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# TABLE OF CONTENTS

EXECUTIVE SUMMARY ........................................................................................................................................... 1
GOAL ONE: DOWNTOWN ............................................................................................................................................ 2
GOAL TWO: BUSINESS ATTRACTION AND EXPANSION .................................................................................. 13
GOAL THREE: TALENT ............................................................................................................................................... 25
GOAL FOUR: QUALITY OF PLACE ............................................................................................................................. 36
IMPLEMENTATION ....................................................................................................................................................... 42

APPENDIX A - MARKETING RECOMMENDATIONS ............................................................................................. 52
APPENDIX B - ECONOMIC ASSESSMENT .................................................................................................................. 70
APPENDIX C - TARGET INDUSTRY ANALYSIS ........................................................................................................ 103
EXECUTIVE SUMMARY

This plan encompasses strategies for the Greater Hot Springs region. It addresses the question of how economic development can best occur, and what actions will be required to capitalize on opportunities. The underlying assumption — shared by the counties and cities within the area — is that a vibrant and vital Hot Springs is essential to the region’s overall success. While there are significant potential projects in each of the counties, none of these is likely to succeed without a commitment to growth in Hot Springs.

Stated differently, Hot Springs must extend its brand more widely in Arkansas, and nationally. This approach leverages the geographic advantages of lakes and hills, the astonishing Bathhouse Row, horse racing and casino, and a hugely successful convention and visitor strategy. It speaks to regional growth based on the unparalleled strengths of Hot Springs.

These advantages, however, have bred a certain complacency. The risk is increasingly one in which “good is good enough.” This viewpoint threatens to compromise the city and the region. It would perhaps be defensible if the region really were doing well. In fact, there are dire warning signals. Population growth has become stagnant. The tax base is fragile. Bold initiatives, from education to redevelopment, have received only tepid support. Further, many of the greatest assets of the community are increasingly in danger of decline. These extend from the business base, to hotels, and even retail trade.

It is clear that a concerted effort is called for. Not only because there are clear opportunities, but because inaction carries serious consequences. It would be an overstatement to say that this is a time of crisis. But it is not overreaching to suggest that Hot Springs cannot afford to squander many more opportunities. As a result, this plan takes a longer view of what is possible and how it can be achieved. The analysis that supports the recommendations tells its own story: a region with significant regional advantages that are all in danger of decline. In fact, Hot Springs, and the counties of the region, can legitimately aspire to national recognition and the opportunities that affords.

Goals

The plan is structured around four goals, supported by an economic and target industry analysis. The goals include 1) the Hot Springs Downtown; 2) Business Expansion and Attraction throughout the region; 3) Talent, with its implication for the workforce generally and technical skills in particular; and 4) Quality of Place, emphasizing the amenities of the area and their economic potential. But while goals provide a structure for the plan, they only gain substance with the projects they identify.

Priority Projects:

- Downtown retail & entrepreneurship strategies
- Business & industrial parks
- Rebranding & marketing campaign
GOAL ONE: DOWNTOWN

Downtown Hot Springs is a catalyst for economic vitality in the city and the region.

The redevelopment and revitalization of downtown Hot Springs is the greatest opportunity for enhancing economic vitality in Garland County. Across the country, cities both small and large have rediscovered the importance of their downtowns, and examples of revitalized city centers are abundant. America’s renewed interest in downtowns was rooted in the historic preservation movement on the 1970s during the lead up to the nation’s bicentennial. Economic developers eventually learned to value vibrancy in the urban core for a more practical reason: a healthy downtown makes a city more competitive in the pursuit of new businesses. This is because prospects often see the state of a downtown as a reflection of whether a community values investment and excellence. Moreover, companies realize that in the competition for talent, a community that offers a higher quality of life and stronger sense of place make it easier for them to recruit and retain the workers they need to remain successful. Unfortunately, however, few recent efforts toward downtown revitalization and redevelopment in Hot Springs are apparent.

Through most of its history, downtown was a major destination for tourism and economic activity within Hot Springs. Its proximity to Hot Springs National Park (the first in the nation) and the presence of Bathhouse Row drew visitors to the region for over a century. But, downtown Hot Springs has lost much of its luster. Historic structures are in need of investment; ground-floor retail space is underutilized; and the upper stories for most buildings remain vacant. The lack of new investment should be a great concern to Hot Springs’ leaders and citizens. One serious risk is that these buildings could eventually fall into disrepair and would no longer be salvageable. If this were to occur, Hot Springs would undoubtedly see its competitive position as a tourism destination erode. It is, therefore, extremely important that the community no longer allow the status quo to continue. Supporting the revitalization of downtown Hot Springs — as both a tourism destination and a catalyst for economic activity — will require a committed, sustained, and bold approach.

TIP believes the strategies below provide Hot Springs a well-defined roadmap to these objectives. What remains unclear, however, is whether the community at large has the appetite to take these actions. The initial step for downtown redevelopment will be determining organizational structure, responsibilities, and tools for implementation. Once these actions have taken place, TIP recommends the community commit to strengthening linkages between the downtown and other tourism draws in and around Hot Springs to create a more complete “destination experience” for visitors. Furthermore, the urban core can play an even greater role in the Hot Springs’ economy by serving as a platform for entrepreneurial startups and business development in the region. To do so, TIP recommends the establishment of an innovation district, catering to the needs of entrepreneurs and growing small businesses, through the re-use of existing buildings.
STRATEGY 1.1: Establish the mechanisms to enable development and redevelopment.

This economic development plan proposes a comprehensive approach to the revitalization of downtown Hot Springs. The question of organizational structure must, however, be addressed. A continuum of options for implementation exists, ranging from the establishment of a new organization on one extreme to the careful coordination among downtown advocates on the other. The most important element to the implementation is ensuring the necessary mechanisms, including bonding authority for infrastructure improvements, are in place. The required tools include infrastructure development, zoning, incentives, and bonding authority.

Once the roll-out of this plan has been completed, TIP recommends the GCEDC/Chamber convene a meeting of local leaders to build support for a renewed focus on downtown revitalization efforts in Hot Springs, as well as determining the appropriate organizational structure.

**Action 1:** Conduct a local awareness campaign for economic development to increase public support for downtown redevelopment and other priority projects. Ideally, the roll-out of this strategic plan will increase the understanding of the relationships between the Chamber and GCEDC within the community and will build enthusiasm and buy-in for their economic development efforts.

*Responsible Party: Chamber/GCEDC*

*Specific tasks*
- Continue to take steps to clear up confusion between the roles and names of the GCEDC, Metro Partnership, and the Chamber.
- Continue to invest in local communications efforts to improve public perception of proactive economic development.
- Educate the community about the direct connection between quality of life and economic development.

**Action 2:** Identify the appropriate parties for spearheading downtown redevelopment efforts. While several options are apparent, TIP recommends organizations take an incremental approach, identifying *catalytic projects* that have the capacity to stimulate redevelopment in adjacent properties.

*Responsible Party: Chamber/GCEDC*

*Specific tasks*
- Convene a meeting, inviting all major downtown interest groups (City Planning and Development, Central Business Improvement Districts, Hot Springs CVB, etc.), to discuss the vision for the urban core and begin pre-planning for the implementation of this goal.
- Discuss and reach an agreement on the assignment of actions and tasks, as well as their timing, as suggested in this strategy.
Action 3: Update development processes, zoning codes, and land use plans to support downtown redevelopment. Understanding the investment decisions private developers make will greatly assist the City in influencing the types of space – whether for residential or business use – that eventually gets created. The City should, therefore, make a concerted effort to build a cooperative relationship with the development community.

**Responsible Party:** City

**Specific tasks**
- Continue to strengthen relationships with area brokers, property owners, and developers to communicate a vision for the urban core of Hot Springs as a vibrant economic and tourism destination.
- Pay particular attention to those who might influence redevelopment projects, especially along major corridors (i.e., Central, Grand, and Park Aves), as well as other arterials (Ouachita Ave. and Convention Blvd.).
- Continue to maintain and build relationships with these developers and land owners, offering assistance to aggressively market their properties and buildings to future tenants.
- Hold annual meetings with the development community to review the benchmark data to obtain developer feedback. This qualitative information can often be more valuable than the comparative data in improving the development review and permitting process.

Action 4: Develop an incentives policy for the redevelopment of buildings and vacant lots.

**Responsible Parties:** City; GCEDC
STRATEGY 1.2: Strengthen linkages from downtown to other destinations in and around Hot Springs

While much of Hot Springs’ history and image is inextricably linked to Bathhouse Row, other destinations appear to have surpassed the urban core as tourism draws. For example, Oaklawn now brings approximately 1.6 million tourists to Hot Springs annually (4,500 per day), and Lakes Hamilton and Ouachita are also major attractions. Few benefits of tourism spending, however, can be seen in downtown Hot Springs. At the same time, few amenities (e.g., retail, restaurants, and hotels) that would serve visitors are apparent within the area surrounding Oaklawn. This strategy proposes linking the area’s various attractions to create a mutually supportive network and complete visitor experience.

- **Action 1:** Create a corridor plan along Central Avenue to connect Oaklawn to downtown. This corridor should be viewed as the primary linkage between Hot Springs’ two premier urban attractions: Bathhouse Row and Oaklawn. It should serve as the focal point for robust economic activity, creating a dynamic environment for small businesses and visitors alike.

  **Responsible Party:** City

  **Specific tasks**
  - Meet with City staff and officials to communicate the importance of putting in place policies that promote a healthy small business climate.
  - Work with appropriate parties in establishing a formal vision and plan for the corridor.
  - Work with the City to develop policies for improving the business climate within the corridor, including parking regulations, code enforcement and/or other changes.

- **Action 2:** Coordinate efforts with Hot Springs National Park to increase amenities along the Park Avenue corridor. Meet with representatives from the National Park to encourage an increase in day-use traffic through new hiking trails that provide connectivity between Gulpha Gorge and Bathhouse Row.

  **Responsible Parties:** National Park; Chamber

- **Action 3:** Coordinate convention center activities with downtown redevelopment initiatives. While the Hot Springs Convention Center is located only a few blocks east of Bathhouse Row, little conventioneer traffic is apparent on the streets of downtown Hot Springs. Moreover, the types of conventions held at the center do not appear to be linked with the overall economic development efforts of the community. Efforts at relaying the “Hot Springs story” from both a tourism and economic development standpoint should be increased (See Goal 3; Strategy 3).

  **Responsible Parties:** Hot Springs CVB; Chamber, City
• **Action 4**: Position downtown as the gateway to Hot Springs National Park, Ouachita National Forest, and area lakes.  
  **Responsible Parties**: Hot Springs CVB; Chamber  
  **Specific tasks**  
  o Develop a retail attraction campaign targeting stores that serve the outdoor recreation market.  
  o Host events promoting the region’s unique natural environment in downtown (See Goal 4, Strategy 1).

• **Action 5**: Maximize development opportunities along Grand Avenue. As one of main thoroughfares and gateways to Hot Springs, Grand Avenue provides the opportunity to make a positive first impression to visitors. As a result, Hot Springs should continue to make beautification improvements along this corridor.  
  **Responsible Party**: City  
  **Specific tasks**  
  o Enact of beautification plan for this corridor due to its status as the main gateway to downtown for visitors from Little Rock.  
  o Promote the development of new hotels to upgrade the visitor experience (See Goal 4, Strategy 2).
**STRATEGY 1.3: Establish an innovation district to support entrepreneurs and startup businesses.**

Interviews and focus group meetings revealed little existing economic development support catered to existing entrepreneurs and innovative startups in Hot Springs. Local software and IT companies also report a shortage of industry-standard IT infrastructure in existing commercial office buildings. An overlay district to incentivize building improvements would help Hot Springs remain competitive as a location for firms to re-locate and could support small innovative companies in the area.

The overlay district could be structured to incentivize building improvements in existing structures within the urban core. Buildings in the innovation district could be eligible for a funds-matching program administered by the City that would help defray the significant costs associated with investing in IT infrastructure and other improvements. The zoning program could function as an opportunity to (1) improve existing structures, (2) encourage employment density downtown, and (3) create a destination that can be marketed to attract innovative companies and entrepreneurial startups.

- **Action 1:** Create an overlay district to encourage reinvestment in buildings within the innovation area [See the McKinney, TX, and Bend, OR, Overlay District case studies].
  
  **Responsible Party:** City

- **Action 2:** Create a technology infrastructure grant program. [See the E-Elgin and Waterbury, CT, Information Technology Zone case studies]
  
  **Responsible Party:** City; GCEDC

- **Action 3:** Support the development and attraction of software firms to Hot Springs.
  
  **Responsible Party:** GCEDC

An overlay district is a zoning district which is applied over an existing base zoning. Overlay districts are used to establish additional or stricter standards and criteria for covered properties in addition to those of the underlying zoning district.

Overlay districts should have a well-defined objective, preferably one that is tied to a comprehensive plan or other stated community goal. The boundaries of the district should be clearly delineated. Applicable provisions should be easy to understand and have a demonstrated link to the objective.
EXAMPLES: Overlay Districts

- **McKinney, Texas** recently adopted Corridor Commercial (CC) Overlay District to allow non-residential properties that are within the boundaries of the overlay district to build taller buildings with modified architectural design requirements. The taller structures will generally be located along and within close proximity of the major regional highways passing through the city. The CC Overlay District standards recognize these major highways as an economic development engine that may be utilized to leverage a diverse and sustainable non-residential tax base for McKinney.
  http://www3.mckinneytexas.org/uploadedFiles/Departments/Development_Services/Planning/MEMORANDUM%205.19.11.pdf

- **Bend, Oregon** established the Juniper Ridge Overlay Zone to promote economic, sustainable, and reasonable growth in the 1,500-acre Juniper Ridge development by creating unique overlay zoning sub-districts for residential, commercial, educational, and industrial uses. Included in the overlay zone is a 320-acre Juniper Ridge Employment Sub-District, which is intended to encourage economical, sustainable, and reasonable growth by allowing a mix of light industrial uses, offices for research and development, corporate and regional headquarters, and accessory uses to serve the needs of the primary uses.
  http://www.ci.bend.or.us/depts/urban_renewal_economic_development/juniper_ridge/index.html

- A Maritime Industrial Zoning Overlay District has been utilized by the **Port of Baltimore** “to balance industrial and non-industrial development” at the port. The district was created to slow the redevelopment of Port of Baltimore’s deep water frontage from industrial to non-industrial use. This district defined an area where maritime shipping can be conducted without intrusion of non-industrial uses and where investment in maritime infrastructure is encouraged.

EXAMPLES: Technology Initiatives

**Case Study: E-Elgin (Elgin, Illinois)**

**Introduction:** In 2000, the City of Elgin, Illinois, authorized the formation of a Technology Action Team and a partnering grant program for center city commercial property owners and downtown business owners involved in technology-related industries. The e-Elgin incentive program offers assistance to property and business owners for expenses related to technology infrastructure improvements, moving expenses, and advertising costs.

**Program Structure:** Downtown commercial property owners and downtown business owners can qualify for up to 50 percent of capital costs not to exceed a total expenditure of $60,000 ($30,000 maximum City contribution) in funding for technology infrastructure improvements such as upgrading to Category 5 or better wiring, backup power generators for technology equipment, and related hardware upgrades related to infrastructure improvements. Additional
incentives are offered to high-tech businesses for installation fees associated with costs for DSL and T-1 service. Downtown commercial property owners are also eligible for up to $2,500 annually in co-op advertising funds when they promote e-Elgin in their ads.

Outcomes: The e-Elgin program was developed to address declining competitiveness of commercial properties downtown as compared to newer greenfield developments outside of the city center. The City encouraged property owners to upgrade office space downtown by subsidizing the cost of retrofitting historic buildings. The program has been successful in many cases, but could still be considered an underutilized resource.

The Leath Building is an excellent example of how the program has prompted investment by the private sector. The 17,000 square foot former department store was retrofitted with new technology infrastructure in 2003 and 2004, making the building an attractive site for Future Link, an IT firm with 22 employees.

According to the Downtown Neighborhood Association, the program would benefit from additional advertising and marketing. In particular, a branding campaign that highlighted the ‘downtown workspace lifestyle’ as a more urban work environment suited for young professionals, entrepreneurial firms, and other individuals and businesses associated with the ‘creative class.’

Case Study: Information Technology Zone (Waterbury, Connecticut)
https://www.waterburyitz.com/

Introduction: Traditionally a manufacturing community, Waterbury, CT, wanted to diversify its economic base. In the late 1990’s, the Naugatact Valley Economic Development Corporation created a tax abatement program designed to attract high-tech firms to the city. The suffering downtown was identified as a geographic area of opportunity due to high vacancy rates as well as convenient access to transportation.

Program Structure: Businesses located within the Information Technology Zone (ITZ) could receive benefits such as: 100% abatements on personal property taxes, including new or used equipment acquired or leased by the business new to the City; abatements for real property taxes applicable to increases in the assessed value of the property as a result of infrastructure improvement in the space.

Outcomes: The program initially attracted 15-20 companies and 200 jobs to the city. The degree of the abatement (100 percent), the broad definition of property eligible (not limited to infrastructure improvements that would stay with the site), as well as the duration of the abatement (no cap on number of years as long as the company maintained the location) offered significant savings to businesses relocating from New York City and other metro areas. The dot-com bust in the early 2000’s had a significant impact on the industries attracted by the program, although a few firms remain today. Because the program was established through state law, a firm could still apply for the benefits, although the city does not actively promote the ITZ at this time.
Case Study: Information Technology Zone (Meriden, Connecticut)
http://www.meridenbiz.com/Content/IT_Zone.asp

Introduction: The program in Meriden, CT, is similar to the ITZ zone in Waterbury, but the abatements are more targeted.

Program Structure: Information technology companies that locate into new or rehabilitated buildings in the Information Technology Zone may qualify for breaks in real and personal property taxes. Forty-five types of companies can qualify as an IT company, including manufacturers, service businesses, etc. Personal property taxes are abated for eligible companies at 100 percent for three years. Companies are able to submit new IT-related equipment purchases annually. Real property is assessed in accordance with the following schedule to the right:
STRATEGY 1.4: Adaptively re-use vacant space to increase economic activity in downtown.

Aside from a focus on the major corridors and arterials serving the urban core, a more general approach to downtown revitalization should also be implemented, especially in regards to retail and housing. In spite of its status as the heart of the city and one of the region's major tourism draws, there are few well-known retail establishments in the downtown. This should be a concern for two reasons: (1) tax revenues from visitors to the area are not maximized (fiscal loss) and (2) a vibrant retail climate can make a community more desirable (talent attraction).

In addition, many of the neighborhoods adjacent to downtown are in need of revitalization. The historic housing stock throughout Hot Springs' urban core could become an attraction for young professionals if it was competitive with new construction.

- **Action 1:** Attract destination retailers to downtown Hot Springs.
  
  **Responsible Parties:** Chamber, CVB
  
  **Specific tasks**
  
  - Identify relevant stakeholders and establish a retail working group of interested stakeholders to work on this strategy. This group could include representatives from the proposed Chamber, downtown advocates, building owners, the CVB, and the City.
  
  - Conduct an analysis of Hot Springs' retail market area to help area leaders better understand the current state of retail in the region and examine opportunities for future expansion. This research should analyze consumer expenditure patterns in the area, document the needs of existing retailers, identify current "gaps," "leakages" occurring to Little Rock, and opportunities for retail development in the region, and provide information on site location factors for existing and potential retailers.
  
  - Using the findings from the retail market analysis, develop high-profile targets to downtown (e.g., outdoor recreation, equipment, and clothing suppliers; factory outlets). Ensure that local, independent retailers are included for consideration.
  
  - Link retail and tourism with an eye towards capitalizing on the Hot Springs' tourism potential.
**Action 2:** Establish programs to support housing in the urban core.

**Responsible Parties:** City, Chamber

**Specific tasks**

- Determine the area’s housing demands, both current and projected, and encourage developers to commit a percentage of new units to the core area.
- Develop policies and incentives to promote urban housing, including zoning changes and tax abatements.
- Work with building owners to conduct a survey of available space within the downtown area to determine available, unoccupied space that could be converted to loft-style housing.
- Identify parcels of land that would be suitable sites for infill development.
- Create an information packet, including an inventory of priority sites and area housing demand, to be distributed among developers working in the region and raise awareness of Hot Springs’ commitment to downtown housing.
- Assist owners in developing marketing material to promote downtown Hot Springs and surrounding neighborhoods as a destination for urban housing and infill development.
GOAL TWO: BUSINESS ATTRACTION AND EXPANSION

Greater Hot Springs is a competitive region for business attraction and expansion.

Retaining, expanding, and attracting businesses lies at the heart of traditional economic development practice. From this standpoint, Hot Springs is at a slight competitive disadvantage compared to many other communities in the state. This is due to a number of reasons, including: a location several miles off an interstate; a hilly landscape offering few large-tract developable sites; and relative distance from the state’s major population center, Little Rock. Ironically, these attributes—along with its historic downtown—also make Hot Springs a unique and desirable location for residents and visitors alike. To help offset its disadvantages, offering quality real estate “product(s)” to attract new businesses should be a priority.

Interviews with regional economic development experts and real estate brokers revealed two potential sites that would offer complementary opportunities for regional economic diversification. One of those is the development of a campus-style business park. The other is an industrial park on Interstate 30 near Malvern.

National employment trends over the last three decades reveal that much of the nation’s employment growth – especially in higher paying jobs -- has occurred within the professional and business services sector. Currently, Hot Springs is lagging in this sector. After reviewing the region’s building inventory, it was determined that Hot Springs and Garland County lack available Class A office space. Without such space, the GCEDC will continue to struggle in the recruitment of these white collar companies. As a result, one of the plan’s major recommendations is to assist in the development of a high quality business park in a campus setting to attract investment from professional and business service firms and innovative companies.

Through the planning process, it also became clear that the region is in need of a new industrial park for recruiting manufacturing and distribution/warehousing companies. Given the topography in Garland County and lack of direct access to the interstate, the greatest opportunities for creating such product are the development of an industrial park along the Interstate corridor in the Malvern area.

Business attraction, however, should only form part of any economic development plan. Paying attention to the needs of existing employers, as well as assisting them with any expansion plans, should be also be a top priority. Local leaders should remain aware that economic development is a competitive business and should recognize that every one of their major employers is a potential recruitment prospect for another community. This especially true in times of higher unemployment. As a result, TIP strongly recommends that the GCEDC should continue to enhance its efforts at retaining and expanding existing businesses.
STRATEGY 2.1: Develop a business park in Hot Springs to foster growth among innovative companies.

Professional service growth is an important trend. It is one of the few private sector categories that economists agree will continue to create jobs. Professional service growth is often a result of corporate downsizing, as many of the tasks once handled internally are now outsourced. This includes everything from accounting to marketing, and even R&D. The rise of technology innovation, especially business software, further fuels this trend. Companies find it easier to go to outside vendors rather than hire an IT staff that is both costly and slow to adapt to external trends. Unfortunately, however, Hot Springs and Garland County lack sufficient office space to be competitive in the growth of professional and business firms.

Accommodating this growing sector requires fully-serviced office space, at least at the Class B level. The expectations of the companies – both large and small – who lease this space is often the ability to expand. Consequently the space must be flexible (i.e., easy to restructure if more individuals are hired or functions change). This means that interior design is critical. Additionally, even at the Class B level there are high expectations for IT needs: broadband access, quality HVAC (for cooling servers and other computer equipment), and good sound proofing. Since the companies who lease these spaces typically have skilled workers, their needs must also be met. This often includes covered parking, attractive common spaces, and good lighting.

Against this backdrop, TIP recommends the community solicit developers to create a high quality, master planned business park in the Hot Springs area. We recommend that this effort be conceived as a public-private partnership. The “public” portion would consider the following:

1. Pre-commitments on the behalf of a public sector partner to occupy an anchor building on the campus of the business park,
2. Active support in soliciting additional occupants,
3. Off-setting infrastructure and land development fees
4. Support for site planning

An interview with high-level regional real estate developers stressed that special consideration should be given to design and construction quality within the business park. While a Class A standard may not be required, the campus will represent an important marketing opportunity for Hot Springs to set itself apart from communities across Arkansas.

Responsible Party: GCEDC
**Recommendations**

- **Action 1:** Build consensus for creating a high-quality development in a campus-like setting as part of a coordinated internal marketing campaign.

  **Specific tasks**

  - Establish a *Business Park Task Force* (comprised of Chamber/GCEDC staff, city and county officials, business leaders, etc.) to build support for the concept.

  - The Task Force should identify and prioritize appropriate sites for the development of the business park. Special consideration should be given to locating the campus in a scenic setting.

- **Action 2:** Determine ownership options for the business park with consideration given to the development process, management, and ownership of the site, (i.e., publicly-owned and developed, or privately developed and managed). TIP recommends Hot Springs pursue the private-sector development option.

  - **Public-sector ownership.** In general terms, public sector ownership of the chosen property would improve the Hot Springs’ ability to attract developers and provide significant flexibility in negotiating terms.

  - **Private-sector ownership.** In this scenario, the public sector serves primarily as a facilitator. While the level of cooperation varies dramatically, this approach is most successful when the public sector has a clear vision of how it wants the properties to develop and uses public improvements to guide private investment. This can be accomplished by zoning and codes, by design standards, and by the scale and location of physical improvements – from roads to water and sewer.
Action 3: Engage the development community early in the process can help ensure that a project incorporates the most current thinking.

Specific Tasks:

- Host a developers’ forum to discuss relevant issues regarding the design, construction, or positioning of a project can provide guidance in the planning process. The event could be organized using a round-table format.

- Issue a formal request for qualifications (RFQ) to local and regional developers for a site plan for one of the preferred development sites. The RFQ should ask developers to provide a concept plan.

Action 4: Evaluate opportunities for anchor tenants, including the feasibility of locating a higher education center on the site.

Action 5: Create a plan for the business park. Once a concept is established for the park, the Chamber/GCEDC and allies should prepare and implement specific plans to guide development. The planning process should include a broad range of stakeholders, including public officials, citizens, and prospective tenants. The following elements should be considered in the plan:

- Barriers. Identification of barriers to development and, where possible, actions for alleviating them prior to marketing the property.

- Market. A market-driven approach that considers the competitive environment and helps determine the appropriate mix of uses at the time of construction.

- Funding. The full array of financing tools should be brought to bear on the projects from the creation of a tax-increment financing district to bond issues to general fund appropriations.

- Linkages. Consideration should be given to understanding the project’s relationship to the rest of the area, especially downtown.

- Standards. Standards should be developed for the business park, including building materials, landscaping, and sidewalks.

Action 6: Engage in cooperative marketing with the developer.
STRATEGY 2.2: Develop a fully-serviced industrial park with interstate frontage near Malvern.

The Chamber/GCEDC should play an active role in the development of an industrial park to serve industrial users as a means for recruiting new primary employers to the Greater Hot Springs Region. TIP recommends considering land along the Interstate 30 corridor near Malvern to be the primary option. This location was selected for a number of reasons, including: access to transportation infrastructure (Interstate 30 and rail), flat developable land, closer proximity to the Little Rock metro area, and compatibility with the skill sets in that portion of the region’s labor market.

Responsible Party: GCEDC

- **Action 1:** Create a plan for the development of the industrial park.

  **Specific tasks**

  - Retain the services of an individual or company to evaluate the feasibility of an industrial park.
  - Meet with developers to discuss the industrial park and obtain feedback on design, prospective tenants, pricing, and other important issues. The discussion should include selected target industries for Hot Springs.
  - Further refine the conceptual plans and determine specific infrastructure needs.
  - Develop a business plan for the business park, including operations, maintenance, targeted industries/tenants, and pricing structure for lots.
  - Apply for Foreign Trade Zone and Freeport Tax Exemption status for the proposed industrial park.

- **Action 2:** Once a location has been selected for the industrial park, install the necessary infrastructure and develop the site.

  **Specific tasks**

  - Finalize utility and road design and engineering plans and receive final site development permits.
RECOMMENDATIONS

- Develop building design parameters and other appropriate land covenants that all prospective tenants must follow.
- Begin receiving applications for lot sales or leases and begin construction of the business park.
- Ensure the site has excellent access to utilities, including water/wastewater, electricity, gas, and broadband.

- **Action 3:** Market the industrial park to manufacturing and distribution/logistics companies.

  **Specific tasks**

  - Develop marketing material for the park.
  - As part of business retention efforts, share the conceptual plan and marketing material with existing regional businesses that would be a good long-term fit in the park.
  - Share industrial park marketing material with brokers and developers, and then with external business prospects. In addition, host a significant groundbreaking event and enlist the assistance of regional partners to promote interest to the site.
STRATEGY 2.3: Implement a target industry marketing campaign.

The Chamber/GCEDC should undertake a sustained internal and external marketing campaign to generate and promote a progressive image of Hot Springs. Marketing, advertising, and building a brand are key ways to interact with the area’s target audiences and are inherent in achieving the goals of this plan.

As with all successful marketing, it is critical to identify target audiences and to focus efforts on them. The primary target audiences for the Chamber/GCEDC should be: 1) local leaders who can influence business location and other investment decisions, 2) key allies that could influence economic development prospects, 3) members of the state’s various media outlets, and 4) decision-makers at companies within target sectors, both nationally and internationally. The most important audiences, however, are existing residents and businesses as they have already made some level of investment (both financial and emotional) in the community. They are also the ones who represent Chamber/GCEDC on a daily basis in their business and personal interactions. Making sure that existing residents and local business leaders have a positive image of their community is critical to the success of any external campaign: these are the people who can best tell the “Hot Springs story” to the outside world.

Responsible Party: GCEDC

- Action 1: Raise awareness throughout Arkansas and South Central U.S.

TIP recommends the Chamber/GCEDC focus efforts on promoting and enhancing the Greater Hot Springs Region’s image throughout the state and the South Central U.S. Assets such as the proposed business and industrial parks, proximity to Little Rock, existing businesses, and other distinct opportunities, such as downtown redevelopment efforts and the location of a Henderson State branch, should be promoted through a combination of partner advertising, public relations, and networking.

TARGET SECTORS:

- Health & wellness
- Heritage & recreational tourism
- Professional & business services
- Information technology (including software development, data management & storage, and technical support)
- Advanced manufacturing (including aerospace & aviation, automotive, cleantech)
- Distribution & logistics
Specific tasks

- Design and initiate an advertising campaign in partnership with appropriate partners using an agreed upon marketing theme, design and place advertisements in ArkansasBusiness.com and Dallas Business Journals, and other regional outlets promoting Hot Springs and specific development opportunities.

- Implement a public relations campaign targeted at regional publications. TIP recommends identifying key regional publications and sending press releases about recent business successes. The initial press release should be to promote the success of the economic development plan and explain how local leadership worked together to determine the best opportunities for Hot Springs.

- Participate in joint marketing activities with organizations that can refer prospect leads. Examples include regional economic development organizations (e.g., Arkansas Economic Development Commission, Metro Little Rock Alliance), and area utilities (e.g., Entergy and CenterPoint).

- Identify other parties that could refer leads to Hot Springs and set up a visitation schedule with a focus on the Little Rock, Dallas, and Houston, and Chicago areas. Examples include local and regional construction firms, real estate brokers, banks, and service firms (legal and accounting), regional industry associations, and area universities. The visitation schedule should target three cities each year. The cities should be chosen based on the following criteria: (1) new inquiries, (2) relationships between existing companies and contacts in the target communities, and (3) presence of cluster companies in the larger metro areas.

- **Action 2:** Raise awareness among decision-makers in target industry sectors.

  Once materials have been developed and modifications to web sites have been made for the GCEDC, a direct marketing campaign can be initiated. Specific recommendations include: producing one-page marketing summaries for each target industry, creating a database of target companies, conducting a direct marketing campaign (direct mail and phone calls followed by visitation), and participation in key industry trade events.

  We recognize that many of these activities are already being conducted by the GCEDC. The challenge will be to identify results instead of generating “activity protocols” that make unnecessary work for the staff.
Specific tasks

- Create a database of companies in each target industry.
- Design marketing letters for each target industry.
- Initiate a direct marketing program to each target sector.
- Initiate a telemarketing campaign for appointment setting. This could include the hiring of a contract firm for call purposes.
- Conduct three call trips per year to regions where industry concentration is highest.
- Identify key industry associations for each industry sector.
- Develop an in-house corporate intelligence program for each target industry.
- Participate in industry trade events. Ideally, these can be combined with metropolitan call trips. No more than one additional trade event should be scheduled (i.e., a total of four trips per year). It is further recommended that the trade event be associated with a smaller niche of the larger sector.
- Track the success of campaign using a contact management system.
- Evaluate the effectiveness of each marketing channel (i.e., mail-outs, telemarketing, and trade events) and adjust marketing activities accordingly.
- **Action 3: Raise awareness among site selectors.**

  Many businesses (medium to large market) hire site consultants to assist in their evaluation of potential expansion sites. The GCEDC should create a database of these consultants, target them through direct marketing and a visitation program, and invite them to the area to see specific projects.

  **Specific tasks**

  - Continue to maintain and improve the database of site consultants.
  - Continue to maintain and update the site consultant information request database.
  - Initiate a site consultant visitation program. Call on consultants in major cities each quarter (Dallas, Houston, Atlanta, Chicago, etc.) or in conjunction with attendance at trade shows or other events.
  - Develop a “fam tour” program, extending and growing its scope to include site consultants and regional industrial and commercial brokers. This program should be grown and enhanced in correlation with the latter stages of the plan’s implementation, particularly once the GCEDC has developed the proposed business and industrial parks.

**Site consultant database**

The International Economic Development Council has prepared a comprehensive set of data standards for communities to use when presenting themselves to site selectors or prospective businesses. The data standards matrix is available at [http://www.iedconline.org/Data_Standards.xls](http://www.iedconline.org/Data_Standards.xls).

STRATEGY 2.4: Retain and expand existing businesses.

In the context of the private sector, a business retention program is like the adage that says you must attend to your existing customers first. Without that, you jeopardize your base. Focusing on existing business should be the heart of any economic development program. This is especially true in light of the recession, where there will be fewer recruitment prospects and more existing businesses in distress.

A business retention and expansion (BRE) program helps the economic development organization develop a clear understanding of the businesses already in the community and helps keep tabs on challenges they face. The primary functions of a BRE program are threefold: 1) to ensure at-risk businesses receive support, especially when it is the result of labor issues or other factors the community can influence; 2) to expand and support growing businesses; and 3) to act as an ombudsman for local businesses generally.

Responsible Party: GCEDC

Action 1: Continue to enhance GCEDC’s business retention and expansion (BRE) program. Building awareness of the needs that existing employers have, and developing policies and mechanisms to support local business and industry, is a must. Local companies are the most reliable source for creating new jobs. Given the slow national recovery, it is critical that the GCEDC and area partners understand how local issues and policies affect the competitiveness of local industry.

Specific tasks

- Build and maintain an inventory of local businesses to: 1) ensure an understanding of types of businesses in the community and 2) keep tabs on expansions and layoffs.
- Place periodic calls with existing employers to uncover potential opportunities for local expansions. These meetings should also serve to make existing employers aware of technical and financial assistance programs.
- Create an annual survey of area businesses to keep tabs on opinions of the area’s business climate. Evaluate options such as a mailer, flyer in the local newspaper, or an on-line survey. Internet technology has made conducting surveys and questionnaires easier and cheaper than in the recent past. Several internet applications, such as Survey Monkey (www.surveymonkey.com), are appropriate for this purpose.

- Ensure that local businesses are aware of technical and financial assistance programs.

- Act as a liaison between area workforce development providers and existing businesses to ensure local employers are aware of available training resources. Additionally, the GCEDC should communicate the needs of local business to workforce development and training providers.

**Action 2:** Develop an intervention strategy by working with area partners, including workforce development, in coordinating “rapid response” efforts for dealing with potential layoffs or plant closures. Under the Federal Worker Adjustment and Retraining Notification Act (WARN) of 1989, companies with 100 or more employees must notify local governments and state workforce organizations about plant closings or mass layoffs at least 60 days in advance of the event. However, at this point, it is frequently too late to do anything. Identify “at-risk” companies early-on and develop an aggressive intervention strategy. As part of this effort, the community should identify the tools available to help avert such actions or ameliorate their impact.

Examples of these tools include:

- The manufacturing modernization services offered through the U.S. Department of Commerce's Manufacturing Extension Partnership (MEP) program.

- State and local workforce development boards’ rapid response teams to provide assistance to workers facing dislocation.

- Relationships with site selectors, developers, and real estate brokers to ensure prompt reuse of a closed facility by a new tenant.

- To be effective, intervention must occur early. As such, this strategy relies heavily on the information-gathering steps outlined above.

**Action 3:** Encourage innovation among existing businesses by offering technical assistance in grant writing or offering loans for capital equipment purchases.
GOAL THREE: TALENT

Hot Springs is a magnet for young professionals and entrepreneurial talent.

In the past, economic development focused on recruiting and retaining businesses, with the underlying assumption that workers would follow the jobs. This paradigm has shifted dramatically—if not inverted—over the last decade. It is not uncommon for individuals to first decide where they want to live and then find a job. Cities and regions now must compete not only to attract businesses, but also to lure the talent that will support those businesses. Having employers in the region is no longer enough to attract talent: communities must also focus on the quality-of-place amenities that matter to workers. To establish a strong foundation for long-term economic vitality, communities must develop, attract and retain talent as a component of any economic development strategy.

Demographics are an important piece of the talent puzzle. While workers of every age contribute to the local economy, the presence of a young, talented, and highly educated workforce is critical to economic growth. Hot Springs, like much of the country, is aging. As of 2010, about 57 percent of the region’s population falls within the working age range of 20-64. Within a generation, this working-age share will be squeezed to just 51 percent of the total population. Retirements have increased as the post-WWII baby boom generation has begun to reach age 65. This will push the senior share of the population higher. Meanwhile, children and adolescents will remain a relatively stable share of the overall county population.

From an economic development perspective, education levels in a community are also an important marker of future vitality. Well-educated, young professionals ages 25-40 are a desirable talent target because of their ability to contribute to the economic health of a region over the long-term. Education presents an important opportunity, as Arkansas and the Hot Springs region lag the national average in educational attainment. Nationwide, about 28 percent of adults hold a 4-year degree or higher. In the 5-county region, this ratio falls to about 17 percent, although at least an additional 30 percent of the region's adults have pursued some college coursework, even if it was less than a 4-year diploma. The range of skills available in the region provides a framework for the
types of jobs that are likely to follow in the years ahead.

Educational institutions are a springboard not just for individuals to gain professional qualifications, but also for communities to develop their local economies. To this end, expanding the footprint of Henderson State University into Hot Springs presents an excellent opportunity for the community to demonstrate its commitment to education. TIP also recommends the creation of a business park anchored by a higher education center (See Goal 2: Strategy 1). This multifaceted, highly visible project will be a physical manifestation of the central role that professional services, entrepreneurship, and higher education will play in the future economic vitality of the Greater Hot Springs Region.

Linking the private sector to local educational assets will also help promote entrepreneurial activity in the Greater Hot Springs Region. In addition to retaining existing businesses and supporting their expansion, the Chamber and its partners should create an ecosystem of support structures and financing opportunities to make Hot Springs a more desirable destination for entrepreneurial talent. Tourism activity can also contribute to talent attraction campaigns. Hot Springs boasts many unique assets that distinguish it from Little Rock and the State of Arkansas, and the region should be marketed as a distinct area that offers amenities attractive to highly mobile young professionals and entrepreneurs.

In conjunction with increasing the visibility of local educational assets and establishing a higher education center at the proposed business park, TIP recommends that the Greater Hot Springs Chamber continue to cultivate leaders locally by creating opportunities for networking, leadership training, professional development designed for young professionals. A range of programs should be created to integrate the retirees moving to the region into the local economy, as well. To support business attraction, retention, and expansion efforts, cultivating talent should also extend to workforce development activities as well as enhancing the k-12 public education system.
STRATEGY 3.1: Establish a higher education center to anchor the business park.

The Greater Hot Springs Region boasts a wide range of educational assets, including Henderson State University (Arkadelphia), Ouachita Tech Community College (Malvern), National Park Community College (Hot Springs), the Arkansas School for Mathematics, Sciences, and the Arts (Hot Springs), and the International Baccalaureate program in the Hot Springs School District. While current offerings demonstrate the breadth and depth of existing assets, extending higher education into the community—and inviting the community to participate in higher education programs—will strengthen both entities. Hot Springs should demonstrate the important role that higher education will play in its future economic vitality by devoting space in the proposed business park to a higher education center. Such a project will better integrate the region’s higher education partners and business community, providing employers, academia, and student talent with opportunities to interact and collaborate. This interaction can be a powerful attraction and retention tool for employers and students and can spawn innovation as well.

Responsible Parties: Chamber (Action 1); higher education partners (Actions 2-4)

- **Action 1:** Create a task force to engage the leadership of National Park Community College, Ouachita Technical College, and Henderson State University in pursuit of the higher education center concept. This task force should include key representatives from the public sector, private sector, and higher education institutions and should meet regularly until the project is complete.

- **Action 2:** Secure funding for the project through federal and state resources as well as a private fundraising campaign.

- **Action 3:** Choose educational programs for inclusion at the higher education center that link to the region’s existing employers as well as target sectors. Encourage collaboration between the business community, academia, and students. The programs at the higher education center should focus on such areas such as professional services, business, entrepreneurship, computer science, and graphic design.

- **Action 4:** Explore opportunities to incorporate early college academic and career technology programs into the center through collaboration with local high schools.
STRATEGY 3.2: Promote entrepreneurship to enhance cluster development in target industries and accelerate growth-oriented business.

Moving beyond business retention (see Goal 2), Hot Springs should promote the development and growth of local enterprise. Successful entrepreneurial development involves a strategic, organized, and communitywide support system that provides the physical and social infrastructure entrepreneurs need. Promoting higher education is an important first step in supporting entrepreneurship locally. Programs might also connect entrepreneurs to capital, training, and technical assistance needed to start and grow their businesses. Ensuring that entrepreneurs feel valued – by helping them establish relationships and recognizing their successes, for example – contributes to a community’s capacity for innovation, as well. While economic development professionals may consider business creation to be difficult and resource-intensive, the benefits a community reaps from a successful entrepreneurship program can be immense. Fostering an entrepreneurial climate can help a community retain local innovation and talent, build and keep wealth in the area, and contribute to the community’s character.

Responsible Parties: Chamber/GCEDC

- **Action 1:** Develop incentives targeted toward entrepreneurs and start-ups in order to support new business development and growth in Hot Springs.
  - Another approach that may be effective is creating virtual incubators by using public funds to subsidize private lease space for qualifying small businesses. Such a tool offers the advantage of both supporting small business development as well as filling vacant office space.

- **Action 2:** Enhance and expand entrepreneurship support programs.
  - Train an entrepreneurial “coach” or “concierge” that can help connect entrepreneurs with peers, mentors, and needed resources.
  - Create opportunities for local entrepreneurs to learn from and support each other, such as mentoring and networking groups.
  - Raise awareness of resources available to entrepreneurs and provide educational opportunities for area small businesses.

- **Action 3:** Facilitate financing for local entrepreneurs.

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**Case Study:**

**Central Texas Angel Network**

The Central Texas Angel Network (CTAN) was founded in 2006 under the leadership of local entrepreneur Jamie Rhodes with support from the Greater Austin Chamber of Commerce. CTAN provides funding from $200,000 to $2 million through its network of SEC accredited investors. Each of its investors pay a membership fee to encourage only serious investors to join. The executive director of CTAN carefully screens deals to ensure that high quality, investment-ready deals are presented to the network. In addition, CTAN has created a larger network of other angel investment networks in the state of Texas that it can syndicate its deals to.

For more information, visit: [www.centraltexasangelnetwork.com](http://www.centraltexasangelnetwork.com)
The Chamber may also consider establishing a Revolving Loan Fund (RLF) to provide operating capital for small developing companies in Hot Springs, especially those engaged in targeted sectors such as creative services and information technology. Such enterprises may well constitute a growing portion of future business activity and employment in Hot Springs. To assist in capitalizing an RLF, the city could apply for a grant from the Economic Development Administration (EDA) through the agency's Revolving Loan Fund Program.

Create opportunities for entrepreneurs to meet local investors. Establish a forum where pre-screened, well-qualified entrepreneurs can make pitches to an audience of investors.

**Action 4: Build a local climate that embraces and celebrates entrepreneurship.**

- Design a public relations campaign to build awareness of regional entrepreneurs’ success stories. A database of local success stories could be created by interviewing successful local entrepreneurs. These success stories could be pitched to local media contacts as a regular column or feature in local and regional news sources.

- Organize an annual business expo or summit. Include a keynote speaker, break-out sessions covering topics of interest, networking opportunities, and a regional business showcase. Hold the conference at a different location in the region each year.

- Establish a working group that will examine regulatory policies that affect small businesses in the region to ensure that these policies do not inadvertently negatively affect small businesses.

- Schedule entrepreneurial boot-camps such as NxLeveL or FastTrac.

### Training Curricula for Entrepreneurship

One popular entrepreneurial training program is **FastTrac**. Founded by the Kauffman Foundation of Kansas City, Missouri, FastTrac is a boot camp for entrepreneurs. According to the foundation's materials, 70 percent of companies that go through the program succeed beyond three years – the oft-touted threshold by which the majority of small businesses fail. The program can be brought to any town provided there is an organization willing to become certified to teach the program. (http://www.fasttrac.org/)

Another popular program is **NxLeveL**, a curriculum developed by the University of Colorado at Denver. NxLeveL includes seven different curriculum tailored for different types of entrepreneurs. Since 1996, over 80,000 students have participated in NxLeveL trainings. A third-party evaluation of the program shows that over 90 percent of business start-ups that participated in the program were still in business after three years. The program is taught by certified trainers.
STRATEGY 3.3: Market Hot Springs as a destination for young professionals and entrepreneurial talent.

The primary purpose of traditional economic development marketing is to generate interest from companies with expansion or relocation plans. Given the current environment in which more and more workers are selecting place first and job second, however, any concerted marketing campaign should also attract workers to the region. To do so, the Chamber and its partners will need to differentiate the Greater Hot Springs Region from its competitors and provide focus to the community’s efforts. Young professionals – generally defined as ages 25 to 40 – are educated, energetic, and mobile. Because firms locate where the talent is, a community’s economic growth hinges largely on its ability to retain and attract young professionals. Focusing on developing, attracting, and retaining young professionals should be an essential part of any community’s economic development strategy.

The Greater Hot Springs region boasts a scenic national park, historic architecture, as well as many opportunities for entertainment—from visiting the race track to fishing in the area’s pristine lakes. While the area is already a popular site for second homes of individuals from Dallas, it is also popular among retirees from the Midwest and New England. Tourism development is not always considered “economic development.” However, tourism generates tax dollars and creates jobs. It also plays a critical role in showcasing a community. Because they draw visitors, strategies to promote tourism can be treated as extensions of a community’s external marketing efforts and should be tied to both talent attraction and to more traditional economic development strategies. Tourism presents an opportunity for Hot Springs to engage with visitors—whether in town for business or pleasure—in a conversation about the benefits of doing business in the Hot Springs Region. Conventions and conferences hosted locally are also an excellent opportunity to engage talented professionals in a conversation about how they can pursue their careers, start a company, or relocate an existing business, to the city.

Action 1: Leverage tourism marketing for talent attraction, entrepreneurship, and economic development.

Responsibility Party: Chamber/GCEDC

Specific Tasks

- Identify a complementary theme for tourism promotion, business recruitment, and talent attraction.
- Coordinate more closely with the Hot Springs CVB to target specific groups and conventions that will reinforce the GCEDC’s marketing efforts.
- Connect with the Little Rock’s CVB to organize day trips to Hot Springs for convention-goers.
- Encourage the use of touring and recreation events to showcase the region. (Examples: fishing tournaments on the lakes, horse racing at Oaklawn, and festivals.)
- Work with event organizers to ensure that the event route highlights community assets. When possible, have events start and/or end in downtown.
o Ensure that area businesses, restaurants, and accommodations are given opportunities to showcase their services and attract customers from among the event participants.

- **Action 2**: Establish an aggressive conference and convention strategy linked to target sector opportunities.

  **Responsible Party**: CVB

  **Specific Tasks**

  o Coordinate the targeting of specific businesses and organizations for holding conferences and symposia in the region.

  o To supplement Chamber staff, establish a local volunteer program through which local business professionals and/or retirees could market the numerous assets of the greater Hot Springs region to conference attendees.

  o Create a brief profile and coordinated marketing message to assist staff and volunteers in promoting the region's positive aspects.

  o Create a formal mechanism through which the volunteers could refer potential business relocation leads.

- **Action 3**: Influence the image of greater Hot Springs portrayed on the Web and through social media.

  **Responsible Party**: Chamber/GCEDC

  **Specific Tasks**

  o Assume ownership of Hot Springs' entry on Wikipedia. Regularly update the information and data with references.

  o Establish and maintain a presence on Facebook, Twitter, YouTube and other social media outlets.

  o Promote job opportunities in the greater Hot Springs region on LinkedIn. Join professional association groups for target industries and post job opportunities and announcements about the strength of the business environment to their LinkedIn groups.

  o Re-establish ties to former residents through social media outlets. Use this network to promote job opportunities, increase participation in high-profile economic development initiatives in the region, and disseminate information related to economic development in the greater Hot Springs region.
STRATEGY 3.4: Create opportunities for leadership training, professional development, and networking.

Nurturing talent locally – not just attracting it - is perhaps the most fundamental issue for creating long-term, sustainable economic vitality. The concept of talent means more than a skilled workforce. It means recruiting and cultivating people with the education, experience, and interest in helping the community remain competitive in an increasingly global economy. Such a talent pool includes groups as diverse as students, retirees, and entrepreneurs. The concept of talent also means ensuring that the employees and companies that have been responsible for a community’s growth continue to see a reason to remain in the area. Ultimately, to be successful in the escalating war for talent, a community must engage young professionals with area employers, with the community, and with each other. This should be considered as part of the Chamber and GCEDC’s overall internal marketing strategy.

Responsible Party: Chamber/GCEDC

- **Action 1**: Create a strong sense of community among young professionals.
  - **Specific Tasks**
    - Establish a Young Professionals Association and/or a leadership training program.
    - Develop targeted networking opportunities (i.e., evening and weekend events) for professionals living and working in the area.

- **Action 2**: Integrate young professionals and students into the community and connect them with area employers.
  - **Specific Tasks**
    - Create opportunities for young professionals to network with industry leaders in the greater Hot Springs region’s area businesses.
    - Promote internship and apprenticeship programs for high school and university students.
    - Establish a mentoring program for students and/or young professionals who have specific career interests.

- **Action 3**: Create opportunities for civic engagement.
  - **Specific Tasks**
    - Create a mayor’s young professionals advisory council to provide input and advice about policies and efforts to make the community an attractive place to live and work for young professionals.
RECOMMENDATIONS

- Encourage young professionals to apply for seats on city boards and commissions.
- Create an annual awards program to honor young professionals making a difference in the community.
- Work with local organizations, businesses, and institutions of higher education to develop a volunteer clearinghouse to connect young professionals with other opportunities to get involved with the community.

**STRATEGY 3.5 Support regional partners in workforce development, attraction, and retention efforts.**

Even with today's high unemployment levels, employers continue to report difficulty finding workers, particularly in technical occupations. Documenting regional skillsets and identifying training gaps is just one benefit of a workforce-focused approach to economic development. In addition to addressing employers' needs, a solid understanding of the regional labor market is an essential foundation for a talent management strategy. During the course of an individual's career, he or she will most likely move through a series of jobs, often across multiple industries. As a result, understanding what skills are transferable and ensuring a range of options for career growth are prerequisites for attracting the talent needed to support new and emerging industries. Hot Springs should work with regional and local partners to enhance local workforce development efforts.

**Responsible Party:** Chamber/GCEDC

**Action 1:** Encourage private-sector involvement in education and workforce.

**Specific Tasks**

- Establish a business-education task force to initiate an ongoing mechanism for business, education, and workforce training leaders to discuss mutual challenges and generate ideas and solutions.
- A well-known and respected business or education leader should be identified by the

**Case Study: Wichita Falls, Texas**

In April of 2007, the Wichita Falls Board of Commerce and Industry (BCI) created a 26 member task force composed of representatives of major employers, workforce resources, training programs, K-12 education, higher education institutions, and economic development organizations in the region. The task force came together to identify issues, evaluate existing Workforce Development programs, seek peer city input and prioritize recommendations on ways to improve local workforce issues.

The result has been a closer matching of employer needs and target industries with regional training resources. In addition, several new initiatives have been launched to improve high school graduate work readiness and to educate students about technical careers.

*For more information visit:* [http://www.wichitafallscommerce.com/WD/](http://www.wichitafallscommerce.com/WD/)
core team to chair the task force.

- The chair should take the lead in recruiting and assembling the members of the task force.
- Develop a work program that identifies strategies to address broad issues (such as the availability and marketing of adult education and vocational programs that are currently available to local residents), as well as specific needs, (such as rising drop-out rates among Hot Springs residents).

**Action 2:** Serve as a liaison between local employers and workforce training organizations to ensure that training programs reflect the needs of local employers.

**Specific Tasks**

- Congregate human resource professionals from area employers to discuss talent retention and recruitment challenges, identify labor shortages and skills gaps, and propose solutions to fill those gaps.
- Administer a community-wide survey of residents to obtain current information on the jobs held by residents.
- Compile a labor market report that is updated annually.
- Communicate the outcome of the above exercises with workforce training organizations, employers, and prospects.

**Action 3:** Leverage higher education assets.

**Specific Tasks**

- Look for opportunities to expand local workforce training activities of Henderson State University, National Park Community College, and Ouachita Technical College.
- Identify experienced business professionals to support faculty.
- Engage in cooperative marketing with local institutions of higher education.
**Action 4:** Market the value of higher education to residents.

- Work with Henderson State University, National Park Community College, and Ouachita Technical College, as well as other area post-secondary institutions, and Garland County Schools to develop strategies for marketing the value of higher education to Garland County residents.

**STRATEGY 3.6: Leverage and expand K-12 education to develop young talent.**

Public schools are critical to talent, and promoting excellence within them should remain a high priority for Hot Springs and the surrounding area. The enhancement of existing and the expansion of new partnerships between the school district and regional higher educational assets would help set the stage for developing and retaining younger talent in the area.

**Responsible Party:** Chamber/GCEDC

- **Action 1:** Promote the International Baccalaureate program in the Hot Springs School District.
- **Action 2:** Leverage the Arkansas School for Mathematics, Sciences, and the Arts.
- **Action 3:** Enhance and expand existing partnerships between the school district and higher educational assets.
GOAL FOUR: QUALITY OF PLACE

The Hot Springs region is recognized nationally and internationally as a destination for arts, recreation, and leisure.

This economic development plan for Hot Springs and the surrounding area strongly emphasizes the need for the community to enhance its quality of place. Companies rely on the skills and talent of their workforce to gain a competitive advantage. Employers have discovered that one way to attract skilled workers is by re-locating to communities with a strong sense of place. This is because communities offering amenities are natural draws for young talent. Hot Springs has already demonstrated its commitment to understanding many of these issues.

Hot Springs enjoys a number of quality of place assets, including an urban core populated by historic buildings nestled among forested hills and mountains, as well as proximity to a number of large lakes. In short, Hot Springs has enormous potential and the downtown should be embraced as a symbol of that transformation. With scenic landscapes, excellent opportunities for outdoor recreation, historic architecture, and the local racetrack, the Greater Hot Springs Region boasts a variety of attractions. A common theme that emerged throughout the focus groups conducted by TIP was the tendency for visitors and residents to take pride in the unique natural beauty of the region and appreciate local artistic and cultural events. A profound appreciation for the area as a vacation destination also prompted many families to purchase summer homes in the area, with the plan to eventually relocate to Hot Springs as a retirement destination.

While tourism is a significant draw to the region, the average visitor is in town for a short visit, rather than an extended vacation, and is unlikely to enjoy many of the arts and cultural events hosted by the city. Raising the profile of events such as the Hot Springs Documentary Film Festival, the Gallery Walk the first Friday of each month, and the Annual Hot Springs Music Festival, among others, presents an opportunity to attract tourists from a different socio-economic group. Supporting a wider definition of ‘entertainment,’ including the arts, cultural events, and outdoor recreation, will not only attract a different cohort of tourists, but will also enhance the region’s ability to attract mobile talent. Not only will young professionals appreciate the wide range of amenities, but also retirees with significant financial assets will appreciate the depth and breadth of activities available to them. To not only attract, but also host a higher-end tourist, investments should be made to improve lodging options in the downtown area, particularly the historic Arlington Hotel. Enhancing the range of spa and resort services would also serve as an attraction for this group of tourists and would reference the city’s historic roots and offer an additional luxury experience.

Marketing will be an integral component of achieving this goal.
STRATEGY 4.1: Continue to support the expansion of arts, recreation and leisure activities in the region.

Many Hot Springs business owners and professionals stated their interest in preserving and expanding the city’s natural beauty, historic architecture, and cultural and recreational facilities. Not only is this a strong value held within the community, it also supports the goal of economic development. The arts have been successfully leveraged as a catalyst for economic development, new investment, and tourism in much smaller communities in other parts of the country; this strategy is a natural fit for Hot Springs and offers exceptional potential. An arts strategy, in tandem with promoting outdoor recreation, will attract a different cohort of tourists to the area and offer all visitors and residents a wide range of activities to enjoy.

Responsible Parties: Chamber/GCEDC; CVB; National Park

- **Action 1**: Use arts and cultural events as a catalyst to revitalize downtown and diversify the Hot Springs’ tourism base. *(See Clifton and Rockport, Texas, examples below).*
  
  **Specific Tasks**
  
  o Create an umbrella public-private partnership focused on promoting the arts in the region. This entity would not only promote existing activities, but it would also fundraise to support the arts locally and guide the direction of future investments.
  
  o Improve performance space(s). Historic buildings that otherwise not be revitalized could become homes to vibrant cultural events.
  
  o Support and raised the profile of existing events such as the Hot Springs Documentary Film Festival, the Gallery Walk the first Friday of each month, and the Annual Hot Springs Music Festival, among others.
  
  o Establish annual events that cater to families and engage children with arts and culture in the region.

- **Action 2**: Leverage and expand existing outdoor recreational opportunities throughout the region. Collaborate with Hot Springs National Park and businesses that benefit from tourism and outdoor sports on the area’s lakes.

- **Action 3**: Continue citywide beautification efforts, such as improvements along Grand Avenue.

- **Action 4**: Work with private developers and building owners to promote visually appealing construction and landscaping that is consistent with city standards.
EXAMPLES: Arts & Culture as a Catalyst for Downtown Revitalization

Case Study: Rockport, Texas

Overview: As a coastal community, it’s no surprise that Rockport, Texas, boasts plenty of birding, boating and fishing activities. But not every coastal community can boast the kind of vibrant—and lucrative—arts scene that Rockport has nurtured.

Here’s a sampling of the community’s arts assets:
- Downtown Rockport is home to more than 15 art galleries.
- More than 300 artists live in the area, including well-known artists Kay Barnebey, Al Barnes, Herb Booth, Jesús Moroles, Steve Russell and Kent Ullberg.
- Several arts-related events, most notably the annual Rockport Art Festival, attract thousands of tourists to Rockport each year.
- Events that are not arts-focused, such as the HummerBird Celebration and Rockport Seafair, incorporate arts elements.

Impact: So prominent is the arts sector in Rockport that the Gulf Coast town of more than 7,300 – south of Victoria and northeast of Corpus Christi – was recognized in 2009 by Coastal Living magazine as one of the Top 10 Coastal Art Colonies in the country. In modern-day Aransas County, arts and cultural tourism helped support $33.1 million in economic activity in 2009, nearly $9.7 million in earnings and about 455 jobs. In addition, cultural arts tourism generated $640,000 in local tax revenue and $1.8 million in state tax revenue in 2009. Roughly one-third of tourists in the Rockport-Fulton area participate in arts and cultural activities, compared with the state average of 10 percent.

The Rockport Art Festival, founded in 1969, alone triggered almost $2.5 million in economic activity by out-of-towners in 2009 on items such as tickets, food, lodging and shopping, with the festival accounting for more than $600,000 in earnings and an estimated 28 full-time jobs. More than 60 percent of the 7,400-plus attendees in 2009 came from outside the Rockport area. The 2009 version of the festival pulled in more than 100 artists.

While the Rockport Art Festival ranks as one of the town’s premier tourist draws, the Rockport Center for the Arts, which has been in its current location since 1983, is the community’s cultural catalyst. More than 25,000 people visit the non-profit center each year.

Best Practices:
- Establishing a game plan that includes marketing initiatives and a budget that allows room for growth.
- Cultivating a strong base of volunteers.
- Fostering collaboration between the arts center and the local galleries.
- Clustering arts and cultural facilities in close proximity to each other and to the waterfront.
- Communicating with residents about how public funding is spent on the arts, including a 15 percent cut of the local hotel-motel tax.
- Treating outdoor recreation as a complement to, rather than a competitor of, the cultural arts sector.
Case Study: Clifton, Texas

Overview: Clifton, a Texas Hill Country town about 30 miles northwest of Waco, has injected economic vitality into a once-sleepy core. Since 2007 – when the town’s three main streets were pretty desolate – almost half of Clinton’s business startups, expansions, relocations and renovations have been downtown. Most of the downtown businesses are art galleries, restaurants and retail shops that cater to cultural arts tourists.

Impact: In 2009, local cultural arts tourism spending generated $2.4 million in economic activity, $1.1 million in earnings and about three dozen permanent jobs. Today, about 20 percent of all tourism and visitor spending in Bosque County is connected to the arts and culture, compared with the Texas average of 10 percent.

The Bosque Arts Center is a key component in Clifton’s economic renaissance. Previously a dilapidated building, the Center houses a permanent photography exhibit, an art gallery and a performing arts theater. It also plays host to classes and events sponsored by the Art Council, Art Club, Photography Guild, Pottery Guild, Culinary Club and Tin Building Theatre. In 2009, the venue drew about 12,000 visitors – nearly four times the population of Clifton. Since its establishment in 1981, the Bosque Arts Center has leveraged its original $33,000 endowment into roughly $3.7 million in private financial support and other contributions. In recognition of the town’s growing number of arts-related activities, events and organizations, the Clifton Arts Network, a nonprofit umbrella organization, was formed in 2009.

Best Practices: Clifton’s recipe for building a cultural arts economy comprises four ingredients:

- Converting an empty, dilapidated building into the Bosque Arts Center
- Attracting artists to live and work in the region
- Integrating the arts into downtown revival
- Promoting the area as a retirement haven by capitalizing on the area’s arts scene and quality of life
STRATEGY 4.2: Support the development of high quality hotels in Hot Springs.

Hot Springs and the surrounding area are served by a number of quality hotels and lodges. Raising the region’s profile as a national and international destination, however, will require additional high quality lodging options. Given the importance of downtown, new investment should be located in existing and new properties within the urban core.

Responsible Party: Chamber

- **Action 1:** Encourage reinvestment in existing hotels located in downtown.
- **Action 2:** Explore opportunities for the development of new hotels in the area.

STRATEGY 4.3: Become a destination for professional and upper-income retirees

Tourism is not only a means for increasing local retail spending. It can also serve a more strategic purpose: talent attraction. Often retirees decide on where to buy a second home or a new permanent residence based on their travel experiences. “Baby boomer” retirees are anticipated to be quite different than previous generations of retirees. For example, baby boomers are expected to be active, engaged, and more likely to pursue educational opportunities, volunteer in community projects, and start up new entrepreneurial ventures. Already, the area has become a regional destination for retirees as evidenced by the success of Hot Springs Village. Continuing to expand the diverse types of retirees, including those seeking active lifestyles and who hold more disposable income, would greatly enhance the vibrancy of the local economy.

Responsible Party: CVB

- **Action 1:** Target the recruitment of retiring baby boomers seeking an active lifestyle.
- **Action 2:** Establish programs to support the integration of retirees within the area’s business community.
STRATEGY 4.4: Increase awareness of Hot Springs as a national and international destination.

As part of the region’s overall tourism marketing efforts, Hot Springs should target a broader base of the tourism market. Currently, the tourists who come to the area are primarily from the surrounding region with a large portion visiting from Texas. The regional tourism segment of the market primarily consists of visitors who spend less time and money at their destinations. This recommendation does not preclude Hot Springs from continuing to be a regional draw. It does, however, recognize that national and international tourists present an opportunity for Hot Springs to broaden its base into more lucrative market segments.

According to the U.S. Department of Commerce, the top ten countries from which tourists visit the U.S. are: Canada, Mexico, United Kingdom, Japan, Germany, Brazil, France, South Korea, Australia, and China. Due to the relatively weak dollar, the number of international tourists visiting the U.S. in increasing rapidly with the highest over-the-year increases coming from China (+33%), Brazil (+27%), Australia (+24%), and France (+24%). Moreover, tourism experts state that international visitors typically outspend American tourists by a three-to-one ratio. Finally, the U.S. Department of Commerce projects spending from international tourists could hit a record $150 billion this year.

Responsible Party: CVB

- **Action 1**: Develop a brand for the Hot Springs region as a high-end resort destination.
- **Action 2**: Establish ties with similar resort destinations nationally and internationally.
- **Action 3**: Implement a national and international marketing campaign.
## IMPLEMENTATION

<table>
<thead>
<tr>
<th>ACTIONS</th>
<th>RESPONSIBLE PARTIES</th>
<th>TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Ongoing</td>
</tr>
<tr>
<td><strong>GOAL 1: DOWNTOWN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Downtown Hot Springs is a catalyst for economic vitality in the city and the region.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STRATEGY 1.1: Establish the mechanisms to enable development and redevelopment.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action 1: Conduct a local awareness campaign for economic development to increase public support.</td>
<td>Chamber/GCEDC</td>
<td></td>
</tr>
<tr>
<td>Action 2: Identify the appropriate parties for spearheading downtown redevelopment efforts.</td>
<td>Chamber/GCEDC</td>
<td></td>
</tr>
<tr>
<td>Action 3: Update development processes, zoning codes, and land use plans to support downtown redevelopment.</td>
<td>City</td>
<td></td>
</tr>
<tr>
<td>Action 4: Develop an incentives policy for the redevelopment of buildings and vacant lots.</td>
<td>City; GCEDC</td>
<td></td>
</tr>
<tr>
<td><strong>STRATEGY 1.2: Strengthen linkages from downtown to other destinations in and around Hot Springs.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action 1: Create a corridor plan along Central Avenue to connect Oaklawn to downtown.</td>
<td>City</td>
<td></td>
</tr>
<tr>
<td>Action 2: Coordinate efforts with Hot Springs National Park to increase amenities along the Park Avenue corridor.</td>
<td>National Park; Chamber</td>
<td></td>
</tr>
<tr>
<td>Action 3: Coordinate convention center activities with downtown redevelopment initiatives.</td>
<td>CVB, City, Chamber</td>
<td></td>
</tr>
<tr>
<td>Action 4: Position downtown as the gateway to Hot Springs National Park, Ouachita National Forest, and area lakes.</td>
<td>CVB; Chamber</td>
<td></td>
</tr>
<tr>
<td>Action 5: Maximize development opportunities along Grand Avenue.</td>
<td>City</td>
<td></td>
</tr>
<tr>
<td><strong>STRATEGY 1.3: Establish an innovation district to support entrepreneurs and startup businesses.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action 1: Create an overlay district to encourage reinvestment in buildings within the innovation area.</td>
<td>City</td>
<td></td>
</tr>
<tr>
<td>ACTIONS</td>
<td>RESPONSIBLE PARTIES</td>
<td>TIMEFRAME</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Action 2: Create a technology infrastructure grant program.</td>
<td>City, GCEDC</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Action 3: Support the development and attraction of software firms.</td>
<td>GCEDC</td>
<td>0 to 6 months</td>
</tr>
<tr>
<td>STRATEGY 1.4: Adaptively re-use vacant space to increase economic activity in downtown.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action 1: Attract destination retailers to downtown Hot Springs.</td>
<td>Chamber, CVB</td>
<td>6 to 12 months</td>
</tr>
<tr>
<td>Action 2: Establish programs to support housing in the urban core.</td>
<td>City, Chamber</td>
<td>Year 2</td>
</tr>
<tr>
<td>GOAL 1 METRICS</td>
<td></td>
<td>Year 3</td>
</tr>
<tr>
<td>SUGGESTED METRIC</td>
<td>TARGET</td>
<td>DATA SOURCE</td>
</tr>
<tr>
<td>Percent of residents aware of local economic development efforts</td>
<td>Measurable annual increase</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Retail square footage absorbed in the local market</td>
<td>30,000 sf total over 2 years</td>
<td>Chamber</td>
</tr>
<tr>
<td></td>
<td>Additional 20,000 next 2 years (total of 50,000 sf by 2015)</td>
<td>Chamber</td>
</tr>
<tr>
<td>Office square footage absorbed in the local market</td>
<td>10,000 sf total over 2 years</td>
<td>Chamber</td>
</tr>
<tr>
<td></td>
<td>Additional 15,000 next two years (total of 25,000 sf by 2015)</td>
<td>Chamber</td>
</tr>
<tr>
<td>Increase in downtown retail sales</td>
<td></td>
<td>City of Hot Springs</td>
</tr>
<tr>
<td>Increase in downtown property values</td>
<td></td>
<td>City of Hot Springs</td>
</tr>
<tr>
<td>Increase in casino patrons visiting downtown</td>
<td></td>
<td>Hot Springs CVB</td>
</tr>
</tbody>
</table>
**GOAL 2: BUSINESS ATTRACTION AND EXPANSION**

*Greater Hot Springs is a competitive region for business attraction and expansion.*

**STRATEGY 2.1: Develop a business park in Hot Springs to foster growth among innovative companies.**

<table>
<thead>
<tr>
<th>ACTION</th>
<th>RESPONSIBLE PARTIES</th>
<th>TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action 1: Build consensus and identify partners to create a high-quality development in a campus-like setting.</td>
<td>GCEDC</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Action 2: Determine ownership options for the business park with consideration given to the development process, management, and ownership of the site.</td>
<td>GCEDC</td>
<td>0 to 6 months</td>
</tr>
<tr>
<td>Action 3: Engage the development community early in the process can help ensure that a project incorporates the most current thinking.</td>
<td>GCEDC</td>
<td>6 to 12 months</td>
</tr>
<tr>
<td>Action 4: Evaluate opportunities for anchor tenants, including the feasibility of locating a higher education center on the site.</td>
<td>GCEDC</td>
<td>Year 2</td>
</tr>
<tr>
<td>Action 5: Create a plan for the business park.</td>
<td>GCEDC</td>
<td>Year 3</td>
</tr>
<tr>
<td>Action 6: Engage in cooperative marketing with the developer.</td>
<td>GCEDC</td>
<td>Years 4-5</td>
</tr>
</tbody>
</table>

**STRATEGY 2.2: Develop a fully-serviced industrial park with interstate frontage near Malvern.**

<table>
<thead>
<tr>
<th>ACTION</th>
<th>RESPONSIBLE PARTIES</th>
<th>TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action 1: Create a plan for the development of the industrial park.</td>
<td>GCEDC</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Action 2: Once a location has been selected for the industrial park, install the necessary infrastructure and develop the site.</td>
<td>GCEDC</td>
<td>0 to 6 months</td>
</tr>
<tr>
<td>Action 3: Market the industrial park to advanced manufacturing, food processing, and distribution/logistics companies.</td>
<td>GCEDC</td>
<td>6 to 12 months</td>
</tr>
</tbody>
</table>

**STRATEGY 2.3: Implement a target industry marketing campaign.**

<table>
<thead>
<tr>
<th>ACTION</th>
<th>RESPONSIBLE PARTIES</th>
<th>TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action 1: Raise awareness throughout Arkansas and South Central U.S.</td>
<td>GCEDC</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Action 2: Raise awareness among decision makers in target industry sectors.</td>
<td>GCEDC</td>
<td>0 to 6 months</td>
</tr>
</tbody>
</table>
## GOAL 2 METRICS

<table>
<thead>
<tr>
<th>SUGGESTED METRIC</th>
<th>TARGET</th>
<th>DATA SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office park metrics?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial park metrics?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of direct marketing campaigns to site selectors/consultants</td>
<td>4/year</td>
<td>GCEDC</td>
</tr>
<tr>
<td>Number of visits to website</td>
<td>measurable annual increase</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Number of ad placements (focused on on-line marketing opportunities)</td>
<td>1/year for each of 4 publications (including websites)</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Number of stories published about Hot Springs economic development in regional or national trade publication</td>
<td>4/month</td>
<td>Chamber/GCEDC</td>
</tr>
</tbody>
</table>

### STRATEGY 2.4: Retain and expand existing businesses.

<table>
<thead>
<tr>
<th>ACTION</th>
<th>RESPONSIBLE PARTIES</th>
<th>TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action 1: Continue to enhance GCEDC’s business retention and expansion program.</td>
<td>GCEDC</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Action 2: Develop an intervention strategy by working with area partners in coordinating “rapid response” efforts for dealing with potential layoffs or plant closures.</td>
<td>GCEDC</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Action 3: Encourage innovation among existing businesses by offering technical assistance in grant writing or offering loans for capital equipment purchases.</td>
<td>GCEDC</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Service Description</td>
<td>Frequency</td>
<td>Source</td>
</tr>
<tr>
<td>------------------------------------------------------------------</td>
<td>----------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Number of visits to potential lead generation/partners</td>
<td>4/year</td>
<td>GCEDC</td>
</tr>
<tr>
<td>Number of direct mail marketing letters sent to target industries contacts</td>
<td>4/year/industry sector</td>
<td>GCEDC</td>
</tr>
<tr>
<td>Number of call trips set</td>
<td>3/year</td>
<td>GCEDC</td>
</tr>
<tr>
<td>Number of appointments</td>
<td>20-30/year</td>
<td>GCEDC</td>
</tr>
<tr>
<td>Number of business relocations announced</td>
<td>1 in 2012</td>
<td>GCEDC</td>
</tr>
<tr>
<td>Jobs created from new business recruited to area</td>
<td>3/year thereafter</td>
<td>GCEDC</td>
</tr>
<tr>
<td>Median wage of new jobs</td>
<td>≥ 50 in 2012</td>
<td>GCEDC</td>
</tr>
<tr>
<td>ACTIONS</td>
<td>RESPONSIBLE PARTIES</td>
<td>TIMEFRAME</td>
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<tr>
<td>---------</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Ongoing</td>
</tr>
<tr>
<td>GOAL 3: TALENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hot Springs is a magnet for young professionals and entrepreneurial talent.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STRATEGY 3.1: Establish a higher education center to anchor the business park.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action 1: Create a task force to engage the leadership of National Park Community College, Ouachita Technical College, and Henderson State University in pursuit of the higher education center concept.</td>
<td>Chamber</td>
<td></td>
</tr>
<tr>
<td>Action 2: Secure funding for the project through federal and state resources as well as a private fundraising campaign.</td>
<td>Higher education partners</td>
<td></td>
</tr>
<tr>
<td>Action 3: Choose educational programs for inclusion at the higher education center that link to the region’s existing employers as well as target sectors.</td>
<td>Higher education partners</td>
<td></td>
</tr>
<tr>
<td>Action 4: Explore opportunities to incorporate early college academic and career technology programs into the center through collaboration with local high schools.</td>
<td>Higher education partners</td>
<td></td>
</tr>
<tr>
<td>STRATEGY 3.2: Promote entrepreneurship to enhance cluster development in target industries and accelerate growth-oriented business.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action 1: Develop incentives targeted toward entrepreneurs and start-ups in order to support new business development and growth in Hot Springs.</td>
<td>Chamber/GCEDC</td>
<td></td>
</tr>
<tr>
<td>Action 2: Enhance and expand entrepreneurship support programs.</td>
<td>Chamber/GCEDC</td>
<td></td>
</tr>
<tr>
<td>Action 3: Facilitate financing for local entrepreneurs.</td>
<td>Chamber/GCEDC</td>
<td></td>
</tr>
<tr>
<td>Action 4: Build a local climate that embraces and celebrates entrepreneurship.</td>
<td>Chamber/GCEDC</td>
<td></td>
</tr>
<tr>
<td>STRATEGY 3.3: Market Hot Springs as a destination for young professionals and entrepreneurial talent.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action 1: Leverage tourism marketing for talent attraction, entrepreneurship, and economic development.</td>
<td>Chamber/GCEDC</td>
<td></td>
</tr>
<tr>
<td>ACTIONS</td>
<td>RESPONSIBLE PARTIES</td>
<td>TIMEFRAME</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------</td>
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</tr>
<tr>
<td><strong>Action 2:</strong> Establish an aggressive conference and convention strategy linked to target sector opportunities.</td>
<td>CVB</td>
<td>Ongoing</td>
</tr>
<tr>
<td><strong>Action 3:</strong> Influence the image of Greater Hot Springs portrayed on the Web and through social media.</td>
<td>Chamber/GCEDC</td>
<td>Year 2</td>
</tr>
<tr>
<td><strong>STRATEGY 3.4: Create opportunities for leadership training, professional development, and networking.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Action 1:</strong> Create a strong sense of community among young professionals.</td>
<td>Chamber/GCEDC</td>
<td>Year 3</td>
</tr>
<tr>
<td><strong>Action 2:</strong> Integrate young professionals and students into the community and connect them with area employers.</td>
<td>Chamber/GCEDC</td>
<td>Year 4-5</td>
</tr>
<tr>
<td><strong>Action 3:</strong> Create opportunities for civic engagement.</td>
<td>Chamber/GCEDC</td>
<td>Year 4-5</td>
</tr>
<tr>
<td><strong>STRATEGY 3.5: Support regional partners in workforce development, attraction, and retention efforts.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Action 1:</strong> Encourage private-sector involvement in education and workforce.</td>
<td>Chamber/GCEDC</td>
<td>Year 2</td>
</tr>
<tr>
<td><strong>Action 2:</strong> Serve as a liaison between local employers and workforce training organizations to ensure that training programs reflect the needs of local employers.</td>
<td>Chamber/GCEDC</td>
<td>Year 3</td>
</tr>
<tr>
<td><strong>Action 3:</strong> Leverage higher education assets.</td>
<td>Chamber/GCEDC</td>
<td>Year 4-5</td>
</tr>
<tr>
<td><strong>Action 4:</strong> Market the value of higher education to residents.</td>
<td>Chamber/GCEDC</td>
<td>Year 4-5</td>
</tr>
<tr>
<td><strong>STRATEGY 3.6: Leverage and expand K-12 education to develop young talent.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Action 1:</strong> Promote the International Baccalaureate program in the Hot Springs School District.</td>
<td>Chamber/GCEDC</td>
<td>Year 2</td>
</tr>
<tr>
<td><strong>Action 2:</strong> Leverage the Arkansas School for Mathematics, Sciences, and the Arts.</td>
<td>Chamber/GCEDC</td>
<td>Year 3</td>
</tr>
<tr>
<td><strong>Action 3:</strong> Enhance and expand existing partnerships between the school district and higher educational assets.</td>
<td>Chamber/GCEDC</td>
<td>Year 4-5</td>
</tr>
</tbody>
</table>
### GOAL 3 METRICS

<table>
<thead>
<tr>
<th>SUGGESTED METRIC</th>
<th>TARGET</th>
<th>DATA SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of networking/training events hosted</td>
<td>4/year (quarterly)</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Entrepreneurs Forum established with monthly meetings</td>
<td>8/year (monthly or bi-monthly)</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Number of companies assisted (start-ups)</td>
<td>50/year</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Number of mentor / entrepreneur and mentor / startup matches made</td>
<td>15/year</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Number of entrepreneur business plan presentations made to potential funders</td>
<td>15/year</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Number of visits to local lenders</td>
<td>1/month</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Number of loans made (assumes revolving loan fund established)</td>
<td>25/year</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>Number of new businesses formed in traded sectors (i.e., exporting of goods and services outside the region)</td>
<td>50/year</td>
<td>City business license records</td>
</tr>
<tr>
<td>Number of jobs resulting from new business formation in traded sectors</td>
<td>250/year</td>
<td>City business license records or company interview</td>
</tr>
<tr>
<td>Amount ($) of investor capital raised, including banks</td>
<td>$2.5 million</td>
<td>Chamber/GCEDC</td>
</tr>
<tr>
<td>ACTIONS</td>
<td>RESPONSIBLE PARTIES</td>
<td>TIMEFRAME</td>
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<tr>
<td><strong>GOAL 4: QUALITY OF PLACE</strong></td>
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<tr>
<td><em>The Hot Springs region is recognized nationally and internationally as a destination for arts, recreation, and leisure.</em></td>
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<tr>
<td><strong>STRATEGY 4.1: Continue to support the expansion of arts, recreation and leisure activities in the region.</strong></td>
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<tr>
<td>Action 1: Use arts and cultural events as a catalyst to revitalize the Downtown and diversify the tourism base.</td>
<td>Chamber/GCEDC; CVB</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Action 2: Leverage and expand existing outdoor recreational opportunities throughout the region.</td>
<td>Chamber/GCEDC; CVB; National Park</td>
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<tr>
<td>Action 3: Continue city-wide beautification efforts.</td>
<td>City</td>
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<tr>
<td>Action 4: Work with private developers and building owners to promote visually appealing construction and landscaping that is consistent with city standards.</td>
<td>City</td>
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<tr>
<td><strong>STRATEGY 4.2: Support the development of high quality hotels in Hot Springs.</strong></td>
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<tr>
<td>Action 1: Encourage reinvestment in existing hotels located in downtown.</td>
<td>Chamber</td>
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<tr>
<td>Action 2: Explore opportunities for the development of new hotels in the area.</td>
<td>Chamber</td>
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<tr>
<td><strong>STRATEGY 4.3: Become a destination for professional and upper-income retirees.</strong></td>
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<tr>
<td>Action 1: Target the recruitment of retiring baby boomers.</td>
<td>CVB</td>
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<tr>
<td>Action 2: Establish programs to support the integration of retirees within the area’s business community.</td>
<td>CVB</td>
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<td><strong>STRATEGY 4.4: Increase awareness of Hot Springs as a national and international destination.</strong></td>
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<tr>
<td>Action 1: Develop a brand for the region as a high-end resort destination.</td>
<td>CVB</td>
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<tr>
<td>Action 2: Establish ties with similar resort destinations nationally and internationally.</td>
<td>CVB</td>
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### ACTIONS

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<thead>
<tr>
<th>ACTIONS</th>
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<td>0 to 6 months</td>
<td>Year 2 Year 3 Year 4-5</td>
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<td>6 to 12 months</td>
<td>Year 2</td>
<td>Year 3</td>
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<tr>
<td>Year 2</td>
<td>Year 3</td>
<td>Year 4-5</td>
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- **Action 3:** Implement a national and international marketing campaign.
  - CVB

### GOAL 4 METRICS

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<tr>
<th>SUGGESTED METRIC</th>
<th>TARGET</th>
<th>DATA SOURCE</th>
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<tr>
<td>Office square footage added to local market</td>
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APPENDIX A - MARKETING RECOMMENDATIONS

Introduction
Economic development is an increasingly competitive business. Each year, thousands of communities vie for a handful of projects. Economic development organizations that succeed share several basic traits: Their initiatives are targeted, well-funded, sufficiently staffed, and collaborative. They are backed by a supportive, positive community because they themselves have a strong local brand. Finally, they are guided by up-to-date internal and external marketing strategies.

Targeted
Effective economic development organizations concentrate marketing efforts on a handful of key market segments, typically no more than five. This involves analyzing local strengths and challenges, and identifying audiences whose location needs align with the strengths. Target industries are those businesses whose location requirements align with local assets and whose investment in the community will result in long-term economic prosperity. Community improvements, such as workforce development or infrastructure investments, are based on target audience needs. Targeting focuses marketing dollars, helps define a region’s brand identity, and results in a higher return on investment.

Well-Funded
In a perfect world, grassroots initiatives and word of mouth promotion would be enough to attract businesses to a community. But the reality is that it takes money to compete. A look at economic development organizations (EDOs) across the country reveals that even the most bare bones marketing campaigns require a minimum of $75,000 per year. Most organizations annually commit $150,000 or more to marketing. Large regional efforts, such as Charlotte USA and the Greater Austin Chamber of Commerce, dedicate more than $1 million per year to marketing. This is in addition to substantial overall operating budgets.

Sufficiently Staffed
The budget figures cited above are for internal and external marketing activities. They do not include staff salaries or operational overhead. An effective program requires at least one full time marketing manager, and ideally additional research and target industry support. Most regional groups include additional staff responsible for investor relations, for example, or workforce development coordination.

Collaborative
An economic development organization is most effective when it is backed by a supportive group of local stakeholders. Building trust and buy-in to an EDO takes time, communication, and visionary leadership. Consistency of brand identity and messaging is critical to a successful economic development initiative. Cutting through the noise of competition – the thousands of communities targeting the same limited audience – is easier to accomplish when a community conveys a single identity to the marketplace.
Greater Hot Springs Region, Arkansas

APPENDIX A: MARKETING RECOMMENDATIONS

Many regions make the mistake of having separate logos and sales points for each community organization – the EDO, the Chamber, the Convention and Visitors Bureaus, the cities and counties, for example. This attempt to be everything to everyone only confuses the outside world and muddles overall impact. A collaborative approach is required to solve this problem. Set aside local differences, invest in a single marketing theme, and work together.

Creating an environment of collaboration requires most economic development organizations to spend 50 percent or more of their time on internal marketing activities. This includes ongoing communication with investors, elected officials, business leaders, the media, and the community at large. The time they spend within the local community pays off. Residents are more likely to speak highly of their community to friends and colleagues. Media is more likely to pay attention to economic development news. Elected officials may endorse support business friendly policies, and investors continue funding the EDO.

Companies and site selectors can immediately detect whether a community’s leadership works well together, and prefer to locate projects in places that do. Signs of local collaboration include shared messaging, single points of contact, coordinated and rehearsed prospect meetings, and friendly interaction. It is the responsibility of the EDO to foster relationships and provide a vision that unites the community.

Campaign Strategies

Long-range strategies are at the core of quality marketing campaigns. Marketing strategies are founded on community and target audience research. They provide a disciplined approach for executing marketing activities. Through its marketing, a community increases its name awareness and improves its perception, ultimately generating increased target audience investment.

It is critical to understand that a complete campaign is comprised of two distinct marketing strategies. The first directs the marketing of the community to external audiences. The second, but of equal importance, guides the promotion of the economic development organization within the community. Both strategies are typically accompanied by a budget, calendar, and metrics to keep the campaign on track.

- External marketing includes all activities directed at informing target audiences about the community’s competitive advantages. An external marketing or sales plan describes the campaign’s objectives and the ideal marketing mix needed to access audiences.

- Internal marketing includes all activities that build name awareness and perception of the EDO within the community. It guides the EDO in establishing its brand, creating wide spread understanding of its role, and growing trust among stakeholders.

A community’s internal and external audiences differ. External audiences include groups that the EDO would like to recruit to the community. Industry executives, site selectors, talent, and entrepreneurs are typical examples of external audiences. Internal audiences, on the other hand, include individuals that the EDO needs support from locally. Local businesses, politicians, reporters, nonprofits, and residents may comprise an EDO’s internal audiences.

The following sections assess the Hot Springs Metro Partnership’s marketing initiative as it relates to economic development and offer recommendations for improving the program in the future.
Marketing Evaluation

The Hot Springs Metro Partnership’s current marketing program has a good basic framework but lacks the funding and targeted approach needed to take economic development to the next level. Brand awareness is a challenge both for internal and external audiences. Locally, stakeholders still struggle to differentiate the GCEDC, Partnership, and Chamber of Commerce. There is misunderstanding about what economic development is, why it is important, and what organization is responsible for it. External marketing consists primarily of attendance at site consultant events and participation in the Little Rock Metro Alliance’s activities.

Summary of Findings

Prior to finalizing the region’s Strategic Plan, TIP Strategies conducted an evaluation of the Partnership’s brand and marketing program. Our assessment revealed the following:

- Awareness of the Hot Springs’ economic development brand throughout Arkansas and the U.S., especially among target audience decision makers and talent, is low. Although well known in the South as a vacation destination, the region is not thought of as a top business location or as a destination for talent and entrepreneurs.

- Elevating Hot Springs’ visitor experience to attract professional and upper income tourists will benefit the area in numerous ways. These individuals not only spend more money but they are also company decision makers and influencers. While they are in Hot Springs for vacation or a conference, showcase Hot Springs as a community that has both a high quality of life and a competitive business climate.

- TIP Strategies is setting a high bar for Hot Springs’ economic development through the selection of target sectors that demand a quality place and access to professional talent. Attracting these industries will require not only substantial community investments but also raising the profile of the region’s brand identity.

- Internal marketing should be a priority for the Partnership. Before a serious external campaign can take place, the Partnership needs to increase local awareness of its brand and enthusiasm for economic development.

- The Partnership’s communications budget is low and marketing activities are fairly limited. A targeted marketing initiative will require additional funding.

- Target marketing is an issue across all facets of the GCEDC, Partnership and Chamber marketing activities. The website and collateral materials fail to single out specific audiences or provide tailored sales messages for each.

- With the completion of the Strategic Plan, the Partnership has an opportunity to start a targeted marketing campaign from the ground-up that is based on best practices.

The following sections provide analysis and recommendations on topics related to the Hot Springs Metro’s economic development marketing program.
Marketing Review

Before offering recommendations regarding branding, internal marketing, and external marketing, TIP Strategies conducted a review of Hot Spring’s current marketing activities. Our findings are discussed in the following pages.

Website

The following review of the Chamber and Partnership’s website is designed to provide points of consideration for future website updates and redesign. Some problems that were discovered during our review can be quickly corrected, while other issues will require time and investment to correct. The Chamber and Partnership should also keep in mind that a website’s maximum lifespan is five years before issues regarding appearance, content, and navigation outweigh its marketing value.

The current website (www.hotspringschamber.com) serves multiple audiences, including chamber members, visitors, job seekers, relocating individuals, and relocating/expanding businesses. This one-stop-shop approach to online marketing is a detriment to economic development efforts, as key sales messages and target audience information gets lost within an excess of other information. In general, the format of a Chamber of Commerce website is not well suited for economic development. For example, the placement of the “economic development” tab in the main navigation bar (sixth in line if reading from left to right) indicates that economic development is not a top priority. Within the economic development section, banner ads promoting local businesses and heavy written copy distract audiences from site selection information.

As the Partnership implements TIP Strategies’ Economic Development Strategic Plan, the creation of a new standalone economic development website is recommended.

To summarize our findings:

- The overall website is in need of improvement in several important areas, including its marketing capacity, information type and quality, and visual appeal.
- The Hot Springs Chamber of Commerce and Partnership staff contact information is visible on all pages of the website, which is important.
- The purpose of the Partnership’s website should be to share rich, relevant information about the Hot Springs Metro and its target audiences. The website is not meeting this goal. First, it is unclear who the Partnership’s target audiences are. Second, the site’s heavy written copy interferes with visitors’ access to key information. Finally, data is spread across multiple sections of the website, making it difficult to get a clear snapshot of the region’s economic strengths.
Top sales messages and target audience information should be clearly stated above the page break on the Chamber’s home page and economic development section home page. They currently are not.

The economic development section home page provides organizational information about the Hot Springs Metro Partnership but no information about why a company would want to expand or relocate to the region. A list of recent relocations – which is good marketing information to share – is available on the home page but below the page break.

The economic development section of the website is easy to access from the home page, although the placement of the economic development tab in the main navigation bar indicates to audiences that it is not a top priority.

The website’s simple navigation is both a strength and a challenge. Information is readily available within one or two clicks from the homepage. The main navigation bar remains at the top of the page throughout the site, giving visitors an easy pathway back to the main pages. However, sub-navigation options are too numerous and will become increasingly difficult to manage as new information is added.

Navigation in the economic development section of the website is difficult to read due to the small font size. In some cases, navigation wording is not as clearly connected to the data available on the page. For example, ACCRA cost of living and cost of healthcare comparisons is found within a tab labeled “relocation information.”

Economic, demographic, and site information is of top priority to economic development audiences. Currently, data quality and depth is poor. While information such as labor shed, major employers, and recent relocations is available, other more basic data either missing from the economic development section (e.g., total population, population by age, educational attainment, higher education institutions, and tax rates). We found some of this critical information in the “Move to Hot Springs” section of the website, but again, site selectors and companies exploring expansion into the area will expect that information to be within the economic development pages. It would be valuable to pull all data about the region – demographics, workforce, industry, quality of life, and others – within a single “data center” section of the website.

Data provided in the section is static, for the most part. Data tables are not available in downloadable or interactive formats.

In some cases, clicking on links to supplemental information (e.g., additional labor market information in the “wage data” section), reroutes visitors away from the Chamber’s website to an entirely new website. Instead, links should open to a new tab so that the Chamber’s website remains active.

U.S., state, and regional maps of the Hot Springs Metro are not available on the website other than in the “workforce” page. Visitors will not intuitively click on the workforce page to find out where Hot Springs is located relative to other major markets. It would be valuable to create a “maps” section containing stylized and interactive maps of the region.
Webpages are overly wordy. Instead, utilize pull quotes, bullet points, charts, and other graphics to convey marketing points and reduce written copy.

The website contains no visible motto or tagline.

Garland County is profiled on the Metro Little Rock Alliance’s website along with other member communities. The website is clean and easy to navigate. A good level of information on Garland County is also available in an interactive section of the www.arkansassiteselection.com website.

The Chamber’s website ranks high in a Google search for “Hot Springs economic development” (1st or 2nd). A Yahoo! search results in a lower ranking (7th).

To conclude, the Partnership’s website should be one of its best marketing tools but it currently lacks key elements and functionality expected from top-notch economic development initiatives. To build brand awareness across national and international target audiences, the Partnership must invest in a sophisticated online marketing presence which includes a separate standalone website dedicated to economic development.

Social Media
More economic development agencies are exploring the use of social media to market (e.g., LinkedIn, Twitter, and Facebook). These platforms provide, at the very least, a vehicle to connect with internal audiences and supplement the Chamber member experience. Although their direct correlation with attracting new business investment is up for debate, having a social media presence implies that an EDO is progressive and willing to be creative.

It does not appear that the Chamber and Partnership are utilizing social media to market.

Direct Sales
Direct sales are activities that place the Chamber and Partnership face-to-face with target audiences, such as industry event attendance, marketing missions, and in-bound events. The Partnership currently engages in a handful of direct sales activities.

In-Bound Marketing Events
Recently, the Partnership hosted a consultant weekend in Hot Springs in conjunction with the Metro Little Rock Alliance. With its national park, lakes, Oaklawn, historic buildings, convention space, high quality restaurants, and numerous other attractions, Hot Springs is well positioned to make a good impression on visiting site selectors and companies. Future improvements to downtown Hot Springs will further opportunities to be a destination for site selection events.

Marketing Missions
The Partnership has conducted a small number of marketing missions to meet in-person with target audiences outside of the region. In 2009, for example, Partnership staff took a trip to Dallas to meet with consultants. In 2010 and 2011, the Partnership will host a suite at the SEC football championship along with other state and community organizations. Other visits to major markets such as Chicago, California and New York are being considered.
Marketing missions either alone or together with the Metro Little Rock Alliance are a stronger use of staff time and resources than trade shows. Although the volume of interaction with target audiences is lower, the quality of time spent with them is greater. Personal relationships are ultimately the Partnership’s best competitive advantage, and there is no better way to accomplish this than to spend time with decision makers.

Consider the following tips to make marketing missions even more effective:

- Involve local executives in facilitating introductions with their peers and suppliers in other markets. At least one month prior to the trip, send out a call for assistance to companies and local economic developers who know local executives.

- Keep in mind that C-level executives are more likely to accept meetings if meeting with a prominent state official or a well-known executive from the region.

Trade/business shows
The Partnership currently attends several industry and site consultant events each year. The 2011 calendar includes participation in Expansion Management’s Roundtable in the Rockies, IAMC, SEDC’s Meet the Consultants forum, Roundtable in the South, Roundtable in the High Desert.

TIP Strategies recommends that the Partnership re-evaluate its participation in industry events in light of its target audiences and past success. The marketing recommendations section of this report provides suggestions on events specific to the targets.

Public Relations
The Chamber and Partnership currently have no external public relations initiative and coverage of economic development news outside of the local and state market is low.

Local businesses, Chamber investors, and external target audiences share a common need: engaging stories about the region and its business success. The Partnership should strongly consider integrating national public relations as a component of future marketing activities. According to surveys of site selectors, news stories rank among the most valued and influential sources of information about a community. Media coverage will reinforce awareness of Metro Hot Springs as a business destination.

- Becoming a media clearinghouse for the region’s business news may be an opportunity for the Chamber and Partnership. Investors and partners will include the Chamber on press release distribution. With the assistance of a staff person, the Chamber can select stories that reinforce its marketing message and distribute to media. Currently, the Chamber’s website does not contain a news section.

- Consider retaining a public relations agency or consultant to execute an external public relations campaign. The Partnership’s marketing budget will need to be increased above $30,000 per year to afford an agency retainer.
Collateral Materials and Advertising

The Chamber provided TIP Strategies with a package of marketing materials for review. The package contained the following:

- “America’s First Resort, Hot Springs National Park Arkansas” folder, including one page information cards regarding the Convention Center, Convention Services, Accommodations and Meeting Facilities, Maps and Transportation and General Information - The folder also contained an area map and a DVD entitled: The Spa City: Yesterday and Today."

- Copies of “America’s First Resort, Hot Springs National Park Arkansas” print advertisements showing photographs from the region - Each ad depicts different aspects of a visitor experience and photos are titled appropriately: “Spa City,” “Golf City,” “Meet City,” “Win City,” “Play City,” “Fish City,” “History City,” “Fest City.”

- Examples of “America’s First Resort, Hot Springs National Park Arkansas” billboards each depicting a photo of a visitor experience (e.g., “Bloom,” “Renew,” “Splash,” “Thrill”).

- A series of Convention and Visitors Bureau postcards depicting historic photos of famous people visiting Hot Springs.

- A copy of the CVB’s vacation guide entitled “Hot Springs and the Arkansas Diamond Lakes Region”.

- Greater Hot Springs Chamber of Commerce relocation magazine entitled “Welcome to Charming Hot Springs Arkansas”.

- The 2010-2011 Greater Hot Springs Chamber of Commerce area map.

- Chamber of Commerce direct mail postcards and advertisements depicting benefits of Chamber membership – access, impact, networks, advocacy, priority, focus, etc. – Each includes the tagline “Leading Businesses. Leading Communities."

- An example of a Hot Springs Metro Partnership response to a request for information for an aviation company – The binder contained print outs of information related to community, education, workforce, airport and aviation, and incentives. The motto “Hot Spot for America’s Business” was repeated throughout the materials.

- A tri-fold brochure containing quick facts, recent locations, and labor shed demographics for the Partnership – Brochure copy refers to the CVB’s tagline, “America’s first resort,” as well as the Partnership’s “Hot Spot for America’s Business.”

- A Hot Springs Metro Partnership business card with blank USB memory stick.
In general, the quality of CVB, Chamber and Partnership marketing collateral is good. Materials are professionally crafted. In most cases, Chamber and Partnership collateral share design elements (fonts, color palette, copy writing style) so that they look like they belong to the same family. The CVB’s materials are farther afield. While also professional in appearance, they share fewer design similarities with the Chamber and Partnership.

As with other marketing activities described in this report, the exact mix and quantity of collateral pieces and advertisements should be tailored to the needs of Hot Spring’s target audiences. Some audiences still expect printed materials, but they are becoming increasingly rare. Sophisticated economic development organizations are finding innovative ways to market online, supplementing traditional websites with highly tailored email campaigns, microsites, and search engine optimization. That is a direction the Chamber and Partnership should consider for the future.
Branding and Internal Marketing
To prepare this marketing review and recommendations report, TIP Strategies conducted interviews with stakeholders and community leaders in the Hot Springs Metro. During those interviews, we asked people to describe the area’s core strengths, internal collaboration, and understanding of economic development. This input is reflected in the following brand descriptions and recommendations.

Who are the Partnership’s target audiences?
Through TIP Strategies’ evaluation of the community and industry trends, the following audiences have been identified as targets for economic development:

- Health and wellness
- Professional and business services
- Information technology including software development, data management and storage, and technical support
- Advanced manufacturing including aviation, automotive, and clean technologies
- Distribution and logistics

What do we want audiences to think about Hot Springs?
We want these audiences to be aware that the Hot Springs Metro is a viable, competitive location for business investment. The Hot Springs Metro contains the talent, environment, location, and business climate needed for businesses in these industries to flourish.

Why should they think that? What are the Partnership’s core marketing messages?
- The Hot Springs Metro is an affordable place to do business in comparison to the nation.
- The Hot Springs Metro has great educational assets including award winning public schools and the nationally recognized Arkansas School of Math and Sciences.
- The area’s pristine natural setting is a draw for professional talent.
- The Hot Springs Metro offers opportunities for residents to shape the community’s future.
- The Hot Springs Metro is located in the Little Rock region and is within one hour of the Little Rock
National Airport.

- The Hot Springs Metro offers a healthy, invigorating alternative to living and working in larger cities such as Dallas-Fort Worth and Little Rock.

**What are the potential barriers to marketing success?**

- The local population as a whole accepts a status quo mentality and is leery of new growth.
- The Hot Springs Metro does not adequately invest time and resources into building brand awareness that the region is a good location for business in addition to visitors and retirees.
- Marketing efforts by the Chamber, Partnership, CVB and other local organizations convey too many different brand identities and sales messages, confusing audiences about who the community is and what it wants to be.

**What ten words best describe the Hot Springs Metro’s brand?**

Scenic, storied, charming, historic, natural, resort, magnetic, approachable, untapped, opportune.

**How can the Partnership strengthen internal marketing and branding?**

Differentiating the Chamber of Commerce, the Hot Springs Metro Partnership, and the Garland County Economic Development Corporation is a challenge for both internal and external audiences. Brand confusion at home will lead to even greater brand confusion in the external marketplace, so it must be addressed immediately. While the Partnership name is utilized in external marketing, the GCEDC name continues to be used internally.

**Recommendation:**

Consider the needs of your target audiences first. Do not confuse them by having two names in the marketplace. County economic development names do not resonate with most site selectors and corporate decision makers. Set aside differences and transition fully to the Partnership name. Take action to distinguish the Partnership as the Metro’s lead economic development organization whose purpose is separate and of equal importance as the Chamber’s.

The general business community and population has difficulty understanding what specifically the GCEDC / Partnership does. This serious roadblock stands in the way of fundraising and rallying volunteers and champions for economic development.

**Recommendation:**

Campaign to increase the Partnership’s visibility and educate the community about the Partnership’s role. The logos and design standards created in 2010 are a good start, but now it is time to increase local awareness about the Partnership’s purpose and the value it provides.

The community is not completely convinced that pro-business activities, such as new business recruitment and talent recruitment, are necessary. Many believe economic development involves “chasing smokestacks” or industries that will spoil the area’s quality of life.
**Recommendation:**
Continue to invest in local communications efforts to improve public perception of proactive economic development. Establish a message that a strong economy leads to improved quality of life and increased property values. Help residents understand that the area’s target industries are clean and green.

Employers and professional talent are drawn to communities with energetic city centers and high quality of life.

**Recommendation:**
The Chamber and Partnership should actively advocate for the redevelopment of downtown and continued enhancement (and conservation) of other lifestyle amenities. To justify doing so, educate the community about the direct connection between quality of life and economic development.

The Hot Springs Metro has a long and colorful history that is unlike any other place in the country. The area’s lifestyle amenities – parks, lakes, bath houses, historic structures – have drawn people to the community for the past century and will continue to attract interest. The Convention and Visitors Bureau has integrated those stories into portions of its marketing campaign.

**Recommendation:**
Connecting Hot Spring’s remarkable past with the promise of a remarkable future could be a theme of both visitor and economic development marketing.

Retaining young professionals is a challenge for the region. The perception of the Metro is that it is a destination for retirees and vacationers. Access to this demographic is of critical importance to the site selection decision, and it is in the area’s interest to boost its population of 25-44 year old, well-educated individuals.

**Recommendation:**
Engage in initiatives that develop young talent and retain them in the community. Combine these efforts with a talent recruitment campaign. Hone in on individuals who enjoy the outdoors and want an opportunity to make an impact on a community. Communicate Hot Spring’s commitment to entrepreneurial support, downtown redevelopment, and networking young people through professional and volunteer activities.

The Partnership and Chamber’s mottos are general and could be utilized by any community in the country.

**Recommendation:**
If mottos cannot be changed, be sure that written copy and support graphics convey specific messages about the community, with messages customized for each target audience.

Although audiences differ, the Partnership, Chamber and CVB need to look like they belong to the same community. Currently, appears that all three organizations share a similar typeface, but the CVB’s color palette differs.
Unify the graphic identity conveyed from the Chamber, CVB, and Partnership as much as possible. This will reinforce Hot Springs’ image as a place whose leadership works well together. Currently, appears that all three organizations share a similar typeface, but the CVB’s color palette differs.

In addition to sharing graphic identities, Hot Springs brand identity will be further reinforced if the Partnership, Chamber and CVB to share a common marketing theme.

**Recommendation:**
Agree as a group to focus marketing messages and imagery on a shared descriptive word, such as one suggested above. Each will interpret and apply the word in a way that speaks to its own target audiences.

For example, if “storied” is the descriptor, it could:

- Entice tourists to Hot Springs to learn about the area’s colorful history and create vacation stories for years to come - Marketing would showcase stories told by visitors of their experiences in the Hot Springs Metro and unique stories of Hot Spring’s history.

- Entice members to get involved with the Chamber to network through storytelling and learning from other members’ stories - Marketing would include testimonials of how Chamber membership benefitted their business.

- Entice new businesses and talent into the region to create a new chapter in their stories of success - Marketing would profile stories of individual companies that grew after their move to the Hot Springs Metro.

Or, for example, “untapped” could:

- Entice visitors to Hot Springs to explore an untapped, un tarnished natural environment – Marketing would show photographs a single individual or small group enjoying nature within a much wider expanse of beautiful natural scenery.

- Entice members to get involved with the Chamber to tap into their full potential – Marketing would showcase a single company or executive whose Chamber membership tapped them into a large opportunity.

- Entice new businesses and talent into the region to access an untapped wealth of opportunities – Marketing would feature untapped and underutilized regional assets.

The potential applications of shared brand descriptors are numerous. The Chamber, Partnership and CVB should work with a professional agency to craft this creative approach.

Future branding needs to resonate with an international audience. Hot Springs is a unique American community with standout characteristics that will interest European travelers and businesses.
Recommendation:
The Hot Springs Metro has an opportunity to distinguish itself as a destination for both domestic and foreign audiences seeking an exceptional, undiscovered American experience. Setting this as a goal will influence decisions regarding what future development and redevelopment looks like as well as how the community talks about itself.
External Marketing

The internal marketing and branding activities described in the previous section are priorities for the Hot Springs Metro. Without strong, coordinated local support for economic development, external marketing activities will fall flat.

That said; there are a handful of things that the Partnership can do to prepare for external marketing while it builds support at home. A targeted initiative will require the Partnership to invest in new marketing tools, such as a dedicated economic development website and media relations. Also, as stated earlier, we also strongly recommend that the Partnership continue to be actively involved with the Metro Little Rock Alliance. The Alliance allows the Partnership to extend its reach nationally and internationally.

How can the Partnership strengthen awareness that the Hot Springs Metro is competitive location for businesses within its target industries and beyond?

The success of the Partnership’s external marketing will depend, in part, on whether it is armed with marketing tools that resonate with target audiences. After a thorough review of Chamber, CVB and Partnership marketing materials, we offer the following suggestions related to investing in tools for the future:

Transition marketing tools into electronic and online formats as much as possible. Printed materials and advertisements are not as effective with today’s sophisticated audiences.

As discussed earlier, the Partnership needs to invest in a new, standalone marketing website dedicated to economic development. A Chamber of Commerce platform, such as the one currently in use, does not satisfy the expectations of site consultants and corporate decision makers from outside of the community. Model the website on best practice EDO websites such as the ones listed to the right.

Integrate a social media campaign into future marketing. Social media is beneficial for two reasons. First, platforms such as Twitter and Facebook provide the Partnership and Chamber an excellent format for building internal awareness and support for economic development. Dedicate a staff person to keeping posts and tweets current on a daily basis. Organizations such as the Birmingham Business Alliance (http://www.facebook.com/bhmbizalliance?sk=wall) and the Greater Des Moines Partnership (http://www.facebook.com/GreaterDesMoinesPartnership?sk=wall) offer examples of successful internal social media efforts.

Second, having a social media presence makes a positive impression on external audiences. Directing prospects to Twitter and Facebook campaigns will indicate to them that the Partnership and Chamber are progressive organizations, willing to embrace new technologies. Having a large following on those sites will also show prospects that the community embraces economic growth. Leaders of the Partnership and Chamber should keep current LinkedIn accounts. Through LinkedIn, staff members can connect with site selection and real estate forums. Post questions and news to those forums to keep the Hot Springs Metro’s name top-of-mind.
We also recommend identifying bloggers who report on target industry news. Oftentimes, these can be found through online publications. Follow their news stories and post comments on a regular basis. Again, keeping the Hot Springs Metro’s name in front of industry influencers such as reporters and bloggers will benefit the marketing campaign. On more than one occasion, bloggers have reached out to people who frequently comment on their posts in search of new stories and opinions.

The Partnership should **not invest in any printed brochures, direct mail, or advertisements** unless absolutely necessary. On occasion, an ad or flyer might be needed to support participation in an event, but for the most part, general print collateral quickly outdates itself and is thrown in the recycling bin. It is an expensive proposition. That money will be better spent on a smart online presence.

If the budget allows, consider retaining a media relations company to proactively promote Hot Springs Metro stories to business and target industry publications. **Earned media** offers an outstanding opportunity to build name awareness and share information in a trusted format. It is a strong complement to direct sales activities.

Once the Partnership has invested in the foundational tools of its marketing program, the next step is to customize a sales campaign for each target industry. While the exact mix of activities will vary depending on the audience, the basic components of each campaign should include:

- Customized web page(s) containing sales points specific to the industry within the Partnership’s new standalone website
- Distributing and pitching news stories to general business and trade-specific publications (print and online)
- Tracking and commenting on blogs that report audience-specific news
- Attending 1-3 industry specific events each year, focusing on executive-level conferences that provide a more intimate setting and opportunity for the Partnership to connect one to one with decision makers
- Attending 2-3 annual site selection events that are attended by site selectors with expertise in Hot Spring’s target industries
- Participating in marketing missions to 3-5 target geographies - nationally and abroad – each year
- Developing a customized and creative approach to selling the Hot Springs Metro to a small number (e.g., 5-10) of leading industry companies that constitute ideal expansion and recruitment opportunities

Work with the Metro Little Rock Alliance on the above activities, particularly marketing missions and industry events. It is likely that the Alliance already has a presence, and working with them will maximize the Partnership’s return on investment.
As stated earlier, the balance of marketing activities for each target audience will be different. In some cases, company executives and influencers may already be familiar with Hot Springs because they have visited the area. Others may not have a presence in the community yet, and need to be shown how the region compares to others. We have provided some marketing suggestions for each industry below:

- Health and Wellness
- Professional and Business Services
- Information Technology
- Advanced manufacturing
- Distribution and Logistics

See the Target Industry Analysis, beginning on page 103, for more information about each target.
Implementation

The Partnership’s communications budget in 2010 of approximately $54,000 for marketing included travel, re-branding, postage, printing, supplies, annual website support, community relations, and advertising. Very little was spent on advertising. Printing the annual relocation guide absorbed around $27,000 of the total budget. Another $20,000 was allocated for one-time costs associated with re-branding.

The current marketing budget is not sufficient to support a targeted marketing campaign of the scale that we are recommending. Marketing budgets for competitor communities range between $50,000 to $100,000 per year and include items such as travel, event participation and sponsorships, website updates / support, media relations, subscriptions, and advertising. In addition to those annual marketing allocations, many communities include an additional sum ranging anywhere from $30,000 to $50,000 every three to five years to revamp the marketing website. The Partnership’s approximate $30,000 that is currently available for marketing – beyond the Chamber publication and re-branding expenses – is significantly below the competition.
APPENDIX B - ECONOMIC ASSESSMENT

To provide a baseline understanding for our recommendations, TIP began by compiling demographic and economic data on Hot Springs and the five-county region compared to the state of Arkansas, and the nation. The purpose is to understand the region’s relative economic position and highlight its competitive advantages and disadvantages.

About the data

We based our findings on the following elements:

A review of relevant studies, plans, and other material provided by the Greater Hot Springs Chamber of Commerce and the Garland County Economic Development Corporation.

A review of economic and demographic data from primary and secondary sources, including the US Census Bureau, the Arkansas Department of Workforce Services, the US Bureau of Labor Statistics, and Economic Modeling Specialists Inc. (EMSI).

The data and analysis is organized within five categories: demographics, migration and mobility, income and housing, economy, and workforce.

The 5-County Greater Hot Springs Region (GHSR-5)
Source: Mapquest
SWOT

A broad cross-section of citizens and interest groups informed the content, along with a comprehensive data analysis conducted by TIP. The SWOT graphic illustrates the results of the analysis of strengths, weaknesses, opportunities, and threats (SWOT) conducted as part of the assessment. The topics were chosen based on our analysis of the data, interviews with local professionals, and our experience conducting strategic planning engagements across the US. The size of the bubble is intended to convey our view of the relative importance of the topic, and in some cases, the likelihood of impact in the region. Items closer to the center of the graph tend to be more local in nature. Those at the outer corners are influenced by state, national, or global trends, placing them to some degree outside of local or regional control.
DEMOGRAPHICS

Figure 1: Population

- Population growth in the 5-county Greater Hot Springs Region (GHSR-5) was relatively flat in the 1980s.

- Beginning in the 1990s, population growth picked up. Over the past two decades, the region has added nearly 35,000 new residents.

- Projections from the Arkansas State Data Center indicate population growth will continue in the years ahead. According to these estimates, the 5-county region could surpass a population of 250,000 by 2030.

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1 SOURCES: Arkansas State Data Center (University of Arkansas at Little Rock, Institute for Economic Advancement); US Census Bureau
More than half (56%) of the region's population is concentrated in Garland County, with the other 4 counties together making up the remaining 44% of the regional balance.

- Garland's population is roughly 3 times that of the next largest county, Hot Spring.

---

2 SOURCES: US Census Bureau
 DEMOGRAPHICS

Figure 3: Population History and Forecast for the GHSR-5 Counties

- Much of the region’s growth has been concentrated in Garland County and projections show that this is where the bulk of new population will be added.

- According to the Arkansas State Data Center, both Hot Spring and Clark counties should all experience moderate growth.

- The pace of growth in Pike and Montgomery counties, however, is expected to remain modest.

3 SOURCES: Arkansas State Data Center (University of Arkansas at Little Rock, Institute for Economic Advancement); US Census Bureau
**DEMOGRAPHICS**

**Figure 4: The GHSR-5 Regional Population Distribution by Age**

- While the population of the 5-county region is growing, its age composition is changing much like the rest of the US.

- As of 2010, about 57% of the region’s population falls within the working age range of 20-64. Within a generation, this working-age share will be squeezed to just 51% of the total population.

- As the post-WWII baby boom generation has begun to reach age 65, retirements have picked up. This will push the senior share of the population higher. Meanwhile, children and adolescents will remain a relatively stable share of the overall county population.

---

4 SOURCES: US Census Bureau; Moody’s Analytics
Figure 5: Current Enrollment Status of the Population

- More than one-third of Clark County's residents are enrolled in an educational program at some level between pre-school and graduate school. Two universities in Arkadelphia (Henderson State and Ouachita Baptist) help push the county's enrollment statistics way beyond the state average.

- The other four counties in the region look more like the state average, especially at the primary and secondary school levels.

SOURCES: U.S. Census Bureau (American Community Survey, 2005-2009 average)
DEMOGRAPHICS

Figure 6: Demographic Comparison - Ancestry, homeownership, military service, language, & citizenship

The racial and ethnic composition of the 5-county region looks much like the rest Arkansas. Residents tend to trace their ancestries back to Northern Europe or Africa. Unlike the nation, however, there are relatively few in the region whose family trees reach back to Mexico or Asia.

GHSR-5 residents are more apt to own a home than the average American household.

---

NOTE: "Family origins" is calculated from Census tabulations across multiple categories, including ancestry, race, & ethnicity; "Military service" is calculated on the population age 18 or older; SOURCES: U.S. Census Bureau (American Community Survey, 2005-2009 average)
In any given year, the five counties in the region are likely to issue slightly more death certificates than birth certificates. This means that there is no "natural" population increase to speak of in the region. Whatever growth occurs must come from migration.

In the past 20 years, migration has kept the population growing. Most of the new residents arrive from somewhere else in the US. Very few of the region's new residents are immigrants, especially those arriving in the past decade. At the opposite end of the age spectrum, Hot Springs has a higher share of seniors (20 percent) in its resident population than the US average overall (13 percent).

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7 SOURCES: U.S. Bureau of the Census; Moody's Analytics
Figure 8: Net Commuter Outflow from the GHSR-5 Region - Fewer jobs within the region than employed residents

- Estimates from the US Census Bureau show that the GHSR-5 region is home to more employed residents than actual jobs. Essentially, this means that the region creates a net outflow of commuters instead of an inflow.

- The net ratio of outbound over inbound commuters has remained relatively constant over the decade, during both growth and recessionary periods.

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8 NOTE: Employed residents and jobs reflect covered employment only (i.e. this may not match other, more comprehensive measures of total employment)

### MIGRATION & MOBILITY

**Figure 9: Commuting Patterns among the GHSR-5 Counties, 2008 - An inter-connected region and workforce**

- **#** = number living and working in the same county

<table>
<thead>
<tr>
<th></th>
<th>Garland</th>
<th>Clark</th>
<th>Hot Spring</th>
<th>Pike</th>
<th>Montgomery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Garland</strong></td>
<td>22,718</td>
<td>618</td>
<td>2,296</td>
<td>279</td>
<td>372</td>
</tr>
<tr>
<td><strong>Clark</strong></td>
<td>464</td>
<td>4,999</td>
<td>744</td>
<td>225</td>
<td>48</td>
</tr>
<tr>
<td><strong>Hot Spring</strong></td>
<td>886</td>
<td>298</td>
<td>3,650</td>
<td>85</td>
<td>63</td>
</tr>
<tr>
<td><strong>Pike</strong></td>
<td>151</td>
<td>206</td>
<td>101</td>
<td>1,046</td>
<td>180</td>
</tr>
<tr>
<td><strong>Montgomery</strong></td>
<td>175</td>
<td>34</td>
<td>50</td>
<td>58</td>
<td>749</td>
</tr>
</tbody>
</table>

- Job-holding residents within the 5-county Greater Hot Springs Region experience a moderate degree of cross-county commuting within the region.

- The biggest single cross-county commute is from Garland to Hot Spring County. Nearly 2,300 Garland County residents work in Hot Spring County, while fewer than 900 Hot Spring County residents work in Garland County. ***HOT SPRINGS*** generates net inbound traffic needed to staff jobs in three broad categories (office-using, institutional, and tourism-oriented). The city’s net inflow of workers has declined in recent years for institutional and tourism-oriented jobs but it has remained steadier for office-using jobs.

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**SOURCES:** U.S. Bureau of the Census, Local Employment Dynamics (LED) database, 2008
MIGRATION & MOBILITY

Figure 10: GHSR-5 Region’s Net Commuter Flow by Economic Sector - *Industries that pull employed GHSR-5 residents across county lines*¹⁰

- The net outflow of commuters from the 5-county region is consistent across most economic sectors, especially manufacturing and distribution activities.

- The exceptions are tourism-related activities, which tend to draw workers into the region for work. These activities include, among other things, retail trade, arts/recreation, hotels, and restaurants.

¹⁰ NOTE: Totals for workers and jobs based on covered employment only (i.e., this may not match other, more comprehensive measures of employment);

Population growth histories show that much of the region’s growth has been in Garland County. An analysis of 2008 IRS data confirms this pattern. In that year, about 4,750 new tax exemptions appeared in Garland County, but the county lost fewer than 4,000 of the exemptions that had been filed there in 2007. The difference helps illustrate the net population gain in a given year. The other four counties did not experience population churn to this degree, nor were there significant differences between the numbers of in-movers and out-movers.

NOTE: The number of movers (i.e., migrants) is calculated by comparing tax exemptions by county of filing in two consecutive years.

SOURCE: U.S. Internal Revenue Service, County-to-County Migration Files, 2008
MIGRATION & MOBILITY

Figure 12: Migration Patterns among the GHSR-5 Counties, 2008 - An inter-connected region and population

Some people commute. Others choose to pick up and move. An analysis of IRS exemptions in 2008 shows county-to-county moves over the course of the year among the region’s 5 counties.

The strongest cross-mover pattern between any two counties within the region is between Garland and Hot Spring County. Not surprisingly, these are also the same two counties with the strongest pattern of cross-commuting.

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12 NOTE: Some IRS mover data have been suppressed. For the IRS, the typical suppression level is (roughly) 15 exemptions. SOURCES: U.S. Bureau of the Census, Local Employment Dynamics (LED) database, 2008.
INCOME & HOUSING

Figure 13: Household Comparison – Household size, income, and housing stock

- Median incomes across the region are relatively consistent, but housing costs are not. Garland County's median home prices far outpace the region's other four counties.

- Census estimates indicate a large block of vacant housing in the region. In Hot Spring, Garland, and Clark Counties, just 15-20% of units are vacant, but the ratios are higher in Pike and Montgomery (25-33% vacant).

---

13 NOTE: The affordability ratio is the median home value divided by the median household income. The "ratio" equates the home prices to raw earning potential (expressed in years of gross income needed to pay for the home). The lower the number, the more affordable the housing. SOURCES: U.S. Census Bureau (American Community Survey, 2005-2009 average)
**INCOME & HOUSING**

**Figure 14: Distribution of Income by Household – Share of total households by income level**

- **Income distributions are similar in all five counties, tilting more toward the lower end of the spectrum and less toward the higher income brackets.**

- **In the US as a whole, comparable numbers of households occupy the upper and lower ends of the income spectrum, creating a dominant middle class.**

---

**SOURCES:** U.S. Census Bureau (American Community Survey, 2005-2009 average)
INCOME & HOUSING

Figure 15: Housing Affordability Ratios – Garland County’s housing affordability looks like the national average, less like the region

- Over the past five years, the median home price in the US, on average, was about 3.6 times higher than median household income. With a ratio of 3.4 over the same period, Garland County was only slightly more affordable than the US overall.

- Clark (2.4), Montgomery (2.2), Pike (2.2), and Hot Spring (2.1) have much better affordability ratios than Garland.

NOTE: Bubble sizes reflect relative affordability. The larger the bubble, the less affordable the housing market is to residents.

SOURCES: U.S. Census Bureau (American Community Survey, 2005-2009 average)
ECONOMY

Figure 16: Comparative Unemployment – Latest unemployment rate in the context of the historical 20-year range

- Unemployment rates are at record highs around the country.

- In Arkansas, the average jobless rate is a full 2 points better than the national average.

- The counties within the GHRS-5 region vary. Jobless rates in Pike and Montgomery remain well above the state average. Both Clark and Garland Counties are close to the state average. The region’s lowest unemployment rate is currently in Hot Spring County.

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16 NOTE: All data from January 1990 through November 2010, not seasonally adjusted except US which includes December 2010 and is seasonally adjusted.

ECONOMY

Figure 17: Change in the Number of Unemployed Residents by County – Rolling 12-month change since 2007

- Only in Hot Spring County have unemployment rolls begun to fall consistently over the past year. This may explain why the county currently has the region's lowest unemployment rate.

- Jobless levels in the other four counties appeared to stabilize in early 2010, but unemployment levels worsened in the latter half of the year.

ECONOMY

Figure 18: Total Employment in the GHSR-5 Region – *Another 13,000 jobs in the next 10 years?*

- Job growth in the GHSR-5 area reversed course during the recent recession. By the end of 2010, the complete job count for the five counties had slipped back to near the same level as it had been in 2005.

- Employment forecasts by EMSI point toward healthy employment growth of about 13,000 new jobs in the decade ahead. If this aggressive growth were to occur, it would push the region close to 100,000 total jobs by 2020.

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18 SOURCE: EMSI Complete Employment - 4th Quarter 2010
Healthcare, local government, and retail trade are often the largest employing sectors outside of major urban areas, and this pattern is true in the 5-county region of Greater Hot Springs as well, where these three sectors account for roughly 10,000-11,000 jobs each.

Of the remaining 17 sectors analyzed, none accounts for more than 7,000 jobs.

The manufacturing sector now provides fewer than 6,000 jobs, making it barely half the size of the healthcare sector.
ECONOMY

Figure 20: Distribution of Jobs within the GHSR-5 as of 2010

- Garland County is home to about 6 of every 10 jobs in the 5-county region. Some of Garland's economic sectors account for as much as three-quarters of regional employment.

- Garland County employs a disproportionately large share of workers in tourism-related activities like arts & recreation, restaurants & hotels, and retail trade.

- More than half the region's jobs in agriculture, education, manufacturing, and distribution are located outside of Garland County.

SOURCE: EMSI Complete Employment - 4th Quarter 2010
Job gains and losses in recent years have been distributed unevenly across counties and across economic sectors.

Healthcare and business service activities eked out job gains in recent years even as the recession tore through other sectors. Job losses fell disproportionately on the manufacturing and construction sectors.

Garland County has picked up most of the region’s jobs gains in professional services, finance, and insurance since 2007. The county also shed a substantial number of retail jobs during this period even as the other four counties added jobs in this sector.

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21 SOURCE: EMSI Complete Employment - 4th Quarter 2010
Regional job losses in manufacturing and construction were heavy in 2007, 2008, and 2009 but the losses began to subside by 2010.

Other impacts of the recession were later to hit. Retail, hotel, and restaurant jobs were still being added in 2007 and 2008, but losses picked up in 2009 and 2010.

Healthcare proved highly resilient through the downturn, adding new jobs in each of the past four years.
Tourism provides a strong focus to the region’s economy and this shows up in regional location quotients. The 1.29 LQ for arts and recreation is above average, while the 1.21 for restaurants and hotels and the 1.18 for retail trade push near the top of the average range of 0.75 to 1.25.

SOURCE: EMSI Complete Employment - 4th Quarter 2010

23
ECONOMY

Figure 24: Two Scenarios of Job Performance: National and Regional – Employment growth history (2003-2010) and forecast (2011-2020)^24

- Job growth in the GHSR-5 outperformed the national average at the peak of the recent expansion in 2006. The depth of job decline at the bottom of the recession was also lighter in the region than in the US overall.

- EMSI forecasts that the 5-county region will add jobs over the next decade at a pace that narrowly edges ahead of the US rate of employment growth.

^24 SOURCE: EMSI Complete Employment - 4th Quarter 2010


**ECONOMY**

**Figure 25: US Outlook by Economic Sector – National job growth history (2003-2010) and forecast (2011-2020)**

- Healthcare and education have been among the least volatile sectors in the recent US recession.
- Both of these sectors will continue to add jobs nationally at a steady pace over the next decade.
- The boom-and-bust sectors of the past decade such as construction are unlikely to see job growth rates rebound to previous peaks during the next 10 years.
- Until recently, this gloomy outlook applied to manufacturing as well, but a devaluing of the US dollar and federal push to expand exports have positioned this sector for a faster recovery than previously thought.

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25 SOURCE: EMSI Complete Employment - 4th Quarter 2010
ECONOMY

Figure 26: GHSR-5’s Projected Job Gains by Industry Sector\(^\text{26}\)

- The healthcare sector will add nearly 3,000 of the 13,000 or so jobs expected to be created in the 5-county region over the next decade. No other sector of the GHSR-5 economy is anticipated to add as many jobs.

- Even without a proactive economic development plan, tourism-related activities will still show modest job gains over the next decade. According to EMSI, tourism-related gains will include roughly 900 new jobs for restaurants and hotels and 600 jobs each for retail trade and arts/recreation.

\(^{26}\) SOURCE: EMSI Complete Employment - 4th Quarter 2010
WORKFORCE

Figure 27: Educational Attainment – Highest level of education achieved by the population age 25 or older\textsuperscript{27}

- Arkansas's educational attainment levels lag the national average, and this is true within the GHSR-5 region as well.

- Nationwide, about 28% of adults hold a 4-year degree or higher. In the 5-county region, this ratio falls to about 17%, although at least an additional 30% of the region's adults have pursued some college coursework, even if it was less than a 4-year diploma. The range of skills available in the region provides a framework for the types of jobs that are likely to follow in the years ahead.

\textsuperscript{27} SOURCES: U.S. Census Bureau (American Community Survey, 2005-2009 average)
WORKFORCE

Figure 28: GHSR-5 Job Base by Occupational Group, 2010

- Roughly one-quarter of GHSR-5 workers are employed in occupations that involve sales or office administration. This is a fairly typical occupational pattern for any region to have.

- While the healthcare sector as a whole employs more than 11,000 workers in the region (see Exhibit 20), the technical and support occupations in healthcare total only about 7,000 jobs. The other one-third of jobs in this sector are filled by other occupations, including managers, office support workers, and other professionals.

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28 NOTE: Self-employed agricultural workers are often classified as "farm managers" and may be classified separately as management occupations.

SOURCE: EMSI Complete Employment - 4th Quarter 2010
**WORKFORCE**

**Figure 29: GHSR-5 Occupational Job Trends by Year, 2007-2010 – A wide gap in the types of jobs gained and lost**

- GHSR-5 job performance over the past four years has differed sharply across occupational groups.
- Blue-collar jobs in construction, production, transportation, and repair services have suffered relentless losses.
- Other occupations have held up well during tough times. Jobs in business, healthcare, and education have eked out gains over at least three of the past four years (if not all four).

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*EMSI Complete Employment - 4th Quarter 2010*

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29 EMSI Complete Employment - 4th Quarter 2010
WORKFORCE

Figure 30: GHSR-5 Occupational Group Concentrations, 2010

Location Quotient Analysis:
- US average for each industry = 1.00
- Regional strength > 1.25
- Regional weakness < 0.75

Even though the GHSR-5 area supports about 700 science-related jobs and another 700 engineering-related jobs, the region's location quotients for these occupational groups are relatively low. In other words, for a region this size, national patterns indicate that the region should, in theory, be supporting more than 700 jobs each in these two occupational groups.

SOURCE: EMSI Complete Employment - 4th Quarter 2010
WORKFORCE

Figure 31: Median Hourly Wage Rate By Occupational Group - GHSR-5 median wage presented in the context of the national wage range

- Wage rates in the GHSR-5 area fall near the bottom of the national range across all occupational groups.
- The region’s highest paid occupational group is non-support healthcare practitioners, which includes physicians as well as nurses, technicians, and others with applied skills.
- This high-wage occupational group is notable since the healthcare sector is also forecast to add more jobs in the GHSR-5 area over the coming decade than any other sector.

SOURCE: EMSI Complete Employment - 4th Quarter 2010
APPENDIX C - TARGET INDUSTRY ANALYSIS

STRATEGIC ANALYSIS

The selection of target sectors is traditionally bound to an assessment of only a few determinant factors, such as access to an available workforce, industrial sites, and incentives. Our target industry recommendations are not based solely on these factors, but also on conversations with the region’s business leaders to better understand potential opportunities and challenges that might not be readily identifiable through secondary data sources alone. The TIP team also brings to bear its understanding of broader macroeconomic and social trends, such as consumption patterns/consumer spending, emerging markets/international trade, and demographic shifts/aging workforce to better understand long-term recruitment and development prospects. TIP also strongly takes into consideration how the potential targets might fit within the overall strategic framework of the economic development plan, as well as how each might affect the Greater Hot Springs Region’s attractiveness to existing and future residents. Finally, TIP identified target sectors for the GCEDC, using a three-pronged approach: quantitative, qualitative, and strategic. TIP examined both traditional and nontraditional target opportunities for the Greater Hot Springs Region. Traditional targets represent the types of industries that have historically been marketed to by economic development organizations. These might typically include traditional manufacturing sectors as well as other related industrial and/or transportation activities. Traditional targets often represent the first tier of economic opportunity.
STRATEGIC ANALYSIS

Figure 32: Proposed Target Sectors for the GHSR-5 Region

Manufacturing/Advanced manufacturing
- Aerospace & aviation
- Automotive
- Clean tech & green building

Logistics/distribution
- Warehousing
- Packaging
- Food processing

Heritage & recreational tourism

Professional & business services

IT services
- Software development
- Data management & storage
- Technical support

Healthcare & Wellness
- General healthcare
- Outdoor recreation
- Spa resorts
STRATEGIC ANALYSIS

Figure 33: The US Outlook for Jobs – Employment growth history (2003-2010) and forecast (2011-2020)\textsuperscript{32}

- US job growth is expected to return in 2011, but the pace of growth will be less than the previous expansion.

\textsuperscript{32} SOURCES: EMSI Complete Employment - 4th Quarter 2010
INDUSTRY OUTLOOK

Figure 34: US Outlook by Economic Sector – National job growth history (2003-2010) and forecast (2011-2020)\(^3\)

\[^3\] SOURCE: EMSI Complete Employment - 4th Quarter 2010
INDUSTRY OUTLOOK

Figure 35 (Continued): US Outlook by Economic Sector – Summary of findings

The employment outlook for the US economy differs by sector. Our task is to whittle out the sectors and industries where the 5-County Greater Hot Springs Region (GHSR-5) may find the most appropriate opportunities. Each of the seven clusters differs from the US economy in job growth patterns to some degree. The health & human performance cluster is by far the most stable while data management has been the most volatile.

- Industrial sectors, such as manufacturing, wholesale trade, and transport and storage, make sense along the I-30 corridor that includes Hot Spring and Clark Counties. We may want to explore these sectors in two groups: manufacturing and logistics/distribution (which would include both wholesale trade and transportation/storage).

- Heritage and recreational tourism are an obvious fit for Garland County, and some aspects of this sector could be a good fit for Montgomery and Pike, too.

- Garland County may also find opportunities to build on its growing base of professional services and IT/software firms. These types of activities tend to be a more dynamic job generator in larger, urban areas, so this isn't a perfect fit, but there may be niche opportunities nonetheless.

- Finally, healthcare is one of the most reliable job-generating sectors in the US economy, even during recessions. As the US economy ages, the demand for senior care services will increase. The appeal of the GHSR-5 region as a retirement destination may boost local demand for these types of services.

---

34 SOURCE: EMSI Complete Employment - 4th Quarter 2010
INDUSTRY OUTLOOK

Figure 36: US Outlook for the Potential Target Industries – National job growth history (2003-2009) and forecast (2010-2020)\(^\text{35}\)

\(^{35}\) NOTE: Manufacturing = NAICS 31-33. Logistics/distribution = NAICS 42 (wholesale trade) and 48-49 (transportation/storage). Tourism = NAICS 71 (arts/recreation) and 72 (accommodation & food services). Professional services = NAICS 54. IT services = NAICS 51. Healthcare = NAICS 62. SOURCES: EMSI Complete Employment - 4th Quarter 2010
INDUSTRY OUTLOOK

Figure 37: Current Size of the Target Sectors under Consideration - *Estimated number of jobs in the US (in millions) as of 2010*\(^3^6\)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>18,983,244</td>
</tr>
<tr>
<td>Tourism</td>
<td>15,652,979</td>
</tr>
<tr>
<td>Logistics/distribution</td>
<td>12,155,766</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12,116,153</td>
</tr>
<tr>
<td>Professional services</td>
<td>11,711,344</td>
</tr>
<tr>
<td>IT services</td>
<td>3,252,198</td>
</tr>
</tbody>
</table>

---

\(^3^6\) NOTE: Manufacturing = NAICS 31-33. Logistics/distribution = NAICS 42 (wholesale trade) and 48-49 (transportation/storage). Tourism = NAICS 71 (arts/recreation) and 72 (accommodation & food services). Professional services = NAICS 54. IT services = NAICS 51. Healthcare = NAICS 62. SOURCES: EMSI Complete Employment - 4th Quarter 2010
INDUSTRY OUTLOOK

Figure 38: Potential Size of the Target Sectors under Consideration - Estimated number of jobs in the US (in millions) as of 2010

<table>
<thead>
<tr>
<th>Industry</th>
<th>2010</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>18,983,244</td>
<td>22,983,143</td>
</tr>
<tr>
<td>Tourism</td>
<td>15,652,979</td>
<td>17,885,269</td>
</tr>
<tr>
<td>Logistics/distribution</td>
<td>12,155,766</td>
<td>13,034,131</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12,116,153</td>
<td>11,738,811</td>
</tr>
<tr>
<td>Professional services</td>
<td>11,711,344</td>
<td>14,113,888</td>
</tr>
<tr>
<td>IT services</td>
<td>3,252,198</td>
<td>3,491,701</td>
</tr>
</tbody>
</table>

NOTE: Manufacturing = NAICS 31-33. Logistics/distribution = NAICS 42 (wholesale trade) and 48-49 (transportation/storage). Tourism = NAICS 71 (arts/recreation) and 72 (accommodation & food services). Professional services = NAICS 54. IT services = NAICS 51. Healthcare = NAICS 62. SOURCES: EMSI Complete Employment - 4th Quarter 2010
INDUSTRY OUTLOOK

Figure 39: Selected Manufacturing Industries with Growth Potential – *Estimated number of jobs to be added in the US, 2010-2020*38

<table>
<thead>
<tr>
<th>Industry</th>
<th>Estimated jobs to be added in the US, 2010-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sign Mfg</td>
<td>39,934</td>
</tr>
<tr>
<td>Pharmaceutical Preparation Mfg</td>
<td>28,385</td>
</tr>
<tr>
<td>All Other Motor Vehicle Parts Mfg</td>
<td>24,826</td>
</tr>
<tr>
<td>Poultry Processing</td>
<td>18,500</td>
</tr>
<tr>
<td>Wood Kitchen Cabinet &amp; Countertop Mfg</td>
<td>17,374</td>
</tr>
<tr>
<td>Wineries</td>
<td>17,351</td>
</tr>
<tr>
<td>Search, Detection, &amp; Navigation System &amp; Instrument Mfg</td>
<td>16,670</td>
</tr>
<tr>
<td>Wood Container &amp; Pallet Mfg</td>
<td>16,582</td>
</tr>
<tr>
<td>Digital Printing</td>
<td>16,322</td>
</tr>
<tr>
<td>Plastics Bag &amp; Pouch Mfg</td>
<td>16,099</td>
</tr>
<tr>
<td>Custom Architectural Woodwork &amp; Millwork Mfg</td>
<td>15,985</td>
</tr>
<tr>
<td>Other Communications Equipment Mfg</td>
<td>15,470</td>
</tr>
<tr>
<td>Institutional Furniture Mfg</td>
<td>14,154</td>
</tr>
<tr>
<td>Fabricated Structural Metal Mfg</td>
<td>14,012</td>
</tr>
<tr>
<td>Electromedical &amp; Electrotherapeutic Apparatus Mfg</td>
<td>14,004</td>
</tr>
<tr>
<td>Oil &amp; Gas Field Machinery &amp; Equipment Mfg</td>
<td>13,681</td>
</tr>
<tr>
<td>Surgical &amp; Medical Instrument Mfg</td>
<td>13,407</td>
</tr>
<tr>
<td>Commercial Screen Printing</td>
<td>12,878</td>
</tr>
<tr>
<td>Sheet Metal Work Mfg</td>
<td>12,449</td>
</tr>
<tr>
<td>All Other Miscellaneous Mfg</td>
<td>12,178</td>
</tr>
<tr>
<td>Automobile Mfg</td>
<td>11,887</td>
</tr>
<tr>
<td>Women’s &amp; Girls’ Cut &amp; Sew Blouse &amp; Shirt Mfg</td>
<td>11,138</td>
</tr>
<tr>
<td>II Other Miscellaneous Chemical Product &amp; Preparation Mfg</td>
<td>10,676</td>
</tr>
<tr>
<td>Other Aircraft Parts &amp; Auxiliary Equipment Mfg</td>
<td>10,408</td>
</tr>
<tr>
<td>Nonwoven Fabric Mills</td>
<td>10,182</td>
</tr>
<tr>
<td>Plastics Bottle Mfg</td>
<td>9,769</td>
</tr>
<tr>
<td>Ship Building &amp; Repairing</td>
<td>9,509</td>
</tr>
<tr>
<td>Plastics Packaging Film &amp; Sheet (including Laminated) Mfg</td>
<td>9,099</td>
</tr>
<tr>
<td>Meat Processed from Carcasses</td>
<td>9,037</td>
</tr>
</tbody>
</table>

38 NOTE: Manufacturing = NAICS 31-33. Logistics/distribution = NAICS 42 (wholesale trade) and 48-49 (transportation/storage). Tourism = NAICS 71 (arts/recreation) and 72 (accommodation & food services). Professional services = NAICS 54. IT services = NAICS 51. Healthcare = NAICS 62. SOURCES: EMSI Complete Employment - 4th Quarter 2010
### INDUSTRY OUTLOOK

**Figure 40: Selected Logistics/Distribution Industries with Growth Potential** - *Estimated number of jobs to be added in the US, 2010-2020*³⁹

<table>
<thead>
<tr>
<th>Industry</th>
<th>Estimated Number of Jobs to Be Added (2010-2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale Trade Agents &amp; Brokers</td>
<td></td>
</tr>
<tr>
<td>General Warehousing &amp; Storage</td>
<td></td>
</tr>
<tr>
<td>General Freight Trucking, Long-Distance, Truckload</td>
<td></td>
</tr>
<tr>
<td>Medical, Dental, &amp; Hospital Equipment &amp; Supplies Wholesaling</td>
<td></td>
</tr>
<tr>
<td>Drugs &amp; DRUGGISTS' Sundries Wholesaling</td>
<td></td>
</tr>
<tr>
<td>Specialized Freight Trucking, Local</td>
<td></td>
</tr>
<tr>
<td>Limousine Service</td>
<td></td>
</tr>
<tr>
<td>Other Grocery &amp; Related Products Wholesaling</td>
<td></td>
</tr>
<tr>
<td>Other Support Activities for Air Transportation</td>
<td></td>
</tr>
<tr>
<td>Scheduled Passenger Air Transportation</td>
<td></td>
</tr>
<tr>
<td>General Freight Trucking, Long-Distance, Less Than Truckload</td>
<td></td>
</tr>
<tr>
<td>General Line Grocery Wholesaling</td>
<td></td>
</tr>
<tr>
<td>Freight Transportation Arrangement</td>
<td></td>
</tr>
<tr>
<td>Couriers &amp; Express Delivery Services</td>
<td></td>
</tr>
<tr>
<td>School &amp; Employee Bus Transportation</td>
<td></td>
</tr>
<tr>
<td>Other Warehousing &amp; Storage</td>
<td></td>
</tr>
<tr>
<td>Electrical Apparatus &amp; Equipment, Wiring Supplies, &amp; Related</td>
<td></td>
</tr>
<tr>
<td>Brick, Stone, &amp; Related Construction Material Wholesaling</td>
<td></td>
</tr>
<tr>
<td>Specialized Freight Trucking, Long-Distance</td>
<td></td>
</tr>
<tr>
<td>Recyclable Material Wholesaling</td>
<td></td>
</tr>
<tr>
<td>General Freight Trucking, Local</td>
<td></td>
</tr>
<tr>
<td>Wine &amp; Distilled Alcoholic Beverage Wholesaling</td>
<td></td>
</tr>
<tr>
<td>Special Needs Transportation</td>
<td></td>
</tr>
<tr>
<td>Industrial Supplies Wholesaling</td>
<td></td>
</tr>
<tr>
<td>Fresh Fruit &amp; Vegetable Wholesaling</td>
<td></td>
</tr>
<tr>
<td>Beer &amp; Ale Wholesaling</td>
<td></td>
</tr>
<tr>
<td>Refrigerated Warehousing &amp; Storage</td>
<td></td>
</tr>
<tr>
<td>Plumbing &amp; Heating Equipment &amp; Supplies (Hydromics)</td>
<td></td>
</tr>
<tr>
<td>Automobile &amp; Other Motor Vehicle Wholesaling</td>
<td></td>
</tr>
</tbody>
</table>

³⁹ NOTE: Manufacturing = NAICS 31-33. Logistics/distribution = NAICS 42 (wholesale trade) and 48-49 (transportation/storage). Tourism = NAICS 71 (arts/recreation) and 72 (accommodation & food services). Professional services = NAICS 54. IT services = NAICS 51. Healthcare = NAICS 62. SOURCES: EMSI Complete Employment - 4th Quarter 2010
INDUSTRY OUTLOOK

Figure 41: Selected Tourism-Related Industries with Growth Potential - *Estimated number of jobs to be added in the US, 2010-2020*

<table>
<thead>
<tr>
<th>Industry</th>
<th>Jobs 2010-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Service Restaurants</td>
<td>21,582</td>
</tr>
<tr>
<td>Limited-Service Restaurants</td>
<td>19,271</td>
</tr>
<tr>
<td>Fitness &amp; Recreational Sports Centers</td>
<td>17,937</td>
</tr>
<tr>
<td>Independent Artists, Writers, &amp; Performers</td>
<td>17,445</td>
</tr>
<tr>
<td>Snack &amp; Nonalcoholic Beverage Bars</td>
<td>10,518</td>
</tr>
<tr>
<td>Hotels (except Casino Hotels &amp; Motels)</td>
<td>9,826</td>
</tr>
<tr>
<td>Food Service Contractors</td>
<td>9,117</td>
</tr>
<tr>
<td>Golf Courses &amp; Country Clubs</td>
<td>7,308</td>
</tr>
<tr>
<td>Other Gambling Industries</td>
<td>7,209</td>
</tr>
<tr>
<td>Other Spectator Sports</td>
<td>6,471</td>
</tr>
<tr>
<td>All Other Amusement &amp; Recreation Industries</td>
<td>6,372</td>
</tr>
<tr>
<td>Drinking Places (Alcoholic Beverages)</td>
<td>6,306</td>
</tr>
<tr>
<td>Sports Teams &amp; Clubs</td>
<td>5,967</td>
</tr>
<tr>
<td>Caterers</td>
<td>5,864</td>
</tr>
<tr>
<td>Musical Groups &amp; Artists</td>
<td>5,192</td>
</tr>
<tr>
<td>Casino Hotels</td>
<td>5,089</td>
</tr>
<tr>
<td>Amusement &amp; Theme Parks</td>
<td>4,929</td>
</tr>
<tr>
<td>Promoters of Performing Arts, &amp; Sports (with Facilities)</td>
<td>4,846</td>
</tr>
<tr>
<td>Theater Companies &amp; Dinner Theaters</td>
<td>4,768</td>
</tr>
<tr>
<td>Marinas</td>
<td>4,690</td>
</tr>
<tr>
<td>Museums</td>
<td>4,612</td>
</tr>
<tr>
<td>RV (Recreational Vehicle) Parks &amp; Campgrounds</td>
<td>4,534</td>
</tr>
<tr>
<td>Agents &amp; Managers for Artists, &amp; Entertainers</td>
<td>4,456</td>
</tr>
<tr>
<td>Racetracks</td>
<td>4,378</td>
</tr>
<tr>
<td>Rooming &amp; Boarding Houses</td>
<td>4,300</td>
</tr>
<tr>
<td>Mobile Food Services</td>
<td>4,222</td>
</tr>
<tr>
<td>Zoos &amp; Botanical Gardens</td>
<td>4,144</td>
</tr>
<tr>
<td>Greater than 100,000</td>
<td>76,837</td>
</tr>
<tr>
<td>Total</td>
<td>51,393</td>
</tr>
</tbody>
</table>

INDUSTRY OUTLOOK

Figure 42: Selected Professional Services with Growth Potential - *Estimated number of jobs to be added in the US, 2010-2020*[^1]

<table>
<thead>
<tr>
<th>Service</th>
<th>Jobs 2010-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Consulting Services</td>
<td>77,610</td>
</tr>
<tr>
<td>Computer Systems Design Services</td>
<td>75,672</td>
</tr>
<tr>
<td>Custom Computer Programming Services</td>
<td>65,060</td>
</tr>
<tr>
<td>Other Scientific &amp; Technical Consulting Services</td>
<td>60,287</td>
</tr>
<tr>
<td>Marketing Consulting Services</td>
<td>57,633</td>
</tr>
<tr>
<td>All Other Professional, Scientific, &amp; Technical Services</td>
<td>51,531</td>
</tr>
<tr>
<td>Engineering Services</td>
<td>48,919</td>
</tr>
<tr>
<td>Offices of Lawyers</td>
<td>45,722</td>
</tr>
<tr>
<td>Veterinary Services</td>
<td>45,667</td>
</tr>
<tr>
<td>Research &amp; Development for Engineering, &amp; Life Sciences</td>
<td>40,617</td>
</tr>
<tr>
<td>Other Accounting Services</td>
<td>28,283</td>
</tr>
<tr>
<td>Process, Physical Distribution, &amp; Logistics Consulting Services</td>
<td>25,257</td>
</tr>
<tr>
<td>Tax Preparation Services</td>
<td>24,289</td>
</tr>
<tr>
<td>Environmental Consulting Services</td>
<td>19,890</td>
</tr>
<tr>
<td>Offices of Certified Public Accountants</td>
<td>18,578</td>
</tr>
<tr>
<td>Photography Studios, Portrait</td>
<td>17,945</td>
</tr>
<tr>
<td>Graphic Design Services</td>
<td>15,104</td>
</tr>
<tr>
<td>Interior Design Services</td>
<td>15,003</td>
</tr>
<tr>
<td>Advertising Agencies</td>
<td>13,242</td>
</tr>
<tr>
<td>Other Management Consulting Services</td>
<td>11,634</td>
</tr>
<tr>
<td>Translation &amp; Interpretation Services</td>
<td>9,920</td>
</tr>
</tbody>
</table>

[^1]: NOTE: Manufacturing = NAICS 31-33. Logistics/distribution = NAICS 42 (wholesale trade) and 48-49 (transportation/storage). Tourism = NAICS 71 (arts/recreation) and 72 (accommodation & food services). Professional services = NAICS 54. IT services = NAICS 51. Healthcare = NAICS 62. SOURCES: EMSI Complete Employment - 4th Quarter 2010
INDUSTRY OUTLOOK

Figure 43: Selected IT Services with Growth Potential - *Estimated number of jobs to be added in the US, 2010-2020*^42^

<table>
<thead>
<tr>
<th>Service</th>
<th>Jobs (2010-2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Processing, Hosting, &amp; Related Services</td>
<td>116,098</td>
</tr>
<tr>
<td>Software Publishers</td>
<td>68,955</td>
</tr>
<tr>
<td>Motion Picture &amp; Video Production</td>
<td>31,496</td>
</tr>
<tr>
<td>Internet Publishing &amp; Broadcasting &amp; Web Search Portals</td>
<td>26,806</td>
</tr>
<tr>
<td>Cable &amp; Other Subscription Programming</td>
<td>14,169</td>
</tr>
<tr>
<td>Television Broadcasting</td>
<td>10,713</td>
</tr>
<tr>
<td>Motion Picture Theaters (except Drive-Ins)</td>
<td>9,707</td>
</tr>
<tr>
<td>Telecommunications Resellers</td>
<td>7,523</td>
</tr>
<tr>
<td>Book Publishers</td>
<td>7,293</td>
</tr>
<tr>
<td>Periodical Publishers</td>
<td>4,871</td>
</tr>
<tr>
<td>Satellite Telecommunications</td>
<td>3,666</td>
</tr>
<tr>
<td>Music Publishers</td>
<td>3,094</td>
</tr>
<tr>
<td>Radio Networks</td>
<td>2,641</td>
</tr>
<tr>
<td>Teleproduction &amp; Other Postproduction Services</td>
<td>2,048</td>
</tr>
<tr>
<td>All Other Information Services</td>
<td>1,187</td>
</tr>
<tr>
<td>News Syndicates</td>
<td>1,056</td>
</tr>
<tr>
<td>Record Production</td>
<td>782</td>
</tr>
<tr>
<td>Sound Recording Studios</td>
<td>474</td>
</tr>
<tr>
<td>All Other Telecommunications</td>
<td>432</td>
</tr>
<tr>
<td>Libraries &amp; Archives</td>
<td>159</td>
</tr>
</tbody>
</table>

^42^ NOTE: Manufacturing = NAICS 31-33. Logistics/distribution = NAICS 42 (wholesale trade) and 48-49 (transportation/storage). Tourism = NAICS 71 (arts/recreation) and 72 (accommodation & food services). Professional services = NAICS 54. IT services = NAICS 51. Healthcare = NAICS 62. SOURCES: EMSI Complete Employment - 4th Quarter 2010
INDUSTRY OUTLOOK

Figure 44: Selected Healthcare Services with Growth Potential - *Estimated number of jobs to be added in the US, 2010-2020*[^43]

[^43]: NOTE: Manufacturing = NAICS 31-33. Logistics/distribution = NAICS 42 (wholesale trade) and 48-49 (transportation/storage). Tourism = NAICS 71 (arts/recreation) and 72 (accommodation & food services). Professional services = NAICS 54. IT services = NAICS 51. Healthcare = NAICS 62. SOURCES: EMSI Complete Employment - 4th Quarter 2010
OCCUPATIONAL ANALYSIS

Figure 45: Job gains and losses by occupational group in the GHSP-5 region - The impact of the recession has differed widely depending on what type of job you have

The net change in jobs for different occupational groups is shown in the chart below. The data is sourced from various reports and surveys, including EMPLOYMENT Complete Employment - 4th Quarter 2010, US Bureau of Labor Statistics, Consumer Population Survey US Department of Defense, Deputy Under Secretary for Military Community and Family Policy, “2008 Demographics Report.”

The chart indicates the net change in jobs over a 3-year period, with positive gains shown in yellow and negative losses in red. The occupational groups include:

- Production
- Construction & extraction
- Installation, maintenance, & repair
- Transportation & material moving
- Sales & related
- Office & administrative support
- Protective service
- Legal
- Agriculture, forestry, & fishing
- Architecture & engineering
- Arts, design, entertainment, sports, & media
- Management
- Community & social services
- Education, training, & library
- Healthcare support
- Healthcare practitioners & technical
- Personal care & service
- Business & financial operations
- Life, physical, & social science
- Computer & mathematical science
- Management
- Business & financial operations
- Personal care & service
- Business & financial operations

---

Figure 46: Now Compare Local Job Dynamics with US Staffing Patterns by Gender- Male-oriented occupations have suffered greater job losses than female-oriented jobs

<table>
<thead>
<tr>
<th>Industry</th>
<th>2008</th>
<th>2009</th>
<th>3-year Net Change</th>
<th>% Male</th>
<th>% Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare practitioners &amp; technical</td>
<td></td>
<td></td>
<td>+237</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>Personal care &amp; service</td>
<td></td>
<td></td>
<td>+232</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Business &amp; financial operations</td>
<td></td>
<td></td>
<td>+201</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Healthcare support</td>
<td></td>
<td></td>
<td>+161</td>
<td>11%</td>
<td>89%</td>
</tr>
<tr>
<td>Education, training, &amp; library</td>
<td></td>
<td></td>
<td>+131</td>
<td>26%</td>
<td>74%</td>
</tr>
<tr>
<td>Community &amp; social services</td>
<td></td>
<td></td>
<td>+50</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Life, physical, &amp; social science</td>
<td></td>
<td></td>
<td>+46</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Computer &amp; mathematical science</td>
<td></td>
<td></td>
<td>+34</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Protective service</td>
<td></td>
<td></td>
<td>+12</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>Legal</td>
<td></td>
<td></td>
<td>+12</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Arts, design, entertainment, &amp; related</td>
<td></td>
<td></td>
<td>-46</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Architecture &amp; engineering</td>
<td></td>
<td></td>
<td>-47</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>Farming, fishing, &amp; forestry</td>
<td></td>
<td></td>
<td>-49</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>Management</td>
<td></td>
<td></td>
<td>-50</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>Food preparation &amp; serving related</td>
<td></td>
<td></td>
<td>-60</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>Building &amp; grounds cleaning &amp; maintenance</td>
<td></td>
<td></td>
<td>-115</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Office &amp; administrative support</td>
<td></td>
<td></td>
<td>-116</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Sales &amp; related</td>
<td></td>
<td></td>
<td>-194</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>Installation, maintenance, &amp; repair</td>
<td></td>
<td></td>
<td>-263</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Transportation &amp; material moving</td>
<td></td>
<td></td>
<td>-277</td>
<td>96%</td>
<td>4%</td>
</tr>
<tr>
<td>Construction &amp; extraction</td>
<td></td>
<td></td>
<td>-471</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td>-629</td>
<td>97%</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>-1155</td>
<td>72%</td>
<td>28%</td>
</tr>
</tbody>
</table>

## OCCUPATIONAL ANALYSIS

**Figure 47: Broad target sectors would tap multiple occupational groups** - Administrative office workers would see the largest gains.\(^{46}\)

### Target Industry Sectors

- Manufacturing
- Logistics & Distribution
- Recreational & Heritage Tourism
- Professional Services
- IT Services
- Healthcare

### Occupational Groups Most Utilized

- Office & administrative support
- Food preparation & serving
- Transportation & material moving
- Production
- Sales
- Personal care & service
- Management
- Healthcare practitioner (technical)
- Computer & mathematical science
- Installation, maintenance, & repair
- Arts, design, & media
- Business & financial operations
- Healthcare (support)
- Architecture & engineering
- Property maintenance
- Life, physical, & social science
- Legal
- Community & social services
- Protective service
- Education, training, & library
- Construction & extraction
- Farming, fishing, & forestry

---

Proposed targets
Industries well-suited for the Hot Springs region's capacity and potential

- broad target sector
- niches or focus areas of the core target industries

Target industries
- Health & wellness (including healthcare, recreation, & physical rehabilitation)
- Tourism
- Professional & business services
- Information technology (including software development, data management & storage, and technical support)
- Advanced manufacturing (including aerospace & aviation, automotive, cleantech)
- Distribution & logistics
- Specialty foods
Through the recent recession the healthcare sector proved to be a remarkable stable employer. This was one of the few sectors of the economy (along with education) that managed to eke out job gains even as the national unemployment rate soared above 10%. Another striking difference between healthcare and the other targets is the gender balance in the industry. While manufacturing and distribution have historically provided male-oriented employment, the jobs in the healthcare sector have historically been staffed by women.

In terms of skill level, the healthcare sector offers a broader range of jobs than most of the other targets. This industry provides large number of good-paying jobs with no more than a 2-year degree.

Arkansas is like the rest of the US. This state will see its senior population increase rapidly over the next 10 to 20 years as a retiring generation of baby boomers begins to cross the threshold into their senior years. Other aspects of growth will be structural as this sector continues to provide services in a new ways.

Wellness refers to the healthy condition a person obtains through reaching a balance in lifestyle, whether through fitness, diet, emotional, social, and/or spiritual pursuits.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Healthcare &amp; wellness</th>
</tr>
</thead>
<tbody>
<tr>
<td>US job growth 2010-2020</td>
<td>+3,999,899</td>
</tr>
</tbody>
</table>

Excluding peripheral activities like health insurance, pharmaceuticals, biotechnology, and medical device manufacturing, core healthcare services alone are expected to grow by nearly 4 million jobs between now and 2020. Much of this expansion will occur naturally through population growth and age-related demand as American baby boomers begin to cross the threshold into their senior years. Other aspects of growth will be structural as this sector continues to provide services in a new ways.

Historic workforce structure

- **Female**: 79%
- **Male**: 21%
- **On-the-job training or previous experience**: 44%
- **Vocational or 2-year degree**: 38%
- **4-year degree or higher**: 18%
- **With special emphasis on**
  - Consolidated regional healthcare hub
  - Clinics
  - Rehab services
  - PT offices for Little Rock practices
  - Senior care services

SNAPSHOT

**Healthcare & wellness**

**US job growth 2010-2020**: +3,999,899

**Description**
Excluding peripheral activities like health insurance, pharmaceuticals, biotechnology, and medical device manufacturing, core healthcare services alone are expected to grow by nearly 4 million jobs between now and 2020. Much of this expansion will occur naturally through population growth and age-related demand as American baby boomers begin to cross the threshold into their senior years. Other aspects of growth will be structural as this sector continues to provide services in a new ways.

Wellness refers to the healthy condition a person obtains through reaching a balance in lifestyle, whether through fitness, diet, emotional, social, and/or spiritual pursuits.

**Trends to watch**

Through the recent recession the healthcare sector proved to be a remarkable stable employer. This was one of the few sectors of the economy (along with education) that managed to eke out job gains even as the national unemployment rate soared above 10%. Another striking difference between healthcare and the other targets is the gender balance in the industry. While manufacturing and distribution have historically provided male-oriented employment, the jobs in the healthcare sector have historically been staffed by women.

In terms of skill level, the healthcare sector offers a broader range of jobs than most of the other targets. This industry provides large number of good-paying jobs with no more than a 2-year degree.

Arkansas is like the rest of the US. This state will see its senior population increase rapidly over the next 10 to 20 years as a retiring generation of baby boomers passes age 65. This means that senior health will be a particularly important area of focus. There should be local opportunities to add new jobs in nursing care, home health services, physical therapy, and rehabilitation services. As efforts to reign in health costs grow, there is likely to be more consolidation of rural services into regional hubs. One or more communities within the 5-county region could emerge as a hub for regional healthcare services.
<table>
<thead>
<tr>
<th>Industry</th>
<th>Healthcare &amp; wellness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local prospects</td>
<td>[ ] [ ] [ ] [ ] [ ]</td>
</tr>
<tr>
<td>Challenges</td>
<td>[1] The GHSR-5 region has a small to mid-size population, so it may lack the critical mass necessary for providing some types of more specialized healthcare services.</td>
</tr>
<tr>
<td>Opportunities</td>
<td>[1] The aging US population will drive growth in the healthcare sector. This true in Arkansas and in every other state in the union. [2] Healthcare is relatively well insulated from economic cycles. [3] By targeting senior and geriatric healthcare services, the GHSR-5 region can get in front of a growing trend. [4] There will cost pressure in the years ahead for healthcare providers to centralize and consolidate services. There may be opportunities for one or more larger communities in the 5-county region to emerge as regional healthcare hubs, providing senior and rural services. As this consolidation and centralization trend occurs there may also be opportunities to attract regional branch operations of larger healthcare providers from Little Rock or other major cities. [5] Focus on the development rehabilitative services, especially as they relate to the bathhouse/spa concept.</td>
</tr>
</tbody>
</table>

### Site considerations

- **Access to patients**
- **Access to skilled labor** (especially registered nurses)

### Examples of industry players

- Community Health Systems USA
- HCA USA
- Healthsouth USA
- Kindred Healthcare USA
- Lifepoint Hospitals USA
- Lincare Holdings USA
- Medco Health Solutions USA
- Omnicare USA
- Universal Health Services USA

### Economic multiplier

1.66

### Industry networking

- Advanced Medical Technology Assn
- Amer Assn of Homes & Serv for the Aging
- American Healthcare Association
- American Hospital Association
- Health Insurance Association of America
- Nat’l Assn for Home Care & Hospice
## Global Buzz

<table>
<thead>
<tr>
<th>Industry</th>
<th>Healthcare &amp; Wellness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nashville-based hospital operator <strong>Community Health Systems</strong> is attempting a hostile takeover of Dallas-based <strong>Tenet Healthcare</strong>. (Community Health also acquired Dallas-based <strong>Triad Hospitals</strong> in 2007.)</td>
<td>In 2010, private equity investors acquired Boston-based <strong>Caritas Christi Health Care</strong> and renamed it <strong>Steward Health Care System</strong>, intending it to serve as a hospital acquisition platform. In 2011, Steward Health Care already plans to acquire Miami-based <strong>Jackson Health System</strong> with more hospital acquisitions to follow.</td>
</tr>
<tr>
<td>Louisville-based <strong>Kindred Healthcare</strong>, an operator of hospitals and rehab facilities, plans to acquire St. Louis-based <strong>RehabCare Group</strong>.</td>
<td></td>
</tr>
<tr>
<td>Privately owned Nashville-based hospital operator <strong>HCA</strong> is planning an IPO.</td>
<td></td>
</tr>
<tr>
<td>Nashville-based <strong>Lifepoint Hospitals</strong> operates general healthcare facilities in the Southeastern states, concentrating on communities that are not part of major metropolitan areas.</td>
<td></td>
</tr>
</tbody>
</table>

*Sources: TIP Strategies research*
Hot spring spas are one of the oldest forms of tourism. In Western civilization, the Romans were attracted to hot springs across Europe. Many of these are still popular today, including Bath, England, and Baden Baden, Germany. The enduring appeal of these resort locations after 2000 years serves as an example to the kind of timeless legacy that Hot Springs and the surrounding region can aspire to.

Spas also have a long history in Asia. The hot spring, or onsen, is at the soul of Japanese culture. Onsen resorts flourish in scenic locations throughout the country. Japanese influence in Taiwan also spread the onsen culture to that country, with hot spring resorts popular in the mountainous areas on the east side of the island.

In the US, hot spring resorts lost some of the panache in the twentieth century, but there is evidence that some of these communities can regain their former glory. One example is Saratoga Springs, New York, which has been revitalized in the last 30 years from a low point it hit in the mid-1970s when much of the old downtown had been vacated.

---

### Industry: Heritage & recreational tourism

| US job growth 2010-2020 | +2,232,290 |

#### Description

The broadly defined tourism sector -- hotels, restaurants, bars, entertainment venues -- will add more than 2.2 million US jobs over the next decade. Some of these jobs will be spread evenly, but many will occur in a smaller, concentrated number of destination sites. Some destination sites are created from nothing (like Las Vegas or Orlando) but these are exceptions. Most start with a natural scenic advantage like beaches or mountains while others have architectural or historic legacies that enhance their appeal (Savannah, New Orleans). Hot Springs is unusual to have a range of unique attributes (scenic, historic, architectural) that could enhance and widen the appeal of its brand.

#### Trends to watch

Hot spring spas are one of the oldest forms of tourism. In Western civilization, the Romans were attracted to hot springs across Europe. Many of these are still popular today, including Bath, England, and Baden Baden, Germany. The enduring appeal of these resort locations after 2000 years serves as an example to the kind of timeless legacy that Hot Springs and the surrounding region can aspire to.

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## Analysis

<table>
<thead>
<tr>
<th>Industry</th>
<th>Heritage &amp; recreational tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local prospects</strong></td>
<td>■ ■ ■ ■ ■</td>
</tr>
</tbody>
</table>
| **Challenges** | [1] Image and branding form an important part of tourism success. While Hot Springs was once better known, it is unfamiliar to most middle-aged and younger generations. Regaining a brand and an image in a competitive marketplace will be challenging.  
[2] Restoration and ongoing maintenance of historic structures is important for maintaining an upscale resort image. While the costs associated with historic preservation can be daunting, it's vital to remember this is the face, image, and brand of the region. |
| **Opportunities** | [1] The Hot Springs region has three untapped tourism markets that could be significantly expanded in the future. The first is Dallas-Fort Worth. With about 6.5 million residents, the DFW Metroplex is more than double the size of the entire state of Arkansas at 2.9 million. DFW residents are affluent and live within a relatively easy drive of Central Arkansas. A well-placed marketing campaign could play up the stark differences in geography and natural beauty between a weekend at home and weekend in Hot Springs. The outdoor recreational opportunities would be appealing to the Metroplex's relatively young population.  
[2] Spas hold a great deal of appeal to the Japanese and they are avid tourists, especially to the US, but their awareness of Hot Springs, Arkansas, may be lacking. Raising the region's profile in the Japanese media could be helpful.  
[3] Hot Springs could hold significant appeal as a permanent or part-time retirement destination. A range of options for active seniors (golf, bird watching, restaurants) would appeal to this group. The oldest baby boomers are just now turning 65, and over the next 20 years, this entire generation will reach retirement. Demand among active seniors during this period will be strong. |
### Industry: Heritage & recreational tourism

- **The hot spring, or onsen, is part of Japan’s cultural heritage. Mountain resorts and an entire tourism industry are built around the Japanese onsen. Festivals, holidays, and events celebrate the wonders of nature and draw in tourists.**

- **Hot spring resorts have captured the imagination of Europeans since Roman times. Bath (England) and Baden Baden (Germany) still lure visitors, 2000 years later.**

- **Popular in the 19th century, Saratoga Springs lost its luster in the 20th. A revitalization and preservation process for the town began nearly 4 decades ago and the resort has once again restored its upscale image. (see BENCHMARK page)**

Sources: TIP Strategies research
Professional services firms can be large multinational in scope but most often they are small and medium-sized (SME) operations that provide administrative or technical services to the broader local economy. Over the next 10 years, firms that provide these services are expected to add 2.4 million jobs out of the total 20 million new jobs added in the US overall. This is a big number -- roughly 1 of every 8 new jobs -- and it tells us something about the direction of the US economy. Professional services firms hire educated workers and pay well. Because these firms often provide high-end business services, they will be added disproportionately in urban rather than rural areas.

### TRENDS TO WATCH

Professional services firms can be large multinational in scope but most often they are small and medium-sized (SME) operations that provide administrative or technical services to the broader local economy. This might legal or accounting services or a wide range of other activities.

The professional services sector comes closer to gender parity than some of the other targets. It is also the only target in which more than half of the jobs historically require at least a 4-year degree.

Professional services firms usually spring up on their own to service local industries and the local population. Legal firms tend to prefer county seats so they can be close to courts and title offices. Other types of professional services may have more mobility. Attracting a critical mass of these professional services activities can often become a quality of life issue. Does Hot Springs, for example, offer amenities that a firm operating in Central Arkansas might be less likely to find somewhere else?

---

### SNAPSHOT

<table>
<thead>
<tr>
<th>Industry</th>
<th>Professional &amp; business services</th>
</tr>
</thead>
<tbody>
<tr>
<td>US job growth 2010-2020</td>
<td>+2,402,544</td>
</tr>
</tbody>
</table>

**Description**

Professional services include accounting, law, engineering, and computer services. Over the next 10 years, firms that provide these services are expected to add 2.4 million jobs out of the total 20 million new jobs added in the US overall. This is a big number -- roughly 1 of every 8 new jobs -- and it tells us something about the direction of the US economy. Professional services firms hire educated workers and pay well. Because these firms often provide high-end business services, they will be added disproportionately in urban rather than rural areas.

**Historic workforce structure**

- **Male**: 56%
- **Female**: 44%
- **On-the-job training or previous experience**: 34%
- **4-year degree or higher**: 52%
- **Vocational or 2-year degree**: 14%
- **Unfortunately, the text does not provide the details for the specific services included in this category**.

**NAICS definition**

Professional services

*with special emphasis on*

- Regional business services
- Back office & administrative services
### Analysis

<table>
<thead>
<tr>
<th>Industry</th>
<th>Professional &amp; business services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local prospects</strong></td>
<td>![Rating Star Chart]</td>
</tr>
</tbody>
</table>
| **Challenges**            | [1] The regional market for professional services may be relatively finite. It, therefore, makes more sense to encourage these activities to cluster in a regional hub like Hot Springs.  
[2] One thing needed to attract professional service firms is an adequate stock of modern, Class A office space. A lack of adequate office options could deter potential small and medium-sized enterprises from choosing a Hot Springs location. |
| **Opportunities**         | [1] Hot Springs holds some potential to be a regional hub for some types of professional services activities. The best opportunities will be to capture the branch offices of expanding Little Rock firms that seek a wider state presence.  
[2] Professional services firms will be among the big job creators of the coming decade. These firms tend to hire educated workers and often pay their employees at rates above the overall median. |
| **Site considerations**   | ![Economic Multiplier]  
Highly skilled labor force  
Class A office options |
| **Examples**              | accounting  
engineering  
grahpic design  
computer services  
management consulting  
legal services  
advertising & marketing  
testing & inspection |
| **Economic multiplier**   | 1.46 |
| **Industry networking**   | any state chapters of the following:  
Amer Inst of Certified Public Accountants  
American Bar Association  
American Consulting Engineers Assn  
American Institute of Architects  
National Society of Professional Engineers |
GLOBAL BUZZ

**Industry**

**Professional & business services**

- **Aon** recently acquired **Hewitt Associates**. Both business services firms are based in metropolitan Chicago.

- Virginia-based **BearingPoint** (formerly **KPMG Consulting**) recently filed for bankruptcy protection.

- Virginia-based **Booz Allen Hamilton** recently spun out its commercial (i.e. non-government) consulting operation as a separate New York City-based firm called **Booz & Company**.

- Connecticut-based **Towers Perrin** recently merged with Virginia-based **Watson Wyatt** to create a new consulting firm called **Towers Watson** headquartered in New York City.

*Sources: TIP Strategies research*
Data processing facilities can be sizable electricity users. These firms may seek affordable rates in buildings offering ample specialized amenities such as large floorplates and under-floor wiring. This especially true for server farms, which require massive capital investments on the ground but require relatively few workers to operate. Data processing firms also tend to seek properties with special amenities (large floor plates, underfloor wiring). These various needs may be more pronounced for server farms, but will be required in lesser degrees to other types of data services firms as well, including BPO and financial transactions processing.

Software firms are much different. They invest little capital into property, plant, and equipment. Instead, the assets of software firms lie in two areas: their intellectual property and their coveted pools of talented workers. Corporate decisions of software firms will be based on their ability to preserve, nurture, and develop these two assets. Existing software firms are unlikely to choose a non-urban location for expansion since their ability to identify skilled workers would face limitations in a smaller labor pool. The best options for growth in this sector involve the nurturing of local firms and the ongoing development of the local labor pool. In general, software firms will seek small to medium-size blocks of office space. The individual requirements may depend on the size and development stage of each firm. Attracting and retaining talent is a key issue for these firms, so quality of life can offer an advantage.
ANALYSIS

Industry | IT services
---|---
Local prospects | ⬜⬜⬜⬜⬜

Challenges

1. Corporate search criteria may include specific requirements for utility costs and reliability as well as building design.
2. Globalization has increased the competitive playing field technology services, including business process outsourcing (BPO).
3. Highly defined skillsets are required for the software cluster and these skills may be in relatively short supply.

Opportunities

1. Certain types of IT services will be a major US job generators in the decade ahead.
2. Data processing facilities can sometimes produce large capital investments and yield sizable property tax revenues for local communities.
3. Software firms typically place less emphasis on real estate than on labor availability (and quality of life to minimize the incentive for talented employees to relocate to larger labor markets.)
4. The market for software products continues to expand in the US and globally.

Site considerations

- Highly skilled labor force
- Affordable, reliable electricity
- Buildings with large floor plates
- Buildings with under-floor utilities
- Competitive tax environment
- Airport accessibility & flight options

Examples of industry players

- Automatic Data Processing USA
- Fiserv USA
- Fidelity National Information Services USA
- Alliance Data Systems USA
- Global Payments USA
- DST Systems USA
- Syntel USA
- Heartland Payment Systems USA
- Convergys USA

Economic multiplier

1.82

Industry networking

- American Council for Trade in Services
- Business Software Alliance
- Data Interchange Standards Association
- Information Technology Assn of America
- Information Technology Industry Council
- International Trade Data Users
- National Association of Personnel Services
- Telecommunications Industry Association
- US Coalition of Services Industries
GLOBAL BUZZ

**Industry**

**IT services**

---

**San Francisco-based Digital Realty Trust**, a provider of outsourced data management services, is building a major data center in Chandler, Arizona.

**Denver-based First Data**, which provides third-party processing of financial transactions, recently relocated its headquarters to Atlanta.

**Michigan-based CareTech Solutions**, a provider of outsourced data center services for the healthcare sector, recently won a key endorsement from the American Hospital Association.

**Open-source software firm Red Hat** recently flirted with the idea of relocating to Atlanta but opted instead to stay in North Carolina and build a new HQ in downtown Raleigh.

---

**VeriSign**, a provider of internet network services, recently relocated its headquarters from Silicon Valley to Dulles, Virginia.

**Israel-based Red Sea Group** is a leading provider of data center facilities in the US with investments in Texas, Washington State, and Illinois.

---

Sources: TIP Strategies research
In the past, manufacturers loaded their workforces with up to 80% unskilled or semi-skilled workers. As productivity grows and processes become more advanced, however, manufacturers will rely more heavily on a skilled workforce. Historically, only about 1 in 5 workers had any post-secondary training, even a 2-year vocational program. This is changing. More advanced skills will be needed for US manufacturers to compete.

The US economy is still recovering from recession, and during the rebound there will be two key areas to watch that will lead a manufacturing expansion. The first is retail sales. As consumer confidence recovers and retail sales pick up strength again, there will be a demand for packaging materials -- cardboard, paper, plastic, etc.

The second area to watch is the housing market. Many construction materials are heavy and bulky, making them too expensive to import. Most construction materials are made and consumed in the US, but with homebuilders in a historic slump, their suppliers have been hit hard. This market will inevitably recover and the manufacture of construction materials -- cement, timber, plaster, doors and windows, roofing, siding, hardware -- will follow the housing market back.
### Analysis

<table>
<thead>
<tr>
<th>Industry</th>
<th>Advanced manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local prospects</td>
<td>■■■□□</td>
</tr>
</tbody>
</table>
| Challenges                | [1] Not all counties in the 5-county region offer ideal site selection options.  
                             [2] US manufacturers often cite difficulty in finding and recruiting workers with engineering and technical skills. This can present challenges for attracting advanced manufacturing employers to non-urban areas. |
| Opportunities             | [1] The region's IH-30 access is a plus. IH-30 connects the nation's busiest cargo airport (Memphis) to one of the nation's largest and fastest growing urban areas (Dallas-Fort Worth).  
                             [2] The value of the US dollar has declined in recent months, a major advantage for manufacturers who export.  
                             [3] In recent years, the euro and the yen have traded at relatively high values to the US dollar. While a devalued US dollar benefits US manufacturers, inflated currencies in Japan or Europe can likewise force producers there to plan their future expansions abroad.  
                             [4] Arkansas has already seen success in recruiting manufacturing to serve the wind power industry. As the renewables energy industry continues to grow, there is a high likelihood that the region could be competitive among other cleantech companies. |

#### Site Considerations

- Access to skilled labor
- Access to markets/customers
- Highway & rail infrastructure
- Competitive utility prices
- Water & wastewater capacity
- Regional R&D activities
- Site availability & access

#### Examples of Industry Players

- Denso Japan
- Robert Bosch Germany
- Aisen Seiki Japan
- Continental Germany
- Magna International Canada
- Hyundai Mobis South Korea
- Faurecia France
- Johnson Controls USA
- DPH Holdings USA

#### Economic Multiplier

2.26

#### Industry Networking

- Alliance of Automobile Manufacturers
- American Wind Energy Association
- Japan Auto Parts Industries Association
- Japan Automobile Manufacturers Assn
- Motor & Equipment Manufacturers Assn
- Solar Energy Industries Association
SNAPSHOT

Industry Logistics/distribution

US job growth 2010-2020 +878,365

Description Like major wholesalers, big-box retailers often manage their logistics and distribution activities in-house. For everyone else, however, third-party logistics providers (3PLs) are increasingly likely to provide distribution services. This includes activities like assembling and repackaging goods, consolidating orders and shipments, physically delivering goods to customers, processing returned items, and handling e-commerce fulfillment operations. 3PLs typically serve a large base of regional customers from a single, modern facility. Whether distribution is handled in-house or through 3PLs, these new facilities increasingly use information technology to manage inventory control and costs.

Trends to watch Distribution activities will add nearly 900,000 jobs over the coming decade. That works out to about 240 new US jobs each day for the next 10 years. For every 4 persons employed in distribution activities, 1 is now a woman. Women increasingly drive trucks and make deliveries, and there is no reason to believe this shift toward more gender balance in the industry will not continue in the years ahead.

For an industry that pays reasonably well, the skill requirements for employment are still basic. Truckers and delivery persons who make up the bulk of the workforce can usually participate with less training and technical preparation than those who choose a manufacturing path.

Transportation/warehousing and wholesale trade sectors, separately defined, each employ more than 6 million US workers, or about 12.2 million when these related activities are viewed as a single sector. Job growth in this sector will occur heavily around US container ports and “superhub” distribution centers like Chicago, but there will be plenty more job creation in this sector nationwide, especially in locations that offer interstate highway access and Class I railway access, if not intermodal connections for both.

Appendices C: Target Industry Analysis

NAICS definition
- Wholesale trade 42
- Transportation & warehousing 48-49

with special emphasis on
- building & construction materials
- regional truck distribution
- regional wholesaling

Historic workforce structure

- Female 26%
- Male 74%
- 4-year degree or higher 9%
- Vocational or 2-year degree 5%
- On-the-job training or previous experience 86%
- Bachelor's degree or higher 9%
## Analysis

<table>
<thead>
<tr>
<th>Industry</th>
<th>Logistics/distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site considerations</strong></td>
<td></td>
</tr>
<tr>
<td>Intermodal highway &amp; rail options</td>
<td></td>
</tr>
<tr>
<td>Proximity to population centers</td>
<td></td>
</tr>
<tr>
<td>Highway &amp; rail infrastructure</td>
<td></td>
</tr>
<tr>
<td>Large tracts of industrial-zoned land</td>
<td></td>
</tr>
<tr>
<td>Availability of semi-skilled labor</td>
<td></td>
</tr>
<tr>
<td>Affordable labor rates</td>
<td></td>
</tr>
<tr>
<td>Competitive tax environment</td>
<td></td>
</tr>
<tr>
<td><strong>Challenges</strong></td>
<td>[1] Like manufacturing, capital investments in logistics &amp; distribution facilities can be big boosts to property tax revenues; the difference is that -- unlike manufacturing -- these large capital investments may sometimes be associated with relatively few new jobs.</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td>[1] The recent recession left a glut of distribution space in the US and this brought construction to a near halt. As of year-end-2010, the national brokerage Grubb &amp; Ellis counted less than 7 million square feet (SF) of new space left under construction, with all of it spoken for but a scant 270,000 SF. The vacancy rate for logistics space has already begun to fall, from 13.8% at year-end 2009 to 12.8% at year-end 2010. Grubb &amp; Ellis predicts this trend to continue through 2011, with the vacancy rate falling to 11.5% by year-end. As the vacancy gets tighter, construction and expansions will begin to pick up.</td>
</tr>
<tr>
<td>[2] Labor force availability in the GHSR-5 region is an advantage. (But this should be taken in context: surplus blue-collar labor is currently an advantage in many communities around the country).</td>
<td></td>
</tr>
<tr>
<td>[3] IH-30 provides the spine for the region's distribution activities.</td>
<td></td>
</tr>
</tbody>
</table>
GLOBAL BUZZ

Industry Logistics/distribution

- **Swiss-based Panalpina World Transport** has been expanding its worldwide logistics operations by buying up smaller companies. Recent acquisitions in 2011 include **Grieg Logistics** (Norway) and **Apollo Pty** (Australia).

- **American Class I railroads** have announced significant capital investment plans for 2011, including **BNSF** ($3.5 billion), **Norfolk Southern** ($2.2 billion), and **CSX** ($2.0 billion).

- **Japanese logistics giant Yamato Holdings** plans to expand its international parcel delivery operations over the next 3 years. In 2011, the company’s expansion will include both Hong Kong and Malaysia.

- **Florida-based logistics provider Cargo Transportation Services** filed for bankruptcy protection in 2011.

- **Controlled by a group of private equity investors** that includes Blackstone, **Performance Food Group** is the core part of a group of food distribution companies being assembled and merged by the new owners.

- **Canada-based Vitran** continues to expand its operations in the US, most recently in 2011 by acquiring part of the trucking operations of **Milan Express** in Tennessee.

- **Florida-based logistics provider Cargo Transportation Services** filed for bankruptcy protection in 2011.

**Sources:** TIP Strategies research
Greater Hot Springs Region, Arkansas

SNAPSHOT

<table>
<thead>
<tr>
<th>Industry</th>
<th>Specialty foods</th>
</tr>
</thead>
<tbody>
<tr>
<td>US job growth 2010-2020</td>
<td>+52,598</td>
</tr>
</tbody>
</table>

**Description**

Food and beverage manufacturers process essentially two things: plants and animals, or in more industry-specific terms, crops and livestock. There are big names in the industry like Unilever, Kraft, and ADM. The industry is served by firms specializing in food distribution (more on this in the logistics profile). Less known are the specialty foods that process, manufacture, distribute, market, and/or sell niche market foodstuffs for consumption. Their products include candy and confections, canned and frozen foods, dairy products, edible oils, fish and seafood, grains, meat products, sauces and condiments, snack foods, and sugar and other sweeteners.

**Trends to watch**

It is no secret that manufacturing has been shedding jobs in fits and starts for decades. Only a few niches, including certain high-tech products and food and beverage manufacturing, manage to eke out job growth. This trend will continue in the decade ahead as food processing firms in the US increase their payrolls by as much as 50,000 jobs. In an industry that employs 1.7 million, this is not much of a gain (only about 3% over 10 years), but any gain at all is better than persistent manufacturing job losses.

Like other manufacturing industries, food processing employs more men than women by about a 2-to-1 ratio. The gender balance is not expected to change significantly over the next decade, nor is the skill composition in the industry. In fact, the persistence of the skill composition (see graph) may be the reason that food processing manages to eke out consistent job gains. The nature of the work requires either labor intensive human activity (e.g., meatpacking) or was fully automated long ago (e.g., bottling).

The real changes at work involve consumer tastes. The homogenous marketplace of monolithic labels of the 1950s has yielded shelf space to specialty brands and ethnic foods. Add to this an increased consumption of prepackaged foods and an obsession with our pets, including their diets.
**ANALYSIS**

**Industry**  
**Specialty foods**

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<th>Local prospects</th>
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**Challenges**  
[1] Current lack of an industrial park may inhibit companies from locating in the region.

**Opportunities**  
[1] Food and beverage processing leverages existing, regional agricultural strengths for more value-added products and processes.
[2] Foods and beverages are considered nondurable manufactured goods. In the past, this made them less suitable for export, but the greater use of refrigerated storage has made exporting possible. Even US poultry production now sees 10% of its output exported. The growth of the highly segmented specialty food market could increase the opportunities for export-oriented food production.
[3] Livestock processing carries environmental externalities. This means that some producers may prefer to locate production away from major population centers, though still within easy one-day trucking.
[4] Pet food is a growing segment of the US market and is often overlooked as a subtarget within the food processing sector.

**Site considerations**  
- Access to skilled labor
- Access to markets/customers
- Regional R&D activities
- Quality of transport infrastructure
- Competitive utility prices
- Water & wastewater capacity

**Examples of industry players**  
- Nestlé Switzerland
- Unilever UK
- Kraft Foods USA
- JBS Brazil
- Archer Daniels Midland USA
- Cargill USA
- Groupe Danone France
- Diageo UK
- Bunge USA

**Economic multiplier**  
2.59

**Industry networking**  
- American Frozen Food Institute
- Food Products Association
- Grocery Manufacturers of America
- Institute of Food Technologies
- Nat’l Assn for Specialty Food Trade
- Pet Food Institute
- Snack Food Association