



# Commission for a New Georgia

## Strategic Industries Task Force

### Executive Summary

*July 13, 2004*



# Task Force Overview

## What makes an industry strategic?

- **Growth Potential**
  - Is this an industry with a future?
- **Near-term Success**
  - Are there identifiable policies that can be instituted or other actions that can be taken to achieve measurable positive results in the near term?
- **Georgia Assets**
  - Does the state have a base upon which to successfully grow this industry?
  - Does the industry present opportunities for multiple regions within the state?
- **Economics**
  - Is this an industry that can increase the average income of Georgians?
  - Does the return justify an investment of state and local resources?
- **Market Segments**
  - Is this an industry with identifiable market segments that can be targeted by a focused and competitive strategy?
- **Research/Innovation**
  - Is this an industry driven by innovation where economic development can be initiated or supported by research capabilities in Georgia?



# Task Force Overview

## The Task Force adhered to the following scope of work:

- **Task 1: Reviewed Existing Research Studies**
  - 2,000 pages from the period of 2000 – 2003 supplied by GDED
  - Consolidated research and Task Force input led to 10 Industry clusters
- **Task 2: Assessment of Georgia's Regions and Assets**
  - Prepared profiles on eight regions; compared industry detail, employment trends, wages, and productivity
  - Discussed findings with industry, economic and agency heads
  - Met with ~20 industry groups in Georgia as facilitated by GDED and others
- **Task 3: Cluster Evaluation**
  - Task Force ranked and scored industry clusters based on strategic definition
  - Findings evaluated and discussed with third parties
- **Task 4: Development of Strategy Recommendations**
  - Task Force identified specific strategies that could yield near-term results
  - Findings evaluated and discussed with industry "champions"



# Strategic Industries Recommendation #1

*The Task Force recommends the following strategic and supporting industry clusters*

- **Strategic Industry Clusters**

- Aerospace
- Agribusiness
- Energy & Environmental
- Healthcare & Eldercare
- Life Sciences
- Logistics & Transportation

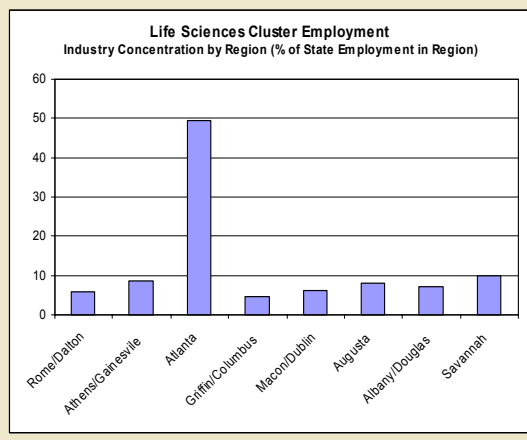
- **Supporting Industry Clusters**

- Advanced Telecommunications
- Business & Financial Services
- Homeland Security
- Multimedia
- Software Development

**Clusters were evaluated based on:**

- Favorable Growth Rates
- Industry Presence in Georgia
- Average Wages Paid
- Market Opportunities
- Innovation Potential

## Sample Georgia Life Sciences Overview



Life Sciences	
4 Digit NAICS	Industry
325100	Basic Chemical Manufacturing
325400	Pharmaceutical and Medicine Manufacturing
334500	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing
339100	Medical Equipment and Supplies Manufacturing
541700	Scientific Research and Development Services
541900	Other Professional, Scientific, and Technical Services
621400	Outpatient Care Centers
621500	Medical and Diagnostic Laboratories

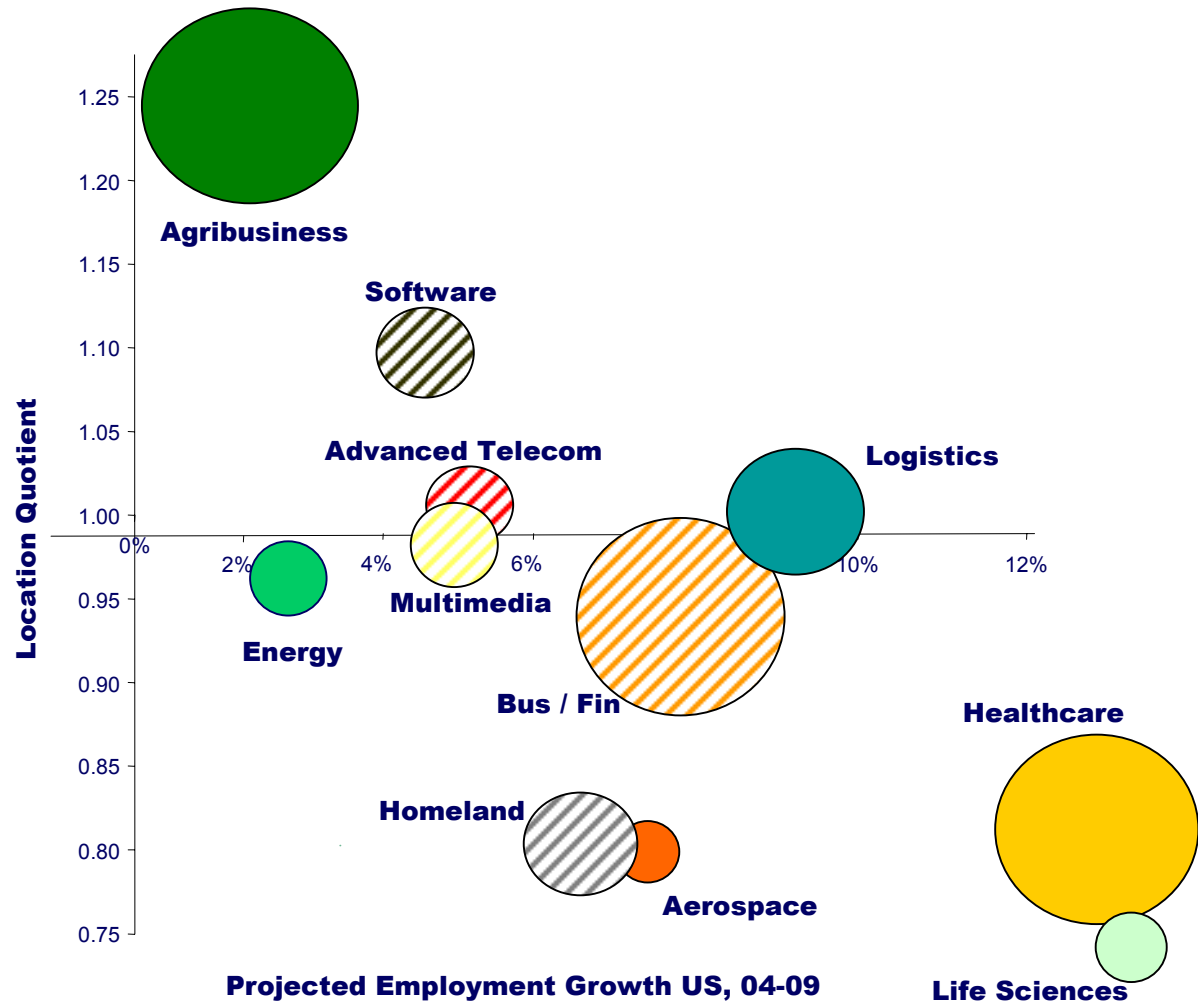
- Ranked 8<sup>th</sup> in the number of bioscience companies in the US (up from 9<sup>th</sup> in 2003) according to the E&Y national survey
- The Centers for Disease Control's presence in Atlanta is an asset – 6,500 employees with significant growth planned. 10-year plans call for 2.5 million square feet of wet lab and other research-related support facilities
- Georgia is leading the way in promoting new curricula to support life sciences: Georgia Tech's Bioengineering Program – UGA's Regulatory Science Program
- Georgia has a strong, diverse and growing research base, fueled by state investments in the Georgia Research Alliance over the past decade (roughly \$26 million annually)
- Successful incubation programs at state and private universities are fueling the industry's growth
- Large-scale biomanufacturing facilities seek a technically skilled workforce (Hall, Barrow, Newton, and Douglas Counties have all been evaluated for these types of facilities). A balanced strategy can benefit metro and non-metro areas



# Strategic Industries Recommendation #1 (continued)

Georgia Relative Employment Concentration and Growth

- Employ 1.7 million Georgians (34% of workforce)
- Average payroll of \$55,000 (40% over Georgia average)
- Projected growth could add 30,000 net new jobs over the next five years (10% to the existing base)
- Each additional 10% of growth, would result in additional 3,000 jobs per year, or \$165 million in new direct payroll (almost \$10m in recurring state income tax revenue)



NOTE: Cross-hatching denotes a supporting industry. Bubble size represents relative size of industry cluster.



# Strategic Industries Recommendation #2

*Georgia needs a statewide, centralized commercialization center, that proactively seeks licensable technologies for Georgia's industries*

## Task Force Findings

- Georgia's employers, including industries at risk, often are not aware of licensing opportunities that may be obtainable from government and university research efforts
- The multiple university websites for available technologies are infrequently accessed, not kept current and not composed for the lay person
- It is estimated that over 50% of Georgia's university-based research goes out-of-state for commercialization
- Similarly, government research efforts are now subject to technology transfer mandates that offer extraordinary opportunities for the companies positioned to take advantage of them

## Discussion/Rationale

- A public private partnership that would function as a highly visible central point of contact for identifying available research, commercialization opportunities, and appropriate points of contact
- The commercialization would proactively bring researchers and industry together, encourage innovation, fuel entrepreneurial activity, build partnerships, and attract more investments to the state



# Strategic Industries Recommendation #3

***Georgia's economic development efforts should be directed by the Governor so as to ensure that they are consistent in their implementation, seamless in their accessibility to third parties, and future-focused to assure their relevance in a framework that establishes time-sensitive goals and measures results***

## Task Force Findings

- Economic development activities are, in general, reactive rather than proactive
- Georgia's economic development team is not perceived as a seamless organization. Too often, *"our process becomes the prospect's problem"*
- Those being held accountable for economic development recruitment success must have access and control to all of the assets that the state makes available in support of such efforts

## Discussion

- Georgia needs to develop and perpetuate a Georgia Strategic Economic Development Plan with measurable goals, accountability, balanced allocation of resources, and a future focus
- This plan should designate complete accountability for all supporting activities and be reviewed and updated on an annual basis
- The plan shall include Strategic Industry Plans (as identified) and specific market opportunities for Georgia's regions with a strong emphasis on near-term implementation



# Strategic Industries Recommendation #4

***Georgia should promote the establishment, where feasible, of university-affiliated research parks that leverage our research efforts, economic development assets and the state's private sector***

## Task Force Findings

- Georgia's universities are important to technology-led economic development for workforce, research and other forms of outreach and support. Universities need to be even more actively engaged in economic development
- Georgia lacks this critical piece of infrastructure, often requested by prospects, that is available in all of our sister states in the South
- Research parks can support technology commercialization in Georgia, and offer research centers, federal labs and companies a unique value proposition

## Discussion/Rationale

- Research parks can be joint ventures between communities, universities and the private sector, taking advantage of the unique resources of all parties
- Add a unique site to promote state economic development efforts
- Can be a supporting strategy for all Strategic Industry clusters
- A recommendation from numerous studies sponsored by Georgia Department of Economic Development, the Georgia Research Alliance and the Board of Regents



# Other Strategic Industries Findings

- Many of Georgia's counties do not possess the resources essential for broad scale economic development. For them, regionalism must become fundamental and essential. Georgia must do more to encourage regional economic development efforts; counties should be encouraged to work together on economic development opportunities. Georgia's Joint Development Authority laws provide a good basis and the state might consider additional incentives for this activity.
- Each Strategic Industry offers at least nine functional opportunities from raw materials processing through manufacturing to corporate headquarters. Regional efforts should promote economic development based on their individual outstanding assets and growth opportunities.
- For each Strategic Industry, Georgia should pursue enabling strategies in Nanotechnology, Homeland Security, and International Trade. These initiatives have the potential to ensure future competitiveness and secure the health of Georgia's traditional industries.
- For each Strategic Industry, the Task Force identified projects throughout Georgia that can be quickly implemented (12-18 months).



# Other Strategic Industries Findings (continued)

Project Idea Industry	Industry Specific							Broadly Supporting				
	Prototype Project	Research Led Initiative	Integration with Existing Industries	Designate Industry Czar	Other Initiative	Enhanced Trade Promotion	Other Public-Private Idea	Innovation Center	General Incentives	Specialized Incentives	Integration with Local Efforts	Research Park
<b>Strategic Clusters</b>												
Aerospace						✓		✓	L			
Agribusiness	✓ 1					✓		P	L			
Energy and Environmental	✓ 2			L				P	L	L		✓
Healthcare and Eldercare					✓				L	✓	✓	
Life Sciences	✓ 3			L	✓			P	L	P		✓
Logistics and Transportation	✓ 4							✓	L		✓	
<b>Supporting Clusters</b>												
Advanced Telecommunications									L		✓	✓
Business and Financial Services			✓						L			
Homeland Security and Defense		✓	✓						L			
Multimedia							✓	L	L	P/L		✓
Software Development									L			

**NOTE:**

- P = A known proposed activity
- L = Idea promoted through industry listening session
- Checkmark = Idea Floated by Task Force

**Footnotes**

- Bio-refinery
- Green Energy
- Vaccine / Drug Discovery Initiative
- Multi-modal



# Economic Development Framework

*Illustrative*

**Operating Vision**

***Economic Development based on Strategic Industries requires a new approach to achieve growth, investment and successful economic outcomes through:***

1. Job creation and investment throughout Georgia
2. Higher average incomes to support Georgia families
3. Government and university engagement - dissemination of knowledge from the lab to the market
4. Responsive and accountable economic development policy, programs and implementation

**The Process**

**Business Climate**

- Costs
- Assets (Research Base)
- Workforce
- Regulatory
- Quality of Life

**Implementation**

- Existing Industry
- Attraction
- Trade
- Tourism
- Entrepreneurship
- Commercialization

**Accountability**

- Measurement
- Refinement
- Adjustment

**Toolbox**

**What Is Georgia's Business Operating Environment?**

**Supporting Action By:**

- Policy changes
- Programs
- Marketing

**How Does Georgia Create Outcomes?**

**Supporting Action By:**

- Planning / Programs
- Investment
- Collaboration

**Are We Accountable and Positioned to Succeed?**

**Supporting Action By:**

- Organizational Structure
- Vision
- Leadership

