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DR. BRENT A. EVANS, EDITOR

As the editor, I am pleased to present the Fall 2013 edition of *Business Analytics*. With the economy recovering and businesses expanding, it is time to highlight the many opportunities available for businesses and communities in northwest Georgia.

In this issue, you will find three articles concerning the economic status of Northwest Georgia and beyond. **Dr. Larry Johnson**, Dean of the School of Business, provides an analysis of business clusters in the region on pages 1-3. While most would not be surprised that textile manufacturing is prominent, it is not the only major business cluster of the region. In addition, there are numerous nearby business opportunities that offer potential as well.

Given the arrival of Volkswagen and resulting automotive suppliers, as well as recent announcements in the flooring industry, the region needs to be prepared for growth. I introduce Thrive 2055 in pages 4-5. Thrive 2055 is a public/private planning initiative designed to improve the economic and socioeconomic status of the tri-state area (Alabama, Georgia, and Tennessee). The initiative is now completing its first year of data collection and analysis. Thrive 2055 Chairman **Brian Anderson** and Project Manager **Bridgett Massengill** hope that their work will lead to more deliberate efforts to improve the tri-state area by the year (you guessed it) 2055.

Finally, an "Economic Dashboard" is presented by **Mr. Travis Hayes** on page 6. Within this dashboard, you will find pertinent economic indicators for the region, presented county-by-county, which can be compared against state and national data. This report, with updated figures, will be included in all future editions of *Business Analytics*.

For questions, comments, or suggestions, please contact me at baevans@daltonstate.edu or 706.272.4488. For assistance, call the Center of Economic Research and Entrepreneurship at 706.272.4580. To check out the website, visit <http://www.daltonstate.edu/cere/> ■



BUSINESS CLUSTERS POINT TO ECONOMIC SUCCESS

DR. LARRY JOHNSON
DEAN, DALTON STATE
SCHOOL OF BUSINESS

Dalton, Georgia, has long been known as the "Carpet Capital of the World." You also hear, "If you want to be in the carpet business, you have to have a presence in Dalton." It is true that Northwest Georgia is the center of the flooring industry. Approximately 60% of all U.S. flooring is produced within a 50 mile radius of Dalton. It is the economic fabric of the Northwest Georgia region where its impact is multiplied many times through related economic activity and jobs. However, numerous other clusters exist throughout the nation, including computer technology in Silicon Valley, grain production in the Midwest, petroleum in Houston, and pharmaceuticals in the Northeast.

Economists have long used input-output modeling to determine whether certain regions have an absolute or a comparative

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BUSINESS CLUSTERS... *(Continued from page 1)*

advantage to produce a particular product. These least-cost models, based on production and transportation costs, could identify the most cost effective region to produce a product. However, these models lack the ability to include synergy and human capital. Renowned Harvard Economist, Michael Porter, has advanced the work by not only identifying specific elements of competitiveness, but also by incorporating linkages and externalities that create business clusters. In his 1998 *Harvard Business Review* article "Clusters and the New Economics of Competition" (1), he explains how business clusters affect competition in three broad areas by: increasing the productivity of companies within the cluster, increasing the pace of product development, and creating the formation of related businesses within the cluster.

Dr. Porter and his staff at the Institute for Strategy and Competitiveness at Harvard, with support of the U.S. Department of Commerce Economic Development Authority have created the Cluster Mapping Project. Focusing on competitive advantages, linkages, and externalities among interconnected companies, specialized suppliers, and supporting institutions, they are able to map concentrations of industries in the U.S. This effort creates a wealth of information for economic developers, public officials, educators, existing businesses, and entrepreneurs because it not only identifies regional clusters they can build upon but also identifies clusters in close proximity that offer expansion opportunities.

The CMP breaks the U.S. into economic regions that cross boundaries, whether they be city, county, or state, and then identifies the location of concentrated industries. Cluster maps are identified by trade flows and show concentrations of employment as of 2010. CMP can show larger business clusters such as textiles (Map 1) and sub-clusters such as carpet and rugs (Map 2). Users can also identify clusters in close proximity to Northwest Georgia such as automotive (Map 3) that may offer opportunities for the region.

The economic area that encompasses Northwest Georgia ranges from the South Atlanta Metro to Chattanooga and parts of East Tennessee. The study analyzed 41 clusters, each with as many as ten sub-clusters, to identify business clusters and sub-clusters in this economic area (Table 1). Some of the clusters, such as textiles, are relatively well known, while others are obscure. One would normally identify biopharmaceuticals as originating in the Northeast, yet biopharmaceutical containers are primarily produced in this economic area.

Table 1 identifies clusters and sub-clusters by alphabetical order that fall in this economic region. Users can access the CMP and visually examine the clusters in mappings as shown previously. The CPM is publicly available at: <http://clustermapping.us> or

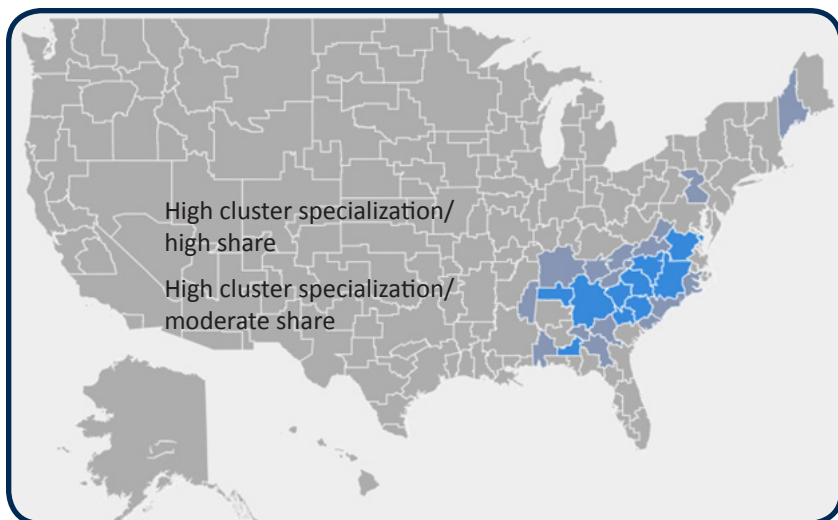
you can contact our Center for Economic Research and Entrepreneurship at 706.272.4580 or e-mail us at www.cere@daltonstate.edu, and we will be happy to assist.

(1) Michel E. Porter; "Clusters and the New Economics of Competition"; *Harvard Business Review*, Nov.-Dec. 1998.

Business Clusters and Sub-Clusters in the Economic Region that Includes Northwest Georgia Cluster Mapping Project, 2010 (Table 1)

Business Cluster: Sub-Clusters

Apparel: Men's Clothing
Biopharmaceuticals: Containers
Building Fixtures, Equipment, Services: Equipment and Services, Wood Cabinets, Fixtures, Others
Building Materials: Concrete, Gypsum, Other Building Products, Fabricated Materials
Business Services: Computer Programming, Computer Services, Facilities Support Services, Management Consulting
Chemical Products: Other Chemical Products, Packaged Chemical Products
Communication Equipment: Electrical and Electrical Components
Construction Materials: Cut and Crushed Stone, Rubber Products, Merchandise Wholesaling
Distribution Services: Merchandise Wholesaling
Education and Knowledge Creation: Lessors of Other Non-Financial Intangible Assets
Financial Services: Insurance Products
Furniture: Furnishings, Furniture, Wood Materials and Products
Heavy Construction Services: Subcontractors
Heavy Machinery: Construction Machinery
Information Technology: Communication Services, Software
Lighting and Electrical Equipment: Switch Gear
Medical Devices: Ophthalmic Goods
Metal Manufacturing: Metal Furniture
Motor Products: Construction Machinery
Plastics: Paint and Coating
Processed Food: Baked and Packaged Goods, Candy and Chocolate, Flour, Paper Containers and Boxes
Publishing and Printing: Printing Services
Textiles: Carpet and Rugs, Fabric Mills, Specialty Fabric Processing, Wool Mills, Yarn and Thread Mills
Transportation and Logistics: Air Transportation, Transportation Arrangement, Transportation Warehousing, Transportation Services

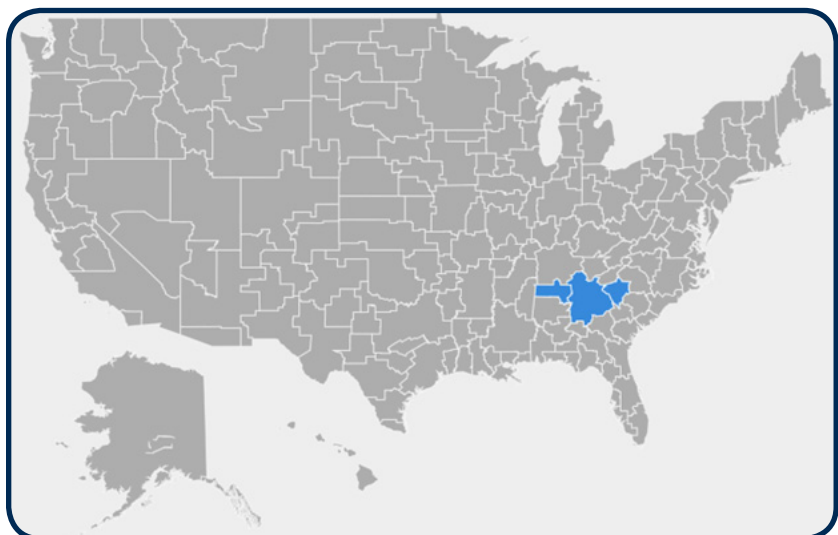


High cluster specialization/
high share
High cluster specialization/
moderate share

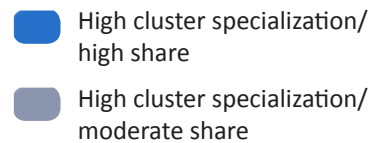
Map 1
Textiles



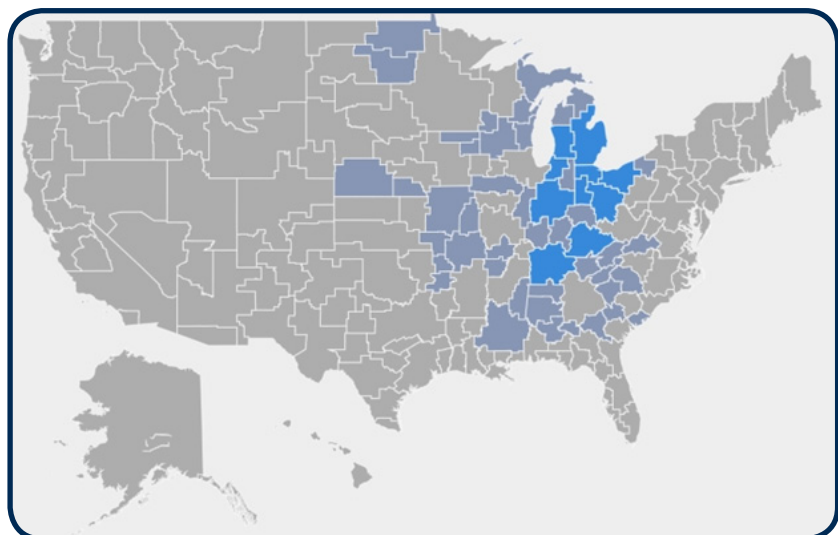
Source: clustermapping.us



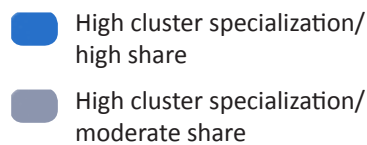
Map 2
Textiles – Carpets and Rugs



Source: clustermapping.us



Map 3
Automotive



Source: clustermapping.us

THRIVE 2055: A REGIONAL PLANNING INITIATIVE

DR. BRENT EVANS, ASSISTANT PROFESSOR OF ECONOMICS

An inherent connection exists among the counties of Northwest Georgia, Northeast Alabama, and Southeast Tennessee. These counties share work forces, watersheds, interstates, and many of the same socioeconomic concerns. The counties now also share a regional planning initiative, Thrive 2055. Thrive 2055 is a public/private partnership that aims to address the economic and socioeconomic challenges of the 16-county region and to set a strategy for the coming years. Thrive 2055 is beginning year two of its three-year plan to identify the challenges the region faces and to plan for the future.

The initiative was partially inspired by the experiences of leaders in Greenville, South Carolina, a town that experienced overnight growth upon the groundbreaking of a BMW plant. **Brian Anderson**, chairman of Thrive 2055, explains, “Part of the premise of Thrive 2055 is based on the fact that the Chattanooga area had successfully recruited Volkswagen, Wacker chemicals, and a few other companies. The closest comparison to our region’s situation was in Greenville, South Carolina. After studying the experiences of Greenville, the message was clear: Start planning now. There was a thought that we may grow faster than originally anticipated, which could put pressure on infrastructure, roads, wastewater, schools, and other operations that are affected by changes in population.” In response to such potential problems, members of Thrive 2055 set out to answer the questions, “Is there going to be growth? If so, what impacts will there be in the short, intermediate, and long terms?”



Indeed, the counties included in the Thrive 2055 initiative are expected to experience a population growth that outstrips the United States as a whole. While the U.S. is predicted to grow 26.3% between 2010 and 2055, the Thrive 2055 counties are expected to gain 37.6%, with the majority of the growth occurring outside of the Chattanooga city limits. But, it does not appear that the overall growth rate of the area will be greatly affected by the new plants and factories. “Greenville experienced accelerated growth after landing BMW. While we anticipated a similar experience in our region, we have found evidence suggesting that we will not necessarily grow faster than we had anticipated prior to recruiting Volkswagen and Wacker. Unlike Greenville, the Chattanooga region is already well-developed. Because of this, it seems that our growth rate will not be significantly altered,” said Anderson.

(Continued on page 5)

Population Estimates and Projections:	Population 2010	Population 2055	Projected 45 Year Growth
Alabama			
Dekalb	71,109	118,000	65.9%
Jackson	53,226	65,000	22.1%
Georgia			
Catoosa	63,942	140,000	118.9%
Dade	16,633	27,000	62.3%
Murray	39,628	44,000	11.0%
Walker	68,756	77,000	12.0%
Whitfield	102,599	128,000	24.8%
Tennessee			
Bledsoe	12,876	16,000	24.3%
Bradley	98,963	138,000	39.4%
Hamilton	336,463	435,000	29.3%
Marion	28,237	38,000	34.6%
McMinn	52,266	63,000	20.5%
Meigs	11,753	23,000	95.7%
Polk	16,825	23,000	36.7%
Rhea	31,809	45,000	41.5%
Sequatchie	14,112	22,000	55.9%
Thrive 2055 Counties	1,019,197	1,402,000	37.6%
U.S.A.	308,745,538	389,934,000	26.3%

source: thrive2055.com

THRIVE 2055...

(Continued from page 4)

Since Thrive 2055's inception in the fall of 2012, it has been engaged in "research and analysis," which is the first phase of a three-phase plan. In addition to the aforementioned population growth analysis, phase one aims to gauge the region's strength and concerns, based largely on feedback from the community. When I spoke with Thrive 2055 Project Manager, **Bridgett Massengill**, in late August, she was preparing for phase two of the project, which was set to begin in early September. "Phase two will be allotted for visioning, setting priorities, and looking at strategies to reach those priorities," she explained.

After setting priorities in phase two, members of Thrive 2055 will establish best-case-scenarios and implement plans created to improve the socioeconomic status of the region as part of phase three. Brian Anderson summarizes the plan, "We started with 12 'opportunity' or 'issue areas,' such as education, economic competitiveness, transportation, and public safety. These twelve areas were studied by a research group of about 80 people, who summarized the findings." After narrowing the scope of the initiative to four priorities, Thrive 2055 can begin strategizing.

Anderson mentioned one possible priority that Thrive 2055 may investigate—the absence of a mechanism for transportation planning to occur across political borders—but he is optimistic

that Thrive 2055 findings will encourage members of state governments to address transportation and other concerns so that potential problems can be addressed preemptively.

Anderson also anticipates that Thrive 2055 will enhance the involvement of the area's citizens. "There's a hope that if these huge, complex problems can be broken into more manageable bites, we may get better engagement from citizens. Although we want to build communication across political boundaries, this visioning effort has no true authority—it does not supplant local or state governments. It has no authority other than the power of the individual citizen to be heard and to try to better the community."

For those who would like to assist in the project, you may contact Project Manager, Bridgett Massengill (email: bmassengill@thrive2055.com; phone: 423.648.2947). Additionally, citizens are encouraged to visit the initiative's website (www.thrive2055.com) regularly to stay up to date with the project's details and progress.

Interviews were conducted on August 30 (Bridgett Massengill) and September 4 (Brian Anderson).



Dalton State's Center for Economic Research and Entrepreneurship was created to aid small business development and growth by providing in-depth and meaningful research, information on economic and business trends, and assistance to local Chambers of Commerce, economic development organizations, businesses, and service organizations. Among CERRE's first community offerings are two workshops on entrepreneurial activity (see below). To schedule a workshop, call the School of Business at 706.272.4507.

Workshop I: **Recognizing and Creating Entrepreneurial Opportunities**

This workshop is designed for anyone who is interested in starting a business. It will focus on the benefits, costs, and reasons to become an entrepreneur. Participants will explore how entrepreneurs find opportunities to start new businesses by creatively exploiting changes in their careers and personal lives and by recognizing opportunities where others see problems. Participants will review paths to small business ownership, learn how to explore the feasibility of a business idea, how to find a competitive advantage, and how to determine the value of a business.

Workshop II: **Exploring Your Market**

This workshop is designed for the individual who is interested in self-employment and wants to explore the feasibility and potential for a new business venture. In this session, participants will be taught how to research their markets before opening a business and how to gather information from both primary and secondary sources. And because market research helps business owners to know their customers and how those customers decide to buy, participants will be taught how to make marketing research an integral part of a business. Finally, there will be a review of successful market segmentation strategies that are designed to help businesses develop a market positioning strategy and ultimately a marketing plan.

Economic Dash Board, Fall 2013

	Catoosa County	Dade County	Gordon County	Walker County	Whitfield County	Region	Georgia	USA
Number Employed, Sept. 2013	31,998	7,511	23,448	30,451	37,252	130,660	4,379,612	*
Number Employed, Aug. 2013	31,983	7,507	23,529	30,436	37,482	130,937	4,391,178	144,170,000
Number Employed, Sept. 2012	32,126	7,541	23,356	30,573	37,754	131,350	4,371,523	142,974,000
Number Unemployed, Sept. 2013	2,343	613	2,343	2,603	4,243	12,145	417,345	*
Number Unemployed, Aug. 2013	2,412	667	2,768	2,614	5,277	13,738	421,951	11,316,000
Number Unemployed, Sept. 2012	2,540	724	2,621	2,735	4,782	13,402	434,955	12,088,000
Number in Labor Force, Sept. 2013	34,341	8,124	25,791	33,054	41,495	142,805	4,796,957	*
Number in Labor Force, Aug. 2013	34,395	8,174	26,297	33,050	42,759	144,675	4,813,129	155,486,000
Number in Labor Force, Sept. 2012	34,666	8,265	25,977	33,308	42,536	144,752	4,806,478	155,062,000
Unemployment Rate, Sept. 2013	6.8%	7.5%	9.1%	7.9%	10.2%	8.5%	8.7%	*
Unemployment Rate, Aug. 2013	7.0%	8.2%	10.5%	7.9%	12.3%	9.5%	8.8%	7.3%
Unemployment Rate, Sept.2012	7.3%	8.8%	10.1%	8.2%	11.2%	9.3%	9.0%	7.8%
Initial Unemployment Claims, Sept. 2013	82	17	264	132	601	1,096	34,293	*
Initial Unemployment Claims, Aug. 2013	102	16	287	164	571	1,140	35,503	1,111,254
Initial Unemployment Claims, Sept 2012	192	26	417	362	1,205	2,202	39,564	1,234,922

*Not available at publication
sources: dol.state.ga.us and bls.gov



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