

AN OUTSIDERS VIEW OF ARCO'S ECONOMIC OPPORTUNITIES

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**2019 Breakthrough Solutions
Pre-Conference Workshop
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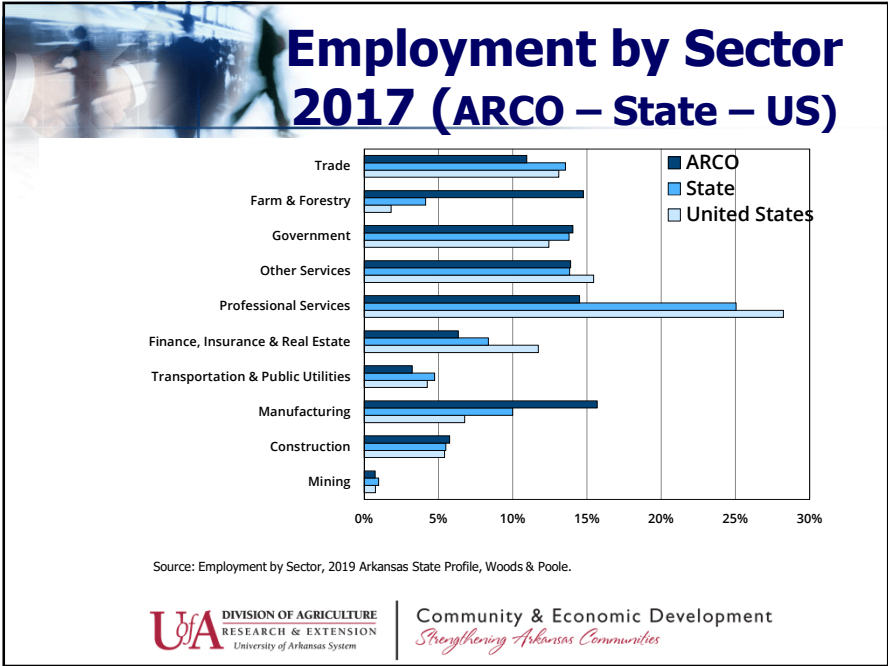
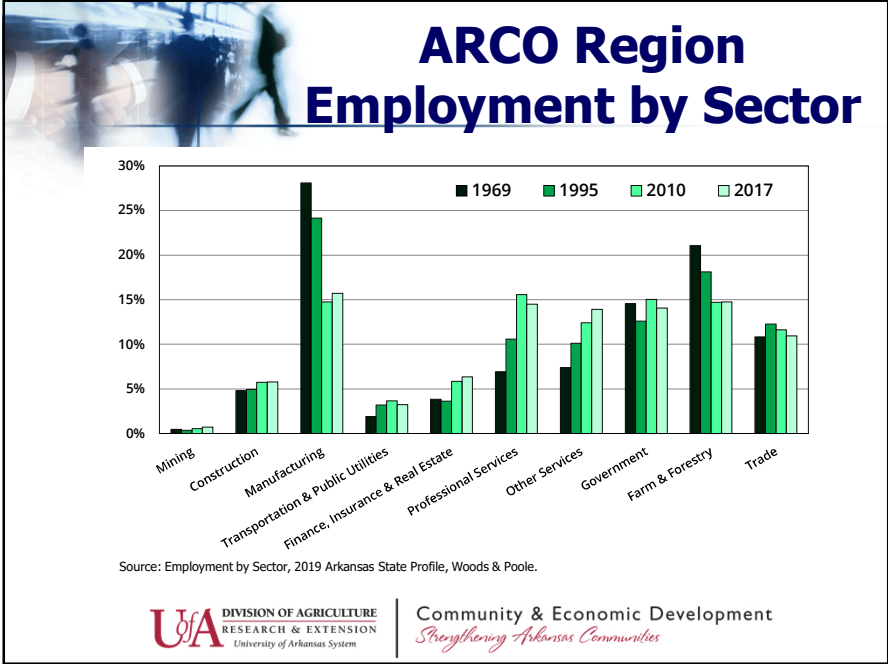
Future Directions?

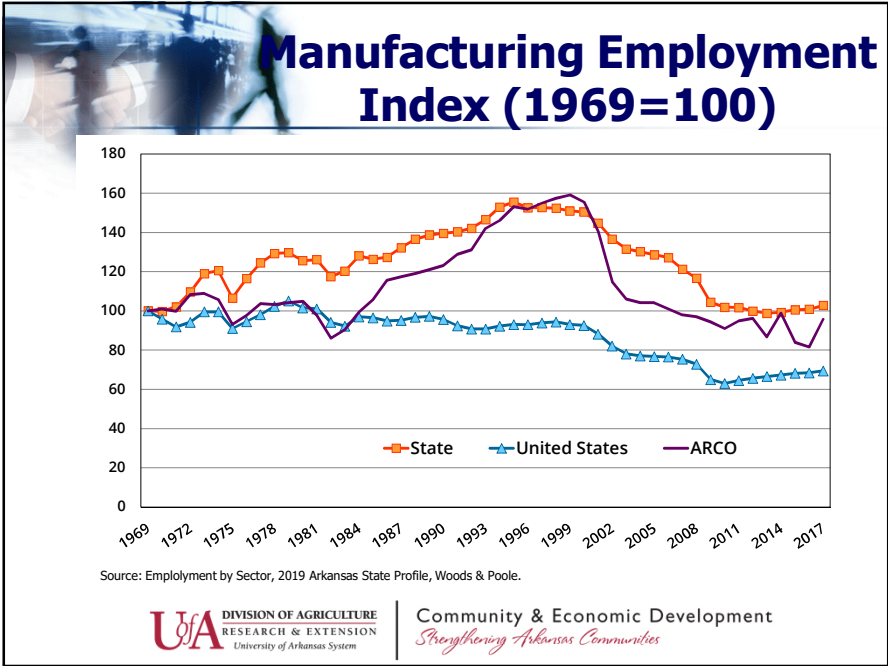
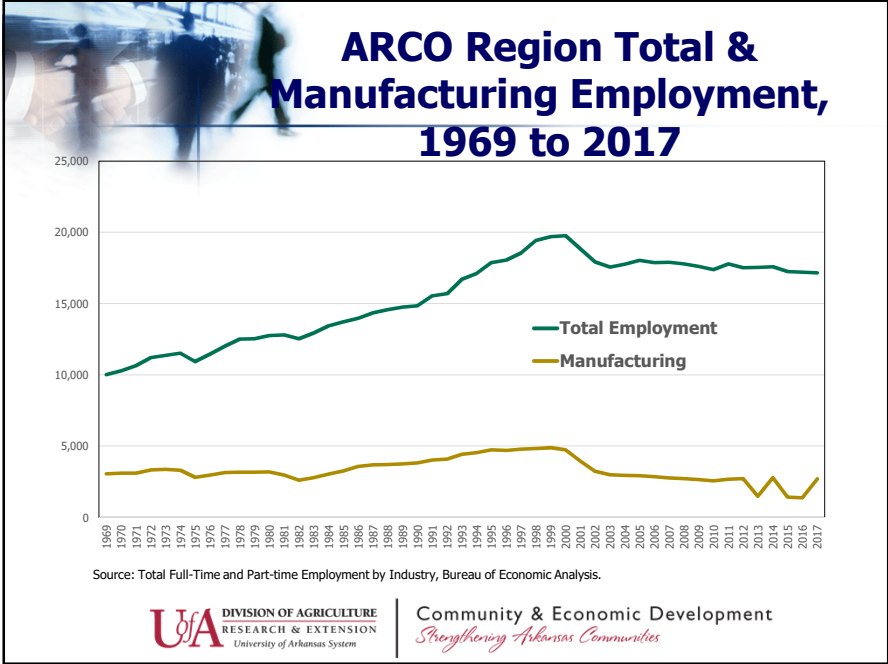
- More of the Same
- Improve Standard of Living & Quality of Life

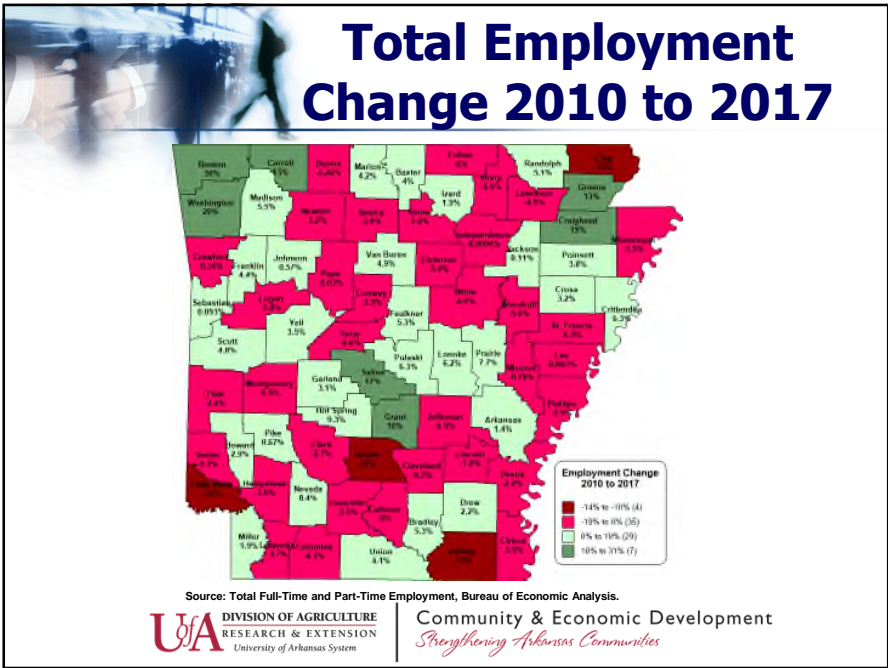
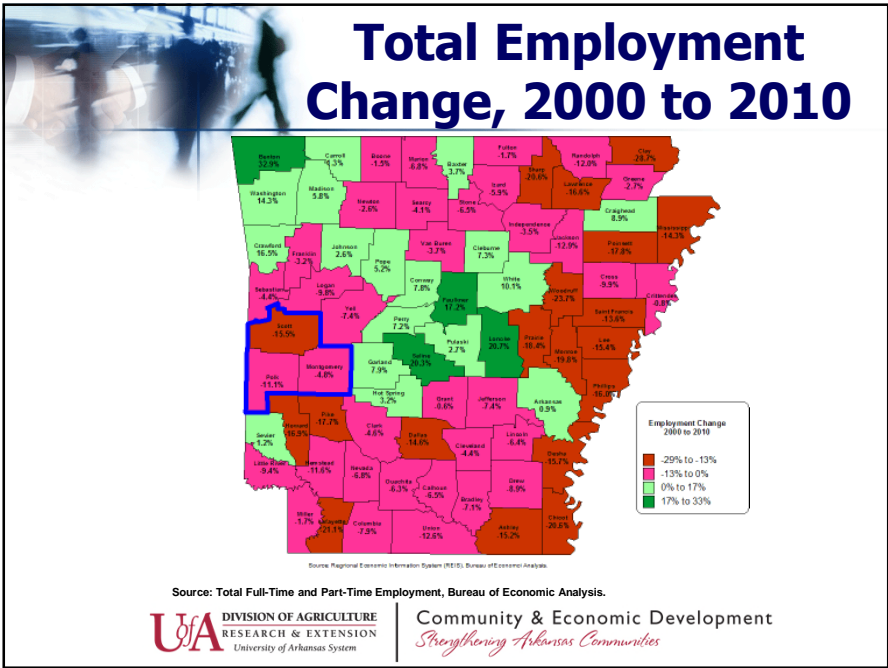


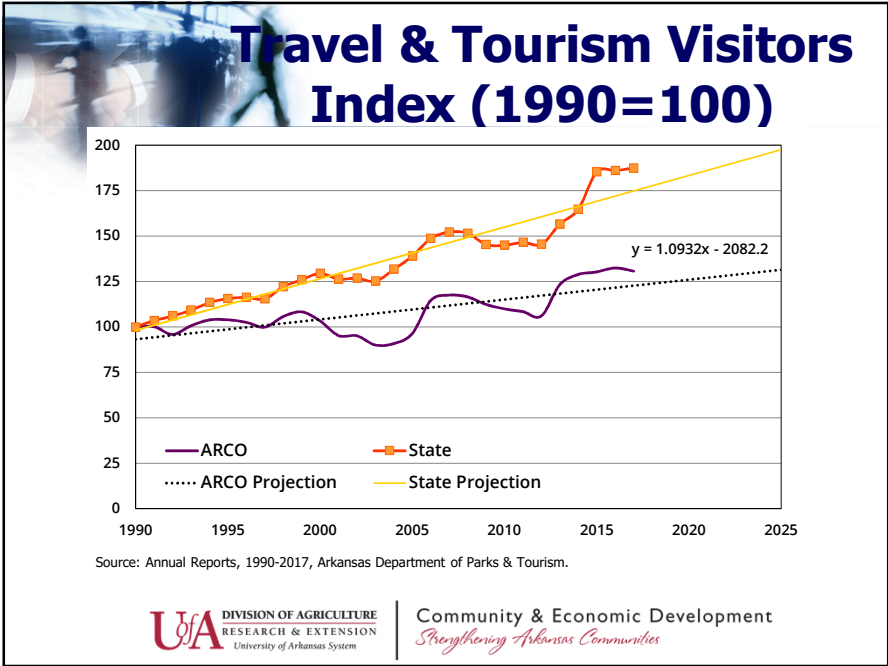
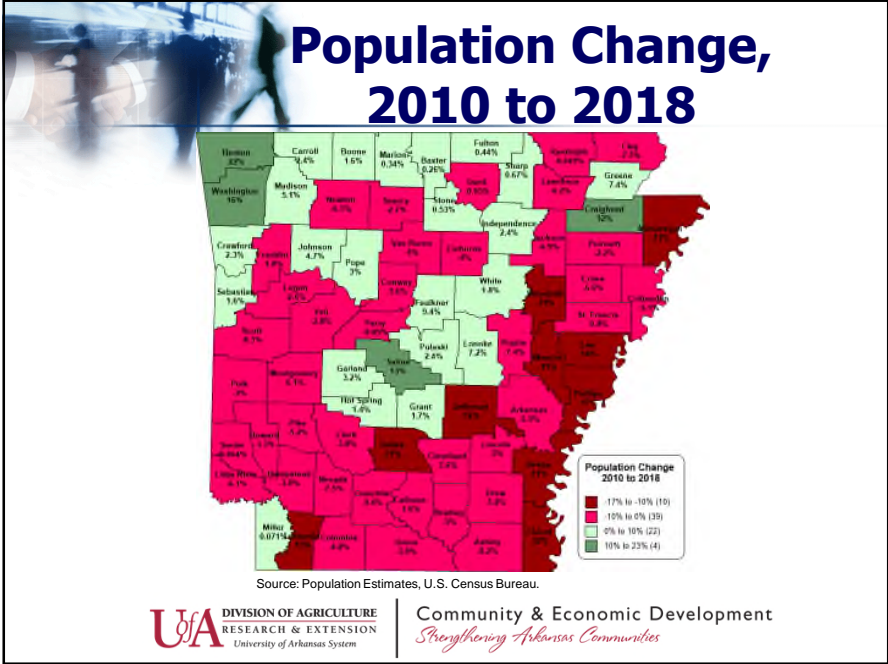
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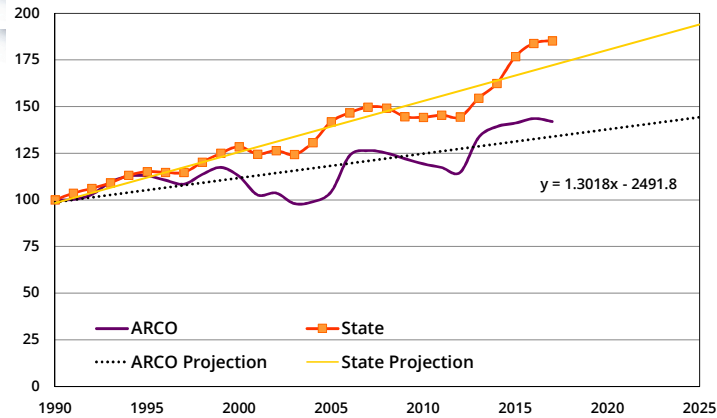








Travel & Tourism Spending Index (1990=100)

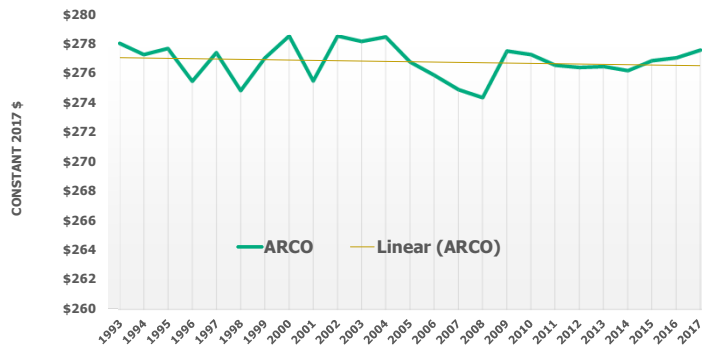


Source: Annual Reports, 1990-2017, Arkansas Department of Parks & Tourism.



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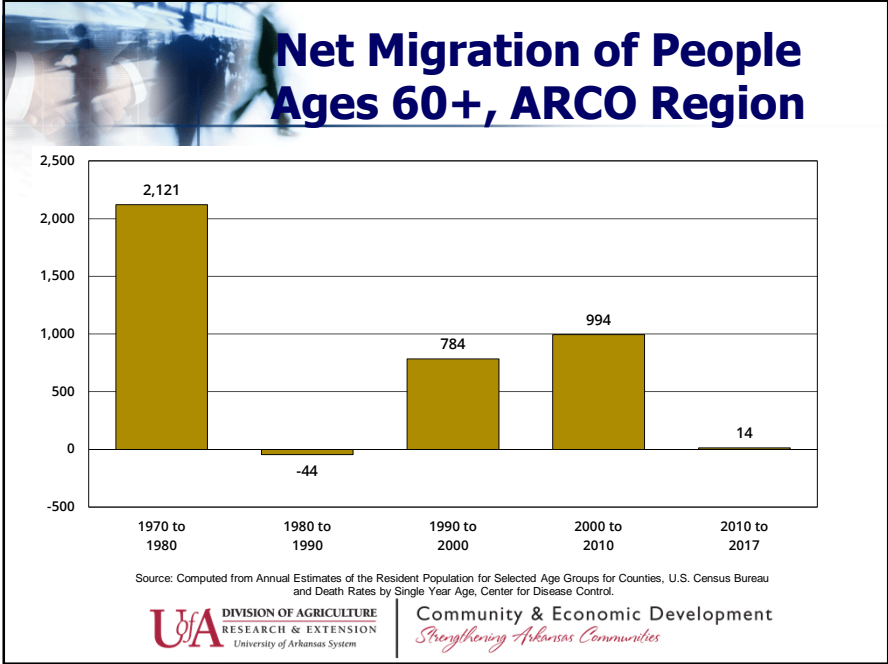
Spending Per Visitor in ARCO Region



Source: Annual Reports, 1990-2017, Arkansas Department of Parks & Tourism.



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ARCO

Economic Development Strategies



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Build On Strengths

- Natural resources
- Economic diversity within region
- Rich Mountain Community College
- Airport
- Volunteer Spirit
- Growing regional identity & commitment to collaborate across region

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Industry Clusters Across A Regional Economy

- Economic development efforts generate greater results when community and business leaders build on *existing strengths* and focus on growing *industry clusters* across a *regional economy*

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Industry Clusters with Growth Potential

ARCO

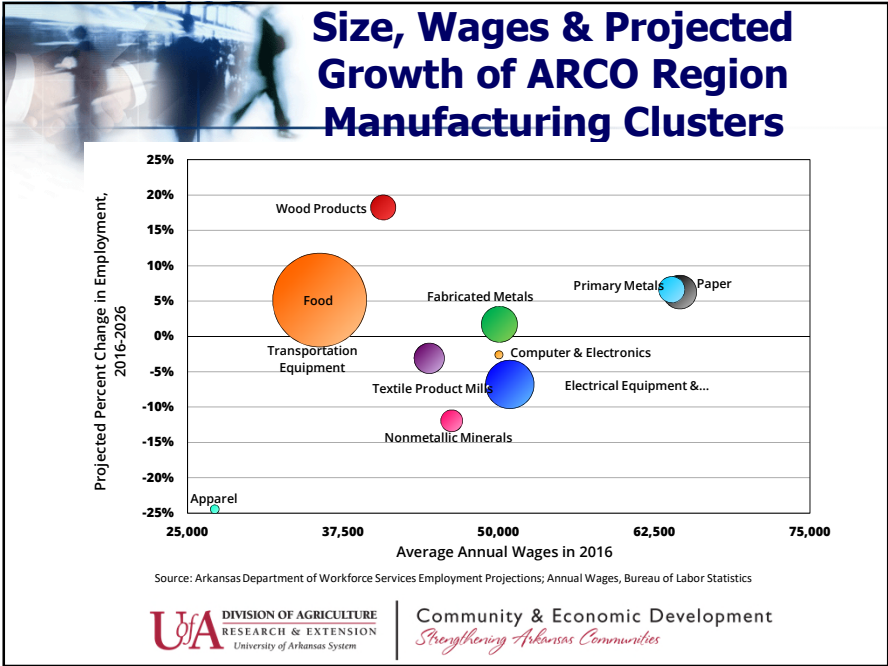
- Agriculture (Production & Manufacturing)
- Forestry (Wood Products)
- Fabricated & Primary Metal, Equipment & Transportation
- Tourism / Retirees




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Agriculture Development Strategies

- Increase productivity
 - Encourage farmers to increase productivity of land by pasture improvement, optimizing inputs for land existing land use, improved genetics of livestock, etc.
- Increase production of high value and organic crops for direct marketing to schools, hospitals and restaurants.
- Produce specialty meat products for direct marketing to high-end restaurants

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Forestry Development Strategies

- Promote use of best forest management practices and stewardship
- Develop unique value added wood products for niche markets
- Market the region's value-added products through joint ventures, collaboration, branding, etc.

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Tourism Strategies

- Develop an inventory of tourism attractions in the region.
- Develop additional tourism opportunities, biking, hiking, water sports, etc. to make the region a tourist destination.
- Brand the region's tourism industry
- Create a tourism website of organic products and artisans with maps, hours and weekend trip itineraries aimed at nearby metropolitan areas
- Expand commercial & retail businesses to capture more local dollars from tourists




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Tourism Value Chain

Tourism Value Chain		
Supply		Demand
Lodging	Marketing	Outdoor Recreation
Retail		River kayaking, canoeing, camping Lake boating, fishing, skiing Mountains hunting, hiking, mountain biking, ATV
Artisans	Tourism	
Food		Arts, Crafts, Festivals
Tour Organizers, Operators		
Outdoor Supplies	Rentals	Camps, Reunions



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Strengthen Industry Clusters

- Encourage/support expansion of industry clusters vertically and horizontally
- Help integrate value chains focusing on existing clusters
- Provide industry-specific workforce development
- Attract high-tech investment related to industry clusters
- Support entrepreneurs and joint ventures to create new economy spin-offs (back office operations, call centers, etc.) to support industry clusters

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Entrepreneurial Support

- Create a supportive entrepreneurial environment
 - Incorporate ways to practice entrepreneurial skills in schools
 - Recognize entrepreneurial activity (no matter how small)
 - Create collaborative local teams to provide industry-specific assistance to promising entrepreneurs in existing industry clusters
 - Create a community-wide commitment to entrepreneurial growth
 - Recruit entrepreneurs (e.g., young “retirees” who have valuable skills and are tired of corporate life who want a new challenge)


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Development Capacity

- CFED *development capacity* model assesses:
 - Human resources
 - Financial resources
 - Infrastructure resources
 - Amenity resources
 - Innovation assets

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Strengthen Capacity

- Invest in people
 - Improve formal education at all levels
 - Develop effective school-business relationships
 - Create a local culture of learning
 - Regular recognition of academic achievement
 - Total involvement of community in education
 - Access to opportunities for life-long learning
 - Community-wide expectation of excellence in teaching and learning

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Strengthen Capacity

- Support Innovation
 - Telecommunications
 - Improve access/quality
 - Ensure citizens of all ages and incomes know how to use tools effectively
 - Develop effective education-industry relationships

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Strengthen Capacity


- Amenities
 - Access/quality health care
 - Affordable housing
 - Recreational & cultural opportunities
- Traditional Infrastructure
 - Roads - airport
 - Rural transportation
 - Broadband Internet access
- Finance
 - Equity investors for all stages of entrepreneurial development
 - Access to loans for small business development

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Increase Labor Productivity

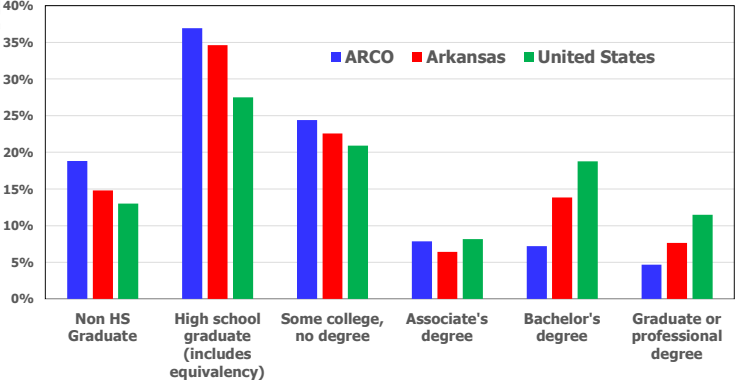
- Encourage improved value chain management
 - Reduce the costs of inputs by developing local suppliers
 - Increase collaboration/joint ventures
 - Share real-time information with suppliers
- Support investment in labor-saving technology to manage information and production processes
- Support industry-specific worker training to improve skills/efficiency
- Increase the local supply of well-prepared workers through improved education at all levels
- Encourage high-achieving students to obtain degrees needed by local businesses (e.g., scholarships)
- Provide incentives for local high-achieving college students to return home (e.g., internships/externships/co-ops)



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Education of Population 25 & Older - 2016



Education Level	ARCO (%)	Arkansas (%)	United States (%)
Non HS Graduate	19%	15%	13%
High school graduate (includes equivalency)	37%	34%	27%
Some college, no degree	24%	22%	21%
Associate's degree	8%	6%	8%
Bachelor's degree	7%	14%	19%
Graduate or professional degree	5%	8%	11%

Source: Educational Attainment, 2012-2016 American Community Survey 5-Year Estimates (S1501), U.S. Census Bureau.



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Projected Fast Growth Industries

- Health services
 - Home health care
 - Assisted living facilities
 - Physicians & hospitals
- Professional & business services
 - Mgmt, scientific & technical consulting
- Restaurants



Summary



Basic Building Blocks

- Strategic, inclusive & ongoing planning
- Tending to the basics
- Infrastructure
- Developing human capital & workforce development

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Possibilities

- Build Capacity
 - Increase labor & resource productivity
 - Invest in people
- Build on existing industry clusters
 - Produce inputs locally
 - Integrate value chains
- Create environment for entrepreneurship
- Add value - Grow your own entrepreneurs & industries

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Improve Standard of Living

- ❑ **Produce Products instead of Commodities**
- ❑ **Add Value to Products**
- ❑ **Increase Productivity**



“Strength does not come from physical capacity. It comes from an indomitable will.”

Mahatma Gandhi