

Greater Northwest Arkansas Development Strategy

January 2011



NORTHWEST ARKANSAS
COUNCIL

Charting the Course for Northwest Arkansas' Future Success



"The goal of economic development is to increase the prosperity of local citizens.

Today's global, innovation-based competition has not changed that goal, but it has changed the way the development game must be played. To succeed now generally requires active regional coalitions with effective leadership to link, strengthen and promote an area's economic development assets."

U.S. Council on Competitiveness

Northwest Arkansas has been blessed with great leaders who set bold goals and through hard work and dedication, achieved them. These leaders were committed to our region and built successful businesses overcoming any obstacles they encountered.

The corporate success stories, large-scale public works projects, and personal goals achieved are all part of Northwest Arkansas' rich history.

These same leaders recognize that in the current economic climate, no region is immune to global and national realities. Competition for quality jobs is fierce. Many metropolitan areas around the country have developed well-funded and highly aggressive regional programs to help them compete in the 21st Century.

Northwest Arkansas needs to take a proactive approach to community and economic development. We must provide the attributes necessary to sustain and attract business. In order to provide these critical attributes, we must work together as a region.

In early 2010, regional leaders began to chart the course for continued success. The Northwest Arkansas Council, local Chambers of Commerce and other regional organizations, spearheaded an effort to create a regional growth and development plan.

Thousands of Northwest Arkansans provided input and suggestions during a strategic planning process and



"As much as we have to be proud of, we're at a point in the development and evolution of our region at which I believe we need to be very deliberate—very strategic—about how future growth will occur.

Our competition as a region isn't with our neighbors down I-540 or over in central Arkansas—we're competing for jobs and investment with international cities and regions around the world."

*H. Lee Scott
August 11, 2010*

the result, the Greater Northwest Arkansas Development Strategy, is our blueprint for a successful future.

If we can accomplish the priorities established in the Greater Northwest Arkansas Development Strategy over the next few years, we can take Northwest Arkansas to the next level; helping to ensure an even better quality of life for our children and future generations.

Strategic Planning Process

In late 2009, a Steering Committee of nearly 30 regional business and civic leaders was established to develop a strategy for taking Northwest Arkansas to the next level.

The Committee set four key goals to guide their work:

1. Assess the Northwest Arkansas economy and its evolution over time focusing on:
 - Regional employment
 - Economic quality of life
 - Regional economic growth over the next 10 years
2. Benchmark Northwest Arkansas' current economic strengths and weaknesses against the state of Arkansas and other high performing regions of the United States.
3. Assess international economic trends and opportunities, identifying where Northwest Arkansas' regional strengths intersect.
4. Develop a plan that produces growth in key sectors that will lead to sustained and high-quality job creation.

In January 2010, Market Street Services, a nationally recognized consulting firm, was engaged to help facilitate the strategic planning process in Northwest Arkansas. Market Street Services led a process that melded rigorous research and data analysis with comprehensive input and feedback it received from thousands of local residents.



Steering Committee

This plan could not have been accomplished without the leadership, input and involvement of the Steering Committee. Steering Committee members who volunteered their valuable time and energy to the initiative included:

Mark Simmons-Chair	Simmons Foods	Wayne Mays	Siloam Springs Chamber of Commerce
Jay Allen-Vice Chair	Jay Allen Communications	Elise Mitchell	Mitchell Communications Group
Susan Barrett	Consultant	Martine Montes	Walmart
Rick Barrows	Multi-Craft	Becky Paneitz	NorthWest Arkansas Community College
Don Bland	Sam M. Walton College of Business	David Pemberton	Huntsville Area Chamber of Commerce
Raymond Burns	Rogers/Lowell Area Chamber of Commerce	Archie Schaffer	Tyson Foods
Steve Clark	Fayetteville Chamber of Commerce	Jeff Schomburger	Procter & Gamble
Ed Clifford	Bentonville-Bella Vista Chamber of Commerce	Anita Scism	NWA Community Foundation
Kathy Deck	UA Center for Business and Economic Research	Cameron Smith	Cameron Smith & Associates
Cathy Foraker	AT&T	Kenny Tomlin	Rockfish Interactive
Sharon Gaber	University of Arkansas	Scott Van Laningham	NWA Regional Airport
Mary Ann Greenwood	Greenwood & Gearhart	Perry Webb	Springdale Chamber of Commerce
Peter Kohler	University of Arkansas for Medical Sciences	Rick Webb	Walmart
Bob Lamb	Southwestern Energy		

Competitive Assessment

A report card on how NWA stacks up

As part of the strategic planning process, a competitive assessment was conducted to identify the region's strengths, weaknesses, opportunities, and challenges that must be confronted if the region wishes to rebuild economic momentum during the economic recovery.

The assessment involved both quantitative and qualitative data gathering. Researchers compiled extensive data and information from sources like the U.S. Census Bureau, the Arkansas Department of Education and others.

Northwest Arkansas is Home to the Highest Concentration of Management Employees in the U.S.

A review of labor statistics demonstrates that Northwest Arkansas exceeds all other regions in the United States in the "management of companies and enterprises" employment classification.

The high concentration of management positions should be no surprise given the magnitude and success of our flagship industries.

In fact, Northwest Arkansas has almost six times the national average of headquarters employees in our regional economic mix.

As blessed as we are to have such a high concentration of headquarters employees, it is also an indication that we need to diversify our economic mix as our region continues to grow.

Following management of companies and enterprises, manufacturing is the next most concentrated business sector, but it is a declining share of jobs in this region.

Northwest Arkansas has a relatively small share of employment in the high-wage professional and technical services sector.

Additionally, Market Street Services' team interviewed more than 350 regional leaders and nearly 2,000 local residents responded to an online survey.

Our region was compared and contrasted to other regions around the country that resemble Northwest Arkansas in many ways. Regions used for comparison purposes included:

- Gainesville, Florida
- Huntsville, Alabama
- Lexington, Kentucky

We also compared our region's economic competitiveness to that of Austin, Texas – defined as a "stretch" or aspirational region by our Steering Committee.

Comparing Northwest Arkansas to our competition, we found numerous strengths on which to build, including:

- Highly successful and solid businesses
- Leading institutions of higher education
- Excellent public schools
- Affordable cost-of-living
- Low crime rates
- Abundant natural and cultural amenities
- Spirit of philanthropy
- Quality health care

At the same time, additional attention is needed at the regional level to address a number of issues and shortcomings that were identified:

- Need to diversify Northwest Arkansas' economy
- Reduce competition between communities
- Lower than desired educational attainment levels
- Lower per capita incomes than comparable regions
- Less diverse than comparable regions
- Relatively large uninsured population and "working poor"
- Infrastructure needs
- Limited support for small business and start-ups

Northwest Arkansas' Industries

Northwest Arkansas is home to some of the world's leading publicly and privately held corporations. Our industries have grown at a rapid rate over the past two decades generating jobs and economic opportunities – both in Northwest Arkansas and around the world.



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Target Job Growth Sectors



Historic job growth sectors

As we look for ways to increase jobs and economic opportunities, we must continue to work to strengthen and support our flagship industries. We are confident there will continue to be many opportunities to build

jobs and economic opportunities in industries and areas associated with our largest employers. Job growth opportunities surrounding our historic industries include:

Walmart and Suppliers

Management of Companies

- Global and Regional HQ's
- Executive Talent

Supply Chain Management

- Distribution and Networking

Wholesale Trade Support Services

- Administrative Support
- Networking and Computer Systems

Food Processing

Poultry Production and Processing

- Poultry Processing
- Poultry Food Manufacturing

Vegetable Canning

Convenience Foods

- Food Manufacturing
- Bakeries

Transportation and Distribution

Transportation and Warehousing

- Freight Trucking
- Warehousing and Storage

Supply Chain Management

- Distribution Centers
- Logistics



Target Job Growth Sectors



Diversification of job growth sectors

We also need to look for ways to diversify our economic mix. A number of key target growth sectors were identified because they have an existing presence in our region, they can bring significant new dollars into the

economy, and they have excellent prospects for growth. Most important, as wealth-creating sectors, they provide the best opportunity to improve the quality of life for the most residents of Northwest Arkansas. The additional job growth areas of emphasis are:

Professional Services and Regional Offices	Sustainable Technologies and Business Processes	Arts, Entertainment and Tourism	University-led Technology Development	Health Care
Wholesale Trade <ul style="list-style-type: none"> Walmart Suppliers Location Advantages Business Support <ul style="list-style-type: none"> Legal Services Accounting Marketing and Advertising Management of Companies	Technology Appropriation <ul style="list-style-type: none"> Health Care Supply Chain Management Enterprise Management Regional Identity <ul style="list-style-type: none"> Innovator in Sustainability Flagship Testing Grounds 	Regional Identity <ul style="list-style-type: none"> Sustainability and Tourism Arts and Entertainment <ul style="list-style-type: none"> Leverage New Investments Educational Opportunities Accommodations and Food Services <ul style="list-style-type: none"> Gaming and Hotel Industries Recreation and Outdoors 	Basic and Applied Research <ul style="list-style-type: none"> Engineering and Materials Sciences University Partnerships Innovation and Entrepreneurs <ul style="list-style-type: none"> Technology Transfer Business Incubation 	Technology Innovation <ul style="list-style-type: none"> Electronic Medical Records Medical Supply Logistics Educational Expansion <ul style="list-style-type: none"> 2- and 4-Year Programs Residency Programs Hospitals and Clinics <ul style="list-style-type: none"> Specialists Practices Primary Care



The Strategy



The following pages outline strategies that have been identified to help us compete and continue to grow our economy.

The recommendations are organized around the following priority goal areas for Northwest Arkansas:

- **Infrastructure**
- **Regional Economic Development**
- **Community Vitality**
- **Educational Excellence**

Regional success depends on each goal being advanced.

“Through the hard work and input from thousands of Northwest Arkansans, this Strategic Plan gives us a clear list of initiatives and priorities that need to be accomplished to make sure Northwest Arkansas remains economically competitive into the next decade.”

*– Jim Walton, presiding co-chairman,
Northwest Arkansas Council*



The Strategy

Infrastructure

Goal: Invest in physical infrastructure that will enable sustainable, long-term growth and improve competitiveness.

Northwest Arkansas has enjoyed tremendous growth in recent decades, at a pace that is rarely seen in an area with limited interstate connectivity. We are directly connected to only one other metropolitan area in the country (Ft. Smith) by a four-lane interstate.

The broad spatial location of the region's communities and the lack of a dominant metropolitan core have contributed to a number of challenges, including limited airport access, inefficient public transit, poor walkability, and dispersed entertainment and retail amenities.

In order to solve these problems and achieve our goal, we believe we must take the following steps:

- Promote and support high-impact interstate and highway infrastructure investments that are vital to long-term regional competitiveness.
- Increase connectivity, capacity and cost competitiveness for passenger travel at Northwest Arkansas Regional Airport (XNA).
- Increase freight shipping capacity and connectivity in and around Northwest Arkansas Regional Airport.
- Improve multi-modal mobility throughout Northwest Arkansas.
- Continue to preserve the quality of the region's drinking water source, area rivers, streams and tributaries.



The Strategy

Regional Economic Development

Goal: To develop a comprehensive, regional approach to proactive economic development in Northwest Arkansas.

Northwest Arkansas has been supported by tremendous growth within the headquarters and distribution operations of multiple Fortune 1000 companies. Nevertheless, in the current economic climate, a coordinated and proactive approach to regional economic development is needed to ensure Northwest Arkansas' place in the increasingly competitive market for new business, innovation, talent, and jobs.

Objectives:

- Enhance the scale and scope of small business and startup support services in the region.
- Elevate the competitiveness and cooperation of existing businesses in Northwest Arkansas by emphasizing a comprehensive, business retention and expansion program.
- Attract new business investment by effectively marketing the region to target audiences.



The Strategy

Community Vitality

Goal: Ensure that Northwest Arkansas remains a vibrant and attractive community for business, residents, families, and retirees for decades to come.

Northwest Arkansas residents are proud to call our region “home”. We are fortunate to possess a strong quality of life and comparatively low cost of living. However, similar to economic development, proactive community development is necessary to ensure that livability is enhanced rather than burdened by future growth.

Objectives:

- Support the work of community and social service providers to improve the social and economic well-being of the region’s varied populations.
- Promote racial, cultural, and ethnic diversity in Northwest Arkansas and support quality of life enhancements by developing amenities that appeal to a variety of demographic groups.
- Develop the next generation of leadership in Northwest Arkansas by promoting citizen engagement, volunteerism, and leadership training.



The Strategy

Educational Excellence

Goal: Elevate educational attainment and workforce skills so that Northwest Arkansas can more effectively compete for 21st Century jobs.

Northwest Arkansas enjoys the best-in-state K-12 education systems and several leading institutions of higher education including the state's flagship, the University of Arkansas.

However, in 2008, only 25 percent of Northwest Arkansas' adult population possessed a bachelor's degree or higher. This was nearly three percentage points lower than the national average and considerably lower than most peer metropolitan areas that are home to large, public universities. There is a clear need to raise adult educational attainment levels if the region wishes to be competitive in attracting knowledge-intensive, high-wage job opportunities in the decades to come.

Objectives:

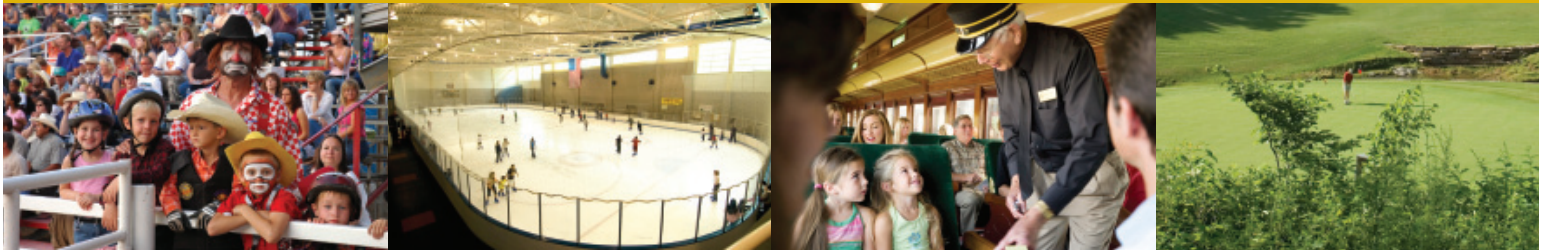
- Continue to improve high school graduation and college matriculation rates.
- Increase K-12 student exposure to career pathways.
- Improve college graduation rates.
- Strengthen the region's workforce development system.



"As we accomplish these goals and initiatives together, we will build an even greater Northwest Arkansas for our kids, grandkids and future generations."

Mark Simmons, chairman, Strategic Planning Committee

Photography courtesy of: Bentonville-Bella Vista Chamber of Commerce, Fayetteville Chamber of Commerce, Northwest Arkansas Regional Airport, Rogers-Lowell Area Chamber of Commerce, Springdale Chamber of Commerce, Tyson Foods, Inc. and Walmart Stores, Inc.



NORTHWEST ARKANSAS
COUNCIL

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