. Understanding these changes, anticipating future shifts and continuously evaluating Johnston County's competitive position are imperative to successfully compete. Some economic changes have been building for decades; others have arrived at astonishing, and almost paralyzing speed.

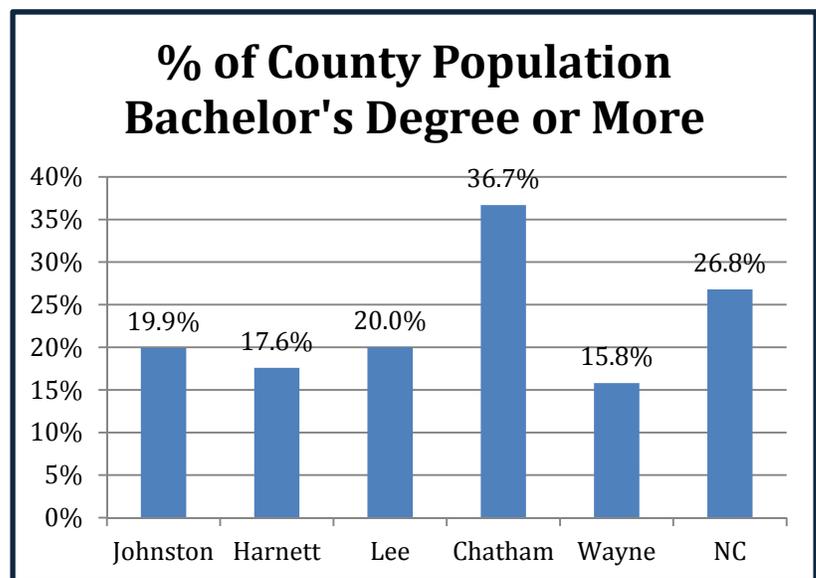
The United States and Southern economies are changing. The recent “great recession” and the subsequent recovery have amplified our challenges. Manufacturing job losses have been widespread and have had a negative impact on Johnston County. Innovation has destroyed the stability of many industries and businesses, but has also created new opportunities. Automation and efficiencies have eliminated the need for workers in many sectors, especially the manufacturing sector that was the foundation of the North Carolina economy for generations. Since 2000 North Carolina has lost over 40% of its manufacturing jobs while increasing manufacturing output. New industry clusters, including automotive and aerospace have moved to or emerged in the South.



Globalization has rewritten the rules of competition. Every place needs more and better jobs for its citizens. Over 3,000 counties are competing every day with everyone, everywhere, for every job. Skilled labor is a deciding factor in many business locations and expansions. Having citizens with the right skills is the best way for most places to successfully compete. Globalization has also created new customers and new demand for products, services and logistics to serve the world.

The workforce is changing. Long-predicted demographic trends have arrived and today’s workplace is populated with more women, more ethnic and cultural diversity and more generations than seemed possible just a few years back. Older workers have remained in the workforce longer and younger workers are struggling to find good entry jobs.

The talent bar is rising. The talent bar – what is needed to be successful at any job – is rising. The types of skills needed and the types of jobs being created are different than they were in the past and they will be different in the future. Skill mismatches are in the headlines. Today, skills must be enhanced on a continuous basis and every credential needs to be quantified. Communities, like Johnston County, that have the institutional capacity to retrain their older workers and train younger workers in high-demand fields have a strong competitive advantage. With a lower percentage of citizens with a post high school degree than



the state and the adjacent urban counties, Johnston County needs to focus on certifications and matching employer needs with the workforce.

The expectations for Return on Investment (ROI) for our economic development dollars are rising. Outcome based investments are becoming the norm. Public officials, private companies and individuals are all challenged to find additional resources and are expecting more for less. The Johnston County Economic Development Office has resource limitations, but no limits on expectations. Strong public support from the county commissioners and private support from the advisory group lay a foundation for success.

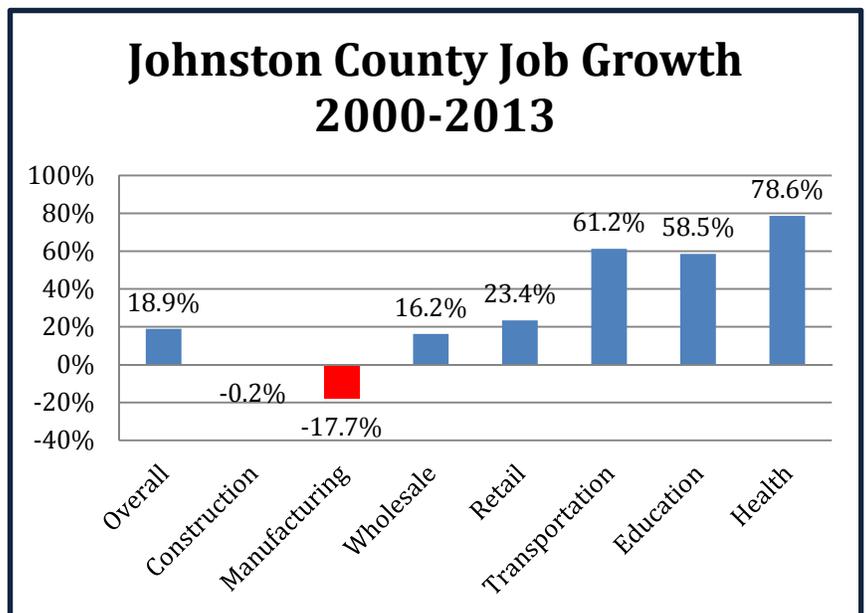
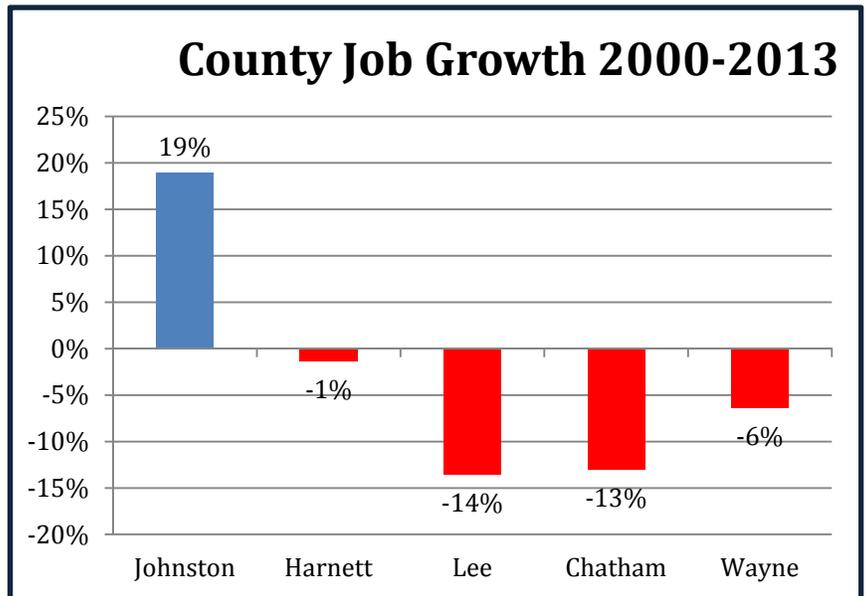
Finally, nationally **job growth has slowed and segregated by both skills and place.**

Talent, especially young educated talent, is flocking to large urban areas. The jobs that are being created are heavily skewed toward high wage jobs for those with the most education and training and lower wage jobs for most of the rest. Middle wage jobs, even for those with middle skills, have been shrinking.

These are the changes facing all the nearly 5,000 economic development organizations in the United States.

The locational factors that influence site location have been evolving in recent years. Some of these changes are benefitting Johnston County while others are creating challenges. Different types of companies rank different factors as important.

Below are the top 15 locational factors that were rated as “most important” by business executives in a recent, widely cited study:



**Factors Identified as Most Important (in order) for New Investment
Area Development magazine, “28th Corporate Survey” in 2013:**

1. Available skilled labor
2. Highway accessibility
3. Labor cost
4. Occupancy or construction costs
5. Availability of advanced ICT services
6. Available buildings
7. Corporate tax rate
8. State and local incentives
9. Low Union Profile
10. Energy availability and cost
11. Tax exemptions
12. Right-to-work state
13. Available land
14. Expedited or “fast-track” permitting
15. Proximity to markets

**A Deloitte Survey of 400 Manufacturing CEOs identified the manufacturing
specific top 10 drivers for locating manufacturing facilities:**

1. Talent- driven innovation
2. Cost of labor and materials
3. Energy costs and policies
4. Economic, trade, financial & tax system
5. Quality of physical infrastructure
6. Government investment in manufacturing & innovation
7. Legal and regulatory system
8. Supplier network
9. Local business dynamics
10. Quality & availability of healthcare

As part of this project, several focus groups were held and input was gathered from over 100 citizens and businesses. Based on the information gathered from focus groups and about a dozen individual interviews, Johnston County enjoys many economic advantages. Those most mentioned included:

- Highway infrastructure
- Proximity to a highly ranked and fast growing metro region



- A good community college
- Affordability
- A pro-business climate
- Available developable land
- Rail Service
- Regional Airport
- Good K-12 schools

Several areas were identified as weaknesses that need attention, including;

- Limited “shovel-ready” sites
- Limited available buildings that meet the most in-demand requirements
- Lack of marketing/branding/image
- Lack of college graduates
- Lack of young professional amenities
- Lack of political influence statewide

Determining the Desired Future

The local input sessions and interviews with elected and appointed leaders also helped define the desired economic future for Johnston County and the expectations for the Economic Development Office.

Growth, good jobs, good schools and a great place to live and raise a family were the outcomes most mentioned during the process. There was both an obvious pride in the towns and the county and an understanding that continued improvement was needed to successfully compete. Other often mentioned desires were spreading growth and job opportunities to all parts of county, maintaining the less congested, smaller town feel of Johnston County, and creating more recreation and work opportunities for young people and young families. Many of the activities to achieve these goals are outside the scope of the Economic Development Office, but the relationship between quality of place and economic competitiveness has become more important in recent years.

There are high expectations for the Johnston County Economic Development Office. The most cited expectation is the attraction of more good jobs through recruitment and existing business expansion. There was a consistent agreement that the office should balance its resources between 1) marketing to and management of new companies, 2) assisting existing companies to retain and create more jobs and 3) continue to develop the product that clients are requesting.

For recruitment, most people agreed that Johnston County lacked a consistent brand to appeal to potential investors and that not enough marketing resources were being deployed. Developing a “to market” brand was deemed a high priority and based on the local assets and the highest priorities for potential clients the basics for the brand are clear. **Johnston County has competitive advantages around cost,**

location, transportation assets, and business-friendliness. It also has a group of existing successful businesses in several clusters that will resonate with investors.

An area of some disagreement, and concern, was the availability of “shovel ready” sites and appropriate buildings. Some local leaders felt that there was a wide selection of land that could be developed and a good supply of existing vacant buildings. Others felt that prospects were looking for specific types of building and “shovel ready” properties.

Site Selection Magazine lists the follow attributes of “shovel-ready” sites.

- “**1)** A property is controlled through ownership or option and is readily available for ownership transfer to the prospect,
- 2)** Utilities, principally electricity, water, sewer, gas, and telecommunications, are present or can be quickly delivered to the site in suitable quantities for targeted project sizes; larger sites require utilities to have larger capacities and redundancy,
- 3)** Environmental, geotechnical, and archeological studies have identified any areas of risk,
- 4)** The site's shape is conducive to development and expansions, and a developable footprint is confirmed,
- 5)** The site's buffer is adequate for the type of businesses likely to consider the site, and
- 6)** Transportation access exists for employees, raw materials/supplies, and product shipments.”

Developing an inventory of such sites for Johnston County and ensuring that the sites are certified by the North Carolina Department of Commerce and included in their electronic inventory should be a very high priority. A similar effort should be made for existing buildings that meet the demands of prospects.



The Economic Development Office is also expected to continue to identify infrastructure needs and work to make sure that infrastructure is a competitive strength and not a weakness.

Many people also felt that in the future, the Economic Development Office should be positioned as the center for County collaborations with the municipalities,

community college, Chambers of Commerce, and other partners that can contribute to meeting the needs of businesses. While we agree that being the nexus for community collaboration is a natural role for all economic development organizations, we would caution against diluting the limited resources available. The first priority should be to achieve the top priorities.

Best Practices for Economic Development Organizations

To successfully take advantage of all opportunities it is important that the Johnston County Economic Development office be the most efficient and effective County economic development organization possible. An overview of best practices and national and regional trends in the delivery of economic development can provide some guidance for maximizing the performance of the Office.

In recent years, in the face of job losses from the recession, rapid globalization and technological change, partisan stalemates in Washington, and increased competition, economic development at all levels has experienced change.

Two national reports offer advice to economic development organizations that aspire to be better. The National Governors Association studied how governors, especially the new governors' class of 2011, were reinventing economic development delivery and priorities at the state level. Understanding these trends can help the Office develop a more effective relationship with state economic development leaders.

Overall, finding new ways to stimulate job growth has prompted a reassessment of old models. Collaboration has been a prominent new theme. States working with regional groups, counties and cities working together, higher education and

National Governors Association *Top Trends in Economic Development*

“Six important trends have emerged as governors have updated economic development strategies

- 1) States are focusing on the relationship between the state and its regions in fostering economic development;
- 2) States are emphasizing job creation from within the state;
- 3) States are strengthening their support for advanced manufacturing;
- 4) States are creating partnerships to meet industry's demands for talent;
- 5) States are raising expectations for universities to bridge the gap between research and commercialization; and
- 6) States are stepping up business export initiatives”.

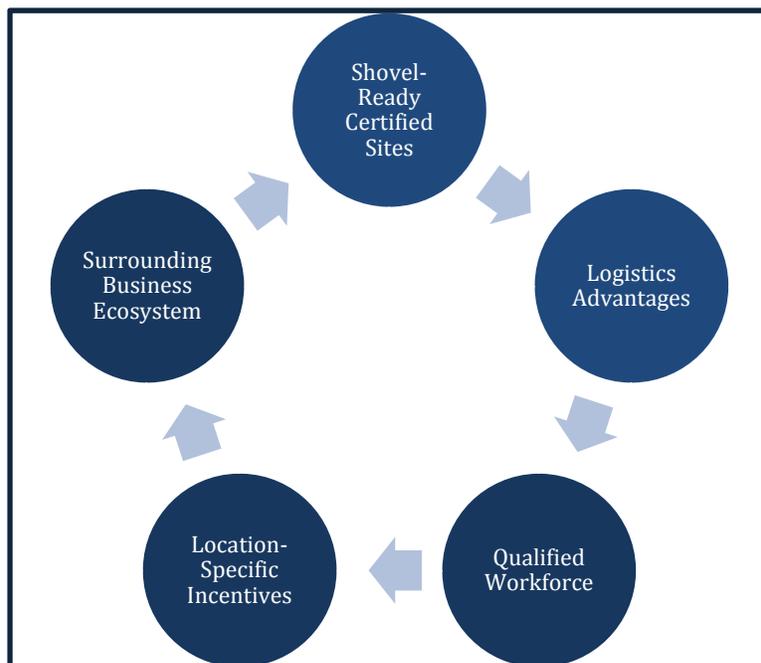
businesses working together, and public-private partnerships for delivery of services are all more common today than they were prior to 2009.

Another theme is a diversified focus. Rather than just devoting resources for new business recruitment; existing industry engagement, export promotion and entrepreneurial support are all receiving more resources. This coincides with the ideas generated from Johnston County leaders.

An extensive *National Best Practices Scan*, completed by the State Chamber of Oklahoma's Research Foundation last year, identified the trends in the economic development field.

The project looked at what was needed from the investment sector and **what were the best practices to be economically competitive**. The diagram at the right shows what Site selectors expect from a competitive community.

The research organized its finding into four areas of focus. Under each focus area are the best-practice national trends. These trends provide a blueprint for leaders looking to improve their economic development delivery and provide a good checklist for Johnston County. Not every organization must be involved in each activity, but the Economic Development Office plays a specific role in the economic development ecosystem.



For Programs and Initiatives:

- Concentration on regional economic development
- Utilization of key clusters, sector strategies, and ecosystems
- Emphasize and engage entrepreneurship and innovation

For Organizational Structure:

- Leveraging the experience and knowledge of the private sector
- Development of accountability for economic development agencies through comprehensive performance measures
- Formation of state agencies as public-private partnerships or as semi-state agencies

For Engagement:

- Strategic partnerships with external entities, including businesses, private or nonprofit organizations, and higher education institutions
- Supporting state-level economic development strategies by engaging regional partners and initiatives
- Intelligence and communication networks within the framework of targeted ecosystems

Workforce and Talent:

- Preparing the state workforce with the skills and credentials sought by businesses within the targeted state ecosystems - creation of a talent ecosystem
- Alignment of current employer needs, prospective employer needs, and educational systems
- Proactive and collaborative approaches to address the needs of existing businesses

In addition to these national studies Economic Leadership LLC would offer some of our observations from our work across the South. The bar for successful economic development organizations continues to rise. Organizations are becoming more sophisticated in researching opportunities, more responsive through the use of technology, and more aggressive with incentives to land projects. Regionalism and cluster focused recruitment are also trends that continue to be common among economic development organizations. Private funding of economic development organizations is becoming the norm although many organizations are struggling to raise funds. The Johnston County program is publicly funded and seems to be operating efficiently.

Organizations are also broadening their scope. It is becoming more common for groups of organizations to operate together, each focusing on different aspects of wealth building in the community. Communities are developing strategic alliances where different organizations collaborate to conduct different aspects of economic development. For Johnston County we would recommend first focusing on the three core areas and to resist broadening the mission until additional resources are available.

Actions to Move from Reality to Desire

Four Broad Recommendations

The final component of the process is determining which actions can realistically be accomplished to move Johnston County from its current position to its desired future.

Based on our research and the input we received in Johnston County we recommend the following four broad strategic actions.



1) Align with State and Regional Targeted Clusters

As part of a regional economy and the Raleigh-Cary MSA, and with limited discretionary marketing funds, the most efficient means to target recruitment is to align with the targets of the Research Triangle Regional Partnership and the NC Department of Commerce. It is expected that both of these organizations will be marketing to businesses in their targeted clusters. (Detailed below) Johnston County should dedicate its marketing resources to participating where appropriate in marketing activities and maximize its face-to-face client contacts.

State Targeted Clusters

North Carolina Jobs Plan 2014-2024

- **Manufacturing**
- Knowledge Creation
- Military
- **Agriculture, Forestry & Food**
- **Bio Pharma**
- Business Services
- Hospitality, Tourism, and Entertainment
- IT/Software
- **Transportation Logistics**
- Energy

Research Triangle Regional Partnership Targeted Clusters

The Shape of Things to Come 2009-2014

- Advanced Medical Care
- **Agriculture Biotechnology**
- Analytical Instrumentation
- Biological Agents & Infectious Diseases
- Cleantech
- **Defense Technologies**
- Informatics
- Interactive Gaming & E-Learning
- Nanoscale Technologies
- Pervasive Computing
- **Pharmaceuticals**

(It is expected that the Research Triangle Regional Partnership will develop a new strategic plan within the next year. The new plan might include different targeted clusters, and if so, Johnston County should consider adjusting its strategy to reflect the changes.)

While the scope of this project did not include a cluster review, based on a cursory review the highlighted clusters should be initial the priorities.

2) Market Smart for Maximum Results

With limited resources it is imperative the Office use its marketing funds in the smartest way possible.

Marketing to generate clients and jobs remains among the top priority among the Johnston County leadership. In DCI's (One of the Country's oldest and most respected economic development marketing firms) latest ***Winning Strategies in Economic Development Marketing*** report, planned visits to corporate executives was deemed the most effective marketing technique. Strong use of the internet through an informative, professional, and up-to-date website scored a strong second. As site selectors contact economic developers later in their searches the internet continues to rise in importance. As the chart below shows, hosting special events and even media relationship have seen their effectiveness ranking reduced in recent years. Advertising, direct mail and telemarketing remain rated as the least effective.

Most Effective Marketing Techniques (% Rating 4 or 5 on a 5-point scale – Response over Time)

Technique	2011	2008	2005	2002	1999	1996
Planned Visits to Corporate Executives	57%	54%	55%	53%	46%	53%
Internet/Website	55%	56%	53%	34%	37%	18%
Hosting Special Events	35%	45%	49%	37%	42%	39%
Trade Shows (1)	35%		33%	32%	45%	39%
Media Relations/ Publicity (2)	33%	52%	50%	40%	38%	39%
Advertising	16%	15%	20%	21%	19%	19%
Direct Mail	15%	19%	23%	33%	25%	25%
Telemarketing	4%	4%	6%	4%	6%	7%

1 Trade shows was inadvertently not included in the 2008 survey.

2 In previous surveys, this category was called "Public relations/publicity."

The same study provided survey results about how corporate executives form their impressions about communities. Speaking with other business leaders is the top source for information, followed by media and rankings.

3) Increase the Focus on Measurement

Input from the Johnston County leaders reflected the national trend toward the desire to measure activities and outcomes. Return on Investment has become a common discussion among economic development boards. Earlier this year the International Economic Development Council published *Making It Count- Metrics for*

High Performance Economic Development Organizations. This extensive study examines current best practices in the area of metrics.

The existence of an organizational strategic plan is the key determining factor in whether an organization measures performance. Over 80% of the organizations that track their performance have a strategic plan. Organizations use agreed upon metrics to track performance over time and against goals that have been developed. Business and elected leaders are usually instrumental in the insistence on and development of the measurements.

Job creation and retention is the most common metric, but comes with many problems. Assigning causal credit for the creation of specific jobs, especially indirectly generated jobs is a problem. Economic developers understand that their efforts are part of a team.

Performance measurement is not for the faint of heart. It takes resources to regularly track performance and there are always challenges. Assigning credit, getting timely and accurate data, and quantifying results can each be difficult.

Despite the challenges there is a clear and rapid movement toward more metrics in the economic development field. Best practices suggest starting small with a few metrics, having both activity and outcome metrics, creating simple, broadly available dashboards, and getting Board buy-in throughout the development process.

4) Train and Use High Performance Volunteer Leadership

Maximizing the impact and operations of volunteers has become more important to economic development organization across the country. A general strategy should be to raise the Economic Development Intelligence Quotient of the county's leaders. Extensive subject matter training, targeted recruitment for specific skills and a focus on private sector engagements are more common today. Maximizing the contribution of the advisory group and developing on-going economic training for all those who are engaged in the process in the county and the municipalities could increase local competitiveness.

Recommendations for Year One (July 2014-June 2015)

Marketing & Client Generation

- 1) **Aggressively partner with the Research Triangle Regional Partnership and the NC Department of Commerce to generate more domestic clients.** The RTRP routinely arranges visits to site selectors and businesses. Johnston County should use some of its discretionary funds to ensure participation in the trips.



- 2) **Update and strengthen the economic development web site annually.** Several organizations have published reports on the most valuable information that site selectors glean from local economic development organization web sites. Primary research, local business news and testimonials, information about incentives are among the most prized. The local web site needs to be content rich and updated weekly if not daily. An annual review of all content should be incorporated into the annual calendar of work.
- 3) **Develop a “to-market” positioning “brand” around cost-competitiveness, location, transportation, and business-friendliness.** Although content pieces may eventually be developed, the first priority is to determine “the elevator message” and to begin to parrot the language in all marketing. This messaging should also be part of the local leadership training.

Product Development

- 4) **Reconfirm inventory of “ready” buildings and sites based on a “Certified” model; engage Advisory Committee in the process.** Although many buildings and sites are part of the county’s current electronic inventory, the quality of the sites and buildings needs to be determined.



5) **Align inventory with NCDOC and regional partners**

- 6) **Identify critical gaps in current inventory based on demand statistics from NCDOC – develop list of potential solutions.** This is an excellent project for the advisory board. Private sector expertise and their contribution could improve the outcome.

Existing Business

- 7) **Move from a squeaky-wheel model to a structured visitation program.** First determine whether a visitation effort might be done in conjunction with local chambers of commerce or municipal economic developers. Next develop a standard 30-minute survey instrument to use to systematically visit all the County’s major employers. An initial target would be to visit the top 20 employers in year one. In addition to the company visits we also recommend that the director meet with a focus group of small businesses from each of the County’s Chambers of Commerce each year.



Client Management

- 8) **Conduct economic development training for key County and City staff, elected officials, and corporate and community partners.** It is often said that economic development is a team sport. Businesses and prospects connect to many individuals in the community. We recommend developing a half-day, Johnston County specific economic develop training class and to offer it multiple times each year for local leaders. The class will help leaders understand the North Carolina tools available to Johnston County, the latest economic trends, and the latest trends in client needs.

Metrics

- 9) **Develop a “public” dashboard of recent economic data.** We recommend that a simple dashboard be developed and added to the economic development web site. Jobs, tax base, retail sales and other data should be posted and updated regularly.

- 10) **Partner with County Chambers for “State of the County” annual event.** Once a year the director should present the latest economic data for Johnston County compared to neighboring counties.

Advisory Committee

- 11) **Clarify and strengthen the role of the advisors by developing a job description and holding an annual strategic issues retreat.** Hold an annual retreat to determine past performance and strategic direction. At the first annual retreat agree to a job description for the advisory members.
- 12) **Develop materials and a program for members to engage a broader group of organizations and citizens.** This is a traditional speaker’s bureau. As the Office’s eyes and ears for the Office, each member should identify one community or civic group and present to them annually. The director will develop presentation points and/or slides.

Additional Recommendations for Years Two through Five

Marketing

- 13) **Develop marketing content based on positioning “brand”** (Year 2)
- 14) **Design a call program on major real estate firms in Wake and Durham counties to share product inventory** (Year 3)
- 15) **Gradually grow the budget for Johnston County marketing trips to targeted clients and to key site selectors in target industries by \$50,000.** (Year 3 or 4)

Existing Business

- 16) **Conduct the first of a regular survey of business to determine issues.**(Year 2)
- 17) **Add an existing industry specialist to the economic develop office staff** (Year 3)
- 18) **Develop an economic development annual program to engage and recognize existing businesses** (Year 4)

Existing Business Support

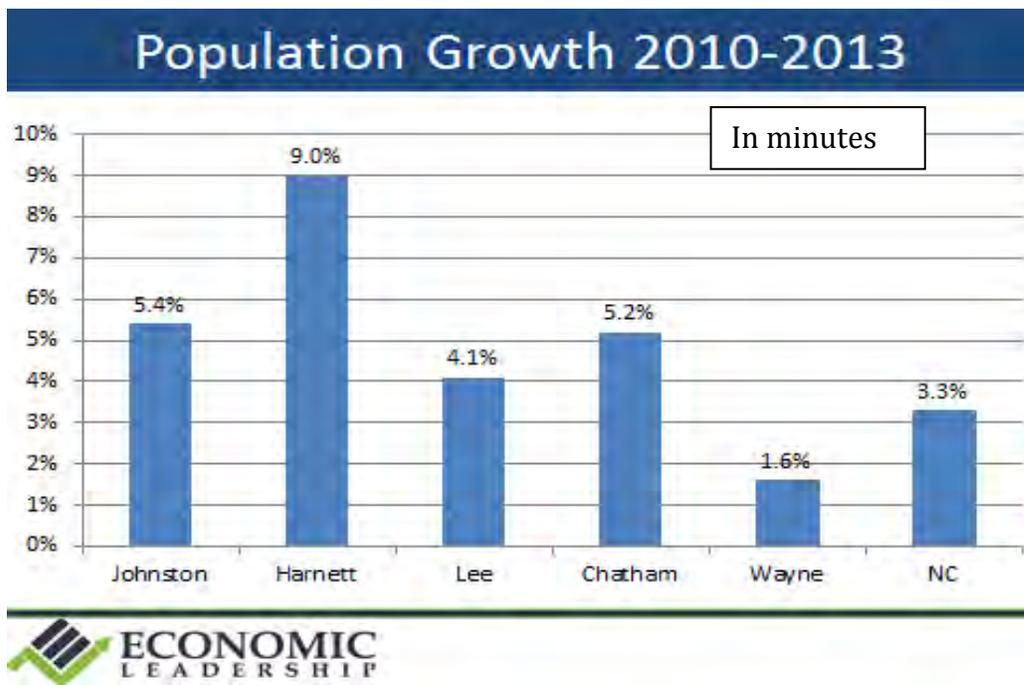
19) **Increase ED Office leadership in workforce development issues and entrepreneurial support, further positioning the Office as the focal point for economic development issues. (Year 2-3)**

20) **Develop additional web portal for “all answers” for small business**

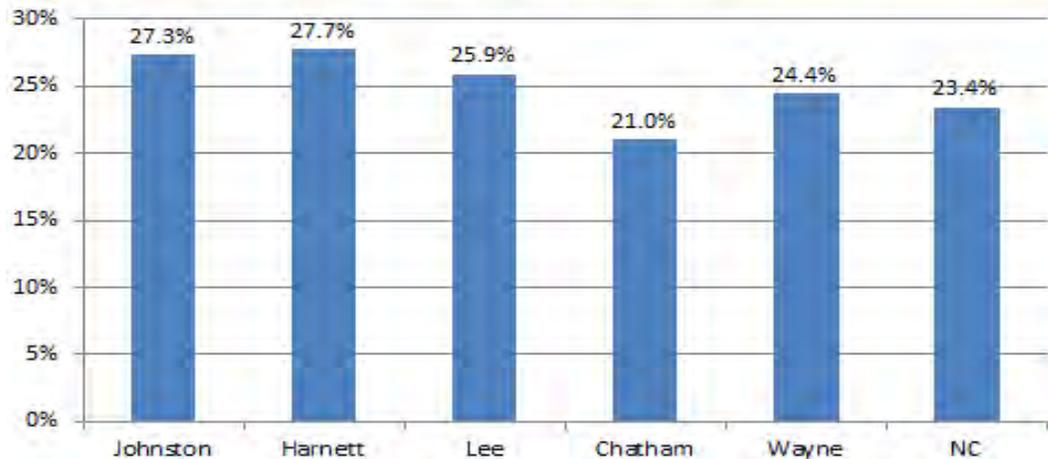
In summary, the Johnston County Economic Development Office is in a stable position, with strong support from the County Commissioners and County Manager. By listening to over 100 local leaders we can conclude that there is currently broad support for the Office, the staff, and the mission of economic development. Both excitement and expectations are high.

The most important short-term goal should be to build the foundations of a high-performance economic development organization. Over the next 5 years some additional funding for expanded existing business support and pro-active recruitment would increase results.

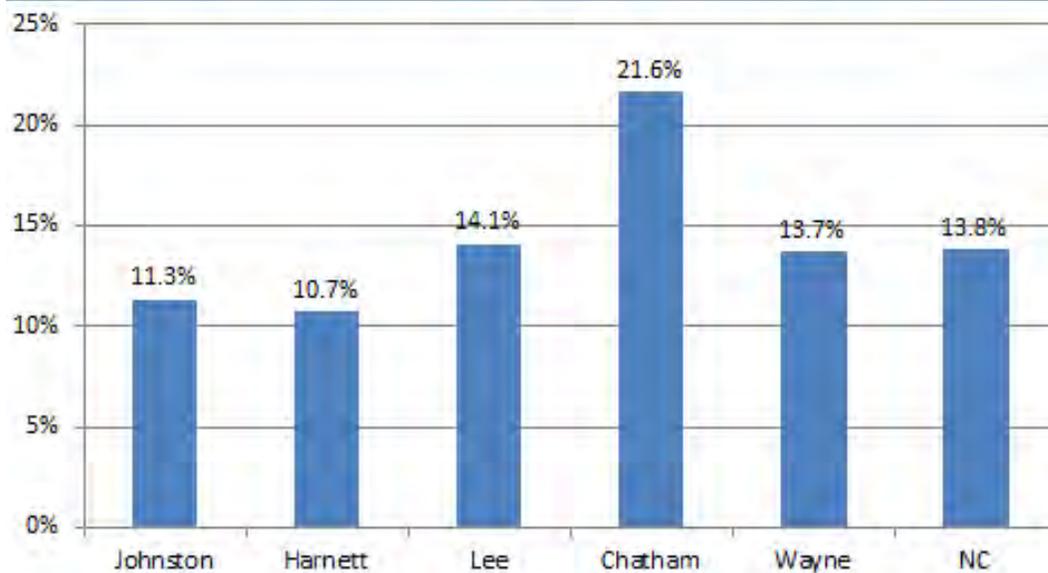
Additional Data Charts



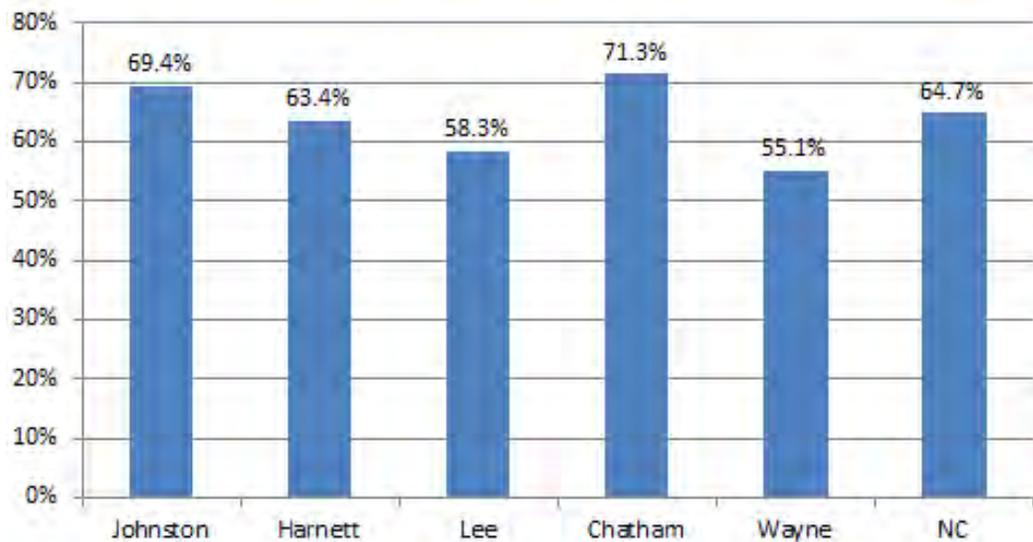
Population Under Age 18



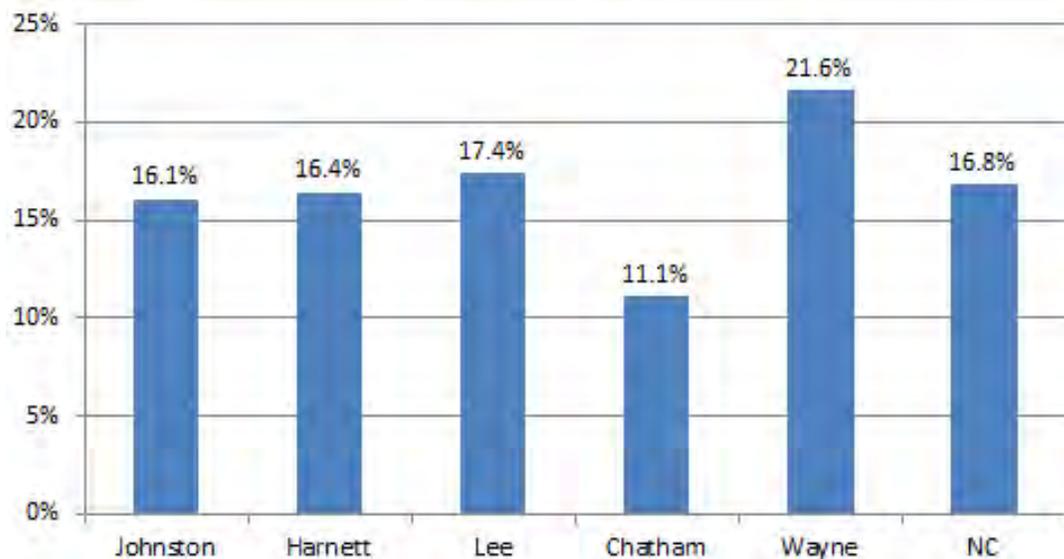
Population Age 65 and Over



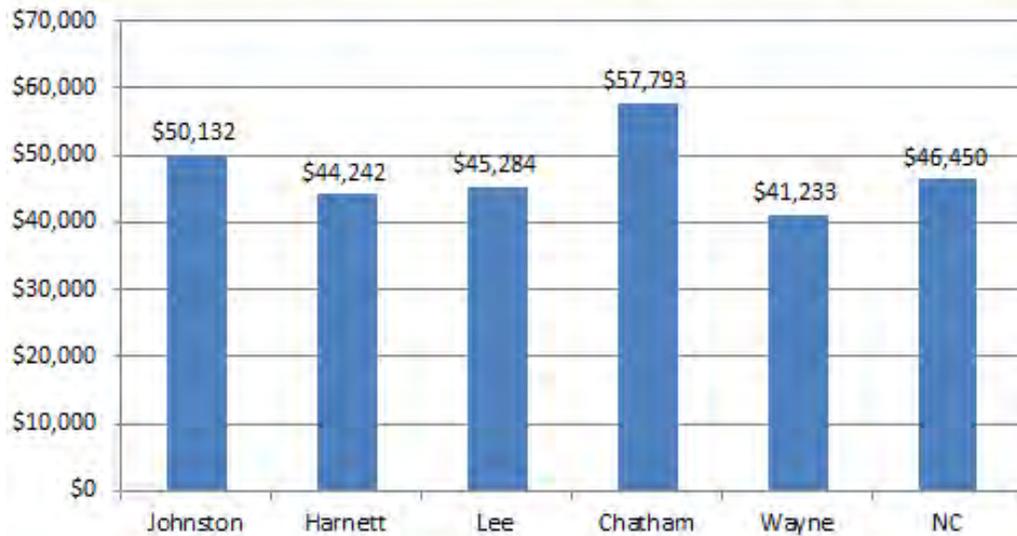
% Population White (not- Hispanic)



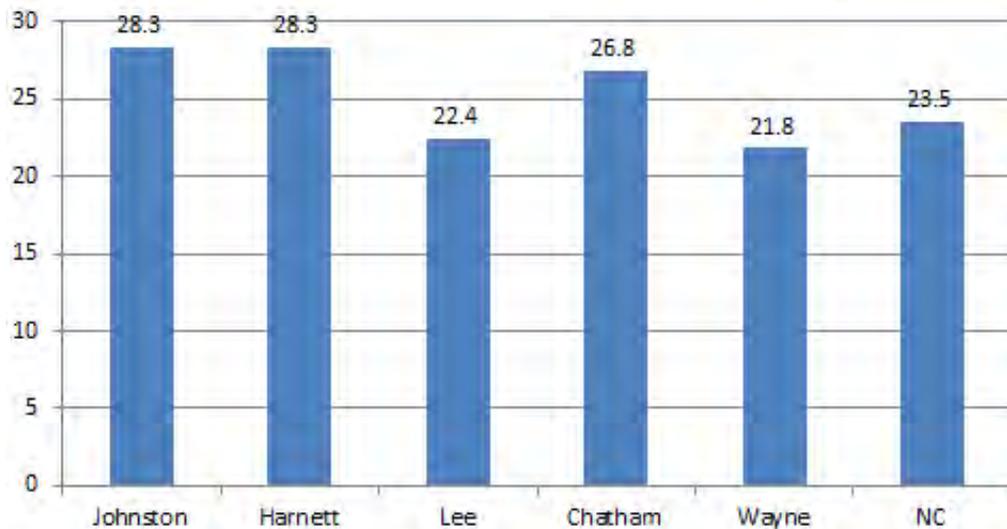
% Population Below Poverty Level



Median Household Income



Mean Travel Time to Work



% of Labor Force That Commutes To Work Outside the County

