

On The Road To A New Carolina

Presentation by
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to the
SC Forest Resource Development
Conference

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Key Discussion Points

- Origin of SC Council On Competitiveness
- Michael Porter's Strategic Plan For SC
- Forestry Summit and results
- Palmetto Institute/MarketSearch findings and recommendations
- Three independent economic assessments confirm ag-forestry industry is SC's largest

SC business and political leaders teamed up in 2003 to address concerns.

Concerns

- Weak economy
- High unemployment
- Unable to recruit new businesses
- How can SC business and industry compete with companies on a global scale?

New Approach Needed

The leaders agreed a new approach was needed.

They contacted Michael Porter.

Michael E. Porter



- An authority on competitive strategy and economic development, Porter headed up the project. He is a Professor at Harvard Business School.
- He advocated “Clusters”

Clusters



WHAT IN THE
WORLD IS A
CLUSTER?

Clustering

- Porter said SC could benefit from **clustering**: grouping similar businesses together creating a synergy where their combined effort is greater than the sum of their individual efforts.

Forestry Cluster

- Forestry has long functioned as a cluster (wood supply chain).
- From the landowners, to loggers, and the mills. They, along with foresters, support services and equipment suppliers, comprise a working cluster.

The Monitor Group



- The Monitor Group, Boston, MA, was commissioned to study and evaluate SC's competitive position and develop a strategic plan.

South Carolina Council on Competitiveness
Monitor Group
Professor Michael E. Porter, Harvard University

Report Released

South Carolina Competitiveness Initiative:
A Strategic Plan for South Carolina

SC
Competitiveness
Initiative: A
Strategic Plan for
South Carolina

Unveiled Dec.,
2003



DRIVING A LONG-TERM ECONOMIC STRATEGY

INNOVATION	PRODUCTIVITY
ECONOMIC PERFORMANCE	ECONOMIC COMPOSITION
BUSINESS ENVIRONMENT	SPECIALIZATION
CLUSTERS	STRATEGY
COLLABORATION	

A Strategic Plan For SC

- In *A Strategic Plan for South Carolina*, Porter recommended South Carolina form a public-private partnership of business, government and academia, to drive a strategy to:
 - 1. Activate and upgrade clusters
 - 2. Continue to enhance education and workforce training
 - 3. Invest in research and the University system

A Strategic Plan For SC

- 4. Launch internal and external marketing campaigns
- 5. Create an explicit economic development program for distressed areas
- 6. Increase support for start-ups and local firms
- 7. Create new institutions for economic development
- 8. Measure progress in raising prosperity

COUNCIL ON COMPETITIVENESS

- Formed in early 2004
- Public-private partnership
- Chairman: Ed Sellers, CEO, BC/BS
- 51 board members in leadership positions around SC
- Mission: increase per capita income and enhance South Carolina's economic competitiveness through a cluster development strategy.
- Today it is called New Carolina



Primary Partners

- SC Chamber of Commerce
- Palmetto Institute
- Palmetto Business Forum
- SC Legislature

SC COUNCIL ON COMPETITIVENESS



Agribusiness Cluster

Jim Roquemore, Co-Chair
AGRICULTURE

- Animal agriculture
- Row Crops
- Fruits, nuts and vegetables
- Food Products
- Recreation/Agri-Tourism
- Turf and Ornamentals
- Education Group
- Support Group
- Regulatory, Legislative and Environmental

Bob Scott, Co-Chair
FORESTRY

- Forest Resources
- Wood and Paper Products Manufacturing
- Economic Development
- Forest Biomass
- Environmental
- Forest Products & Research
- Timber Harvesting

Forestry Summit



- **SC Forestry Association hosted the Forestry Summit Nov. 2, 2004.**
- **Provided a forum to examine SC forestry's competitiveness and identify ways to more effectively compete in the global economy.**

Forestry Summit



- Forestry/Forest Products Working Group created March 4, 2005
- Under umbrella of SC Forestry Association
- Forestry Subcluster is part of Agribusiness Cluster

Agribusiness Cluster

- According to the SC Dept. of Commerce, “South Carolina’s agriculture and forest industry represent one of, if not the largest industry cluster in the state. With an economic value of \$34 billion, agriculture and forestry together have the greatest impact on our state’s economy and it’s green. It reaches every corner of the state and extends far beyond the boundaries of the farm and forest.”

Agribusiness Cluster

- “The agribusiness cluster may be the one that can have the quickest, most dramatic impact on our economy. But it will only be successful if we have a thoughtful, innovative strategy.”



Darla Moore

Economic Assessments

- Three independent economic assessments of agriculture and forestry confirm what industry leaders have long maintained – that agriculture and forestry combined is the state’s largest industry.

Economic Assessments

- These assessments were sponsored by:
 - **Palmetto Agribusiness Council**, \$34 billion (includes ag and forestry), prepared by economist Harry Miley
 - **Palmetto Institute**, \$30 billion (includes ag and forestry), prepared by MarketSearch and Clemson economists

Economic Assessments

- **SC DNR**, \$30 billion, (forestry, mining, boat manufacturing, commercial fishing, recreational fishing, boating, hunting, and coastal tourism), prepared by Moore School of Business at USC

Footnotes

- All three used data prepared by the state Forestry Commission that shows forestry's economic impact at \$17 billion.
- The actual economic impact varies from \$30-34 billion. Variance occurs because economists differ on which indicators to include.

Palmetto Institute/MarketSearch Findings

Challenges

- Agribusiness is overlooked and underappreciated
- We have a great story but people don't know it
- There are a lot of voices in Agribusiness which dilutes our message and budgets

Palmetto Institute/MarketSearch Recommendations

Solutions

- Banding together of allied organizations
- Regaining influence in state government
- Education and workforce training
- Innovation (biomass)
- Infrastructure (bridges, ports)
- Marketing

Conclusion

- Agriculture and forestry represent the biggest driver of South Carolina's economy
- Forestry is the best developed cluster with further potential
- To achieve large scale success
 - We need to not only get in the newspaper, we need to also get on the front page

Conclusion

- We need to work together
- We need to talk a little louder and stick our necks out farther than we're accustomed to doing
- We should explore new market opportunities (i.e. renewable energy)

***“It is a marathon,
not a sprint.”***

-- Michael Porter