



Executive Brief

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Southern
Region

Leadership

Existing
Industry

Downtown

Quality
of Life

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Innovation

With A Southern Accent

2006 Report on the Future
of the South - Southern
Growth Policies Board

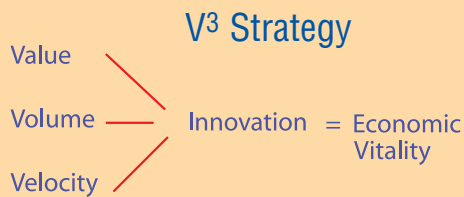
Released in June by Southern Growth Policies Board, a regional economic development think tank, Innovation with a Southern Accent focuses on creating a Southern culture of knowledge, where learning and innovation are primary social values, and essential to the region's global competitiveness. The report's recommendations include strategies for building the innovation capacity in the South through the creation, accumulation and application of knowledge.

This report is dedicated to a more knowledgeable, innovative and prosperous South. It is dedicated to the day when Jeff Foxworthy has to say, "You might be a redneck if..."

- you just hotwired your Blackberry to receive podcasts of Nascar races.
- You invented a sugar-free gum that tastes like Skoal.
- You hold six or more patents and each used the term hunting dog in their disclosures.

Southern Growth's staff began this year's exercise in "Listening to the South" with

a two-day brainstorming retreat in North Carolina. What emerged from that retreat, and remained important throughout the development of this report, was a V³ strategy: a need to focus on increasing the value, volume and velocity of innovations that occur in the South. Increasing the volume of innovations means encouraging those who invent and create to boost the chances for success. Increasing the value of innovations means paying specific attention to those innovations that have the greatest opportunity to improve gross profit margins on products and services emerging from the South. Increasing the velocity of innovations means making sure that we speed products



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Innovation...continued
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and processes to the marketplace, that we don't lose because of bureaucratic or cultural impediments that allow others to reach the marketplace first.

Innovation is the application of new ideas to products and processes in the pursuit of profits. Technology, then, is the primary tool for achieving innovation. It allows a business to make more products and services that are more attractive, more desirable and easier to manufacture. Technology is defined, for this report, as the new ideas or knowledge (usually scientific) used in the innovation process.

Smita Kothuri, Vice president of Citigroup and knowledge researcher, has written that knowledge is, "...the ultimate competitive advantage for the modern firm."

...The rise of the term knowledge economy coincided with the rise of the value of businesses that are considered to be knowledge intensive. Much has been made for example, of the relative values of Microsoft and Google versus General Motors, with the point being that Microsoft and Google own very little in terms of physical assets but a great deal of intellectual assets...

If the South is to fully function in a knowledge-intensive economy, it must understand how to create, accumulate and apply knowledge. Those knowledge skills are essential to the process

of innovation...

The creator of new knowledge may be responsible for inventions, patents, papers, theories, basic or applied science, art, music, literature or design. The existence of a strong creative base in a region is crucial to the development of a vibrant knowledge economy.

Those responsible for accumulating knowledge include people and institutions engaged in workforce development, and companies, large and small, must successfully apply the knowledge...

Building a Southern economy that is truly innovation-based will require deliberate pursuit of the recommendations of this report.

Among the report's recommendations include:

1. Enhance and leverage the region's university, industry and federally-performed research & development
2. Raise awareness of math and science careers
3. Promote non-traditional science and math degree programs
4. Build venture and related innovation funding capacity
5. Nurture and support entrepreneurs.

To order the full report for \$20 go to:
www.southern.org/pubs/puborderform.pdf

Exerpts from Innovation with a Southern Accent, are printed with permission from Southern Growth Policies Board.

In Pursuit of Profits

The renewable energy industry is innovating with a Southern accent. Higher energy prices and the Clean Air Act are spawning new industries, from biofuels to new products like bioplastics and many are locating in Southern rural communities. Two South Georgia communities, Sandersville and Camilla/Mitchell County will be home to a biodiesel and an ethanol plant, respectively.

Advanced Biotechnologies, LLC in Sandersville will be breaking ground third quarter 2006 and hopes to be producing biodiesel in fourth quarter 2007.

"This initiative has tremendous potential for Georgia farmers. I

hope in the future all my raw materials come from local farmers," explains Chief Technical Officer Scott Smith.

In Camilla, First United Ethanol LLC, a group made up primarily of agri-businessmen from Southwest Georgia, is raising \$132 million for a plant that would produce 100 million gallons of ethanol a year.

The ethanol "veteran" in South Georgia is Wind Gap Farms in Albany that makes ethanol from spent yeast from beer plants. Demand has increased such that the owner reports he could sell 10 times his capacity.

Biodiesel is an alternative fuel for diesel engines and ethanol is an alcohol based fuel used in gasoline engines.

University of Georgia and Georgia Tech were instrumental in helping both ventures determine feasibility and examine technology issues.

One Billion

Norbord Inc. in Crisp County is completing a \$135 million expansion in their oriented strand board operation (OSB). The plant will produce over one billion board feet of OSB annually, making it the largest producer of OSB in the world. Over 200 trucks a day will transport product from the facility.

Sturgis Iron and Metal chose Fitzgerald for a new recycling operation doing business as Fitzgerald Recycling. The company buys and processes scrap metals.

Synergy in Sandersville

“I talked to my key supplier, Thomson Plastics, about their move to Sandersville and it turned out to be a good location for us as well,” explains Rick Godber, Trojan Battery Company President and CEO.

Thomson Plastics, a custom plastic injection molder that provides battery cases for Trojan, began moving into the 100,800 square foot Sandersville spec building January 2006. Originally located in Mississippi, Club Car encouraged Thomson Plastics to come to McDuffie County. Growth has forced them to expand further and Sandersville had the winning attributes; the four-lane Fall Line Freeway and a ready to occupy facility.

As one CEO talked to another, Trojan abandoned the alternative sites it first explored.

“Seventy percent of what we build will be built in Georgia in the next four years,” says Godber, of his California based company.

“We looked at different locations but Sandersville has great electric rates, especially compared to California. Rates there are 12-13



Trojan Battery Company produces deep cycle batteries for various applications, including golf carts. The battery can be identified by its trademark maroon color.

cents per kWh. My market is here; plus Georgia is progressive for business,” Godber concluded.

Trojan Battery Company will join Thomson Plastics in the Sandersville Industrial Park and will break ground in August. Thomson Plastics began production in February, 2006.

Kudos to Sandersville/Washington County leadership. In 2002, they launched an industrial park and a speculative building to diversify its kaolin-based industry base. The risk payed off, twice.

Downtown Wins in Thomasville



“This project hits three important initiatives for Thomasville; it brings jobs, bolsters commerce in our downtown, and fosters historic preservation. It is rare a new industry achieves all three,” explains Don Sims, Executive Director Thomasville-Thomas County Development Authority.

International Design and Display Group (IDDG), a three-dimensional design and manufacturing company, plans to relocate its headquarters from Miami Lakes, Florida to Thomasville, Georgia. IDDG will invest \$1.3 million to rehabilitate three adjacent buildings in Thomasville’s historic district for its operations. The company anticipates it will employ up to 46 workers in the next three years.

“The year I spent in Thomasville in the 11th grade as a 17-year old foreign exchange student was one of the best years of my life,” says Ian Quinton, a native of Melbourne, Australia. “I feel as if I am ‘coming home,’ and I’m thrilled that over half of our current 26-person staff is making the move from Florida as well. It will be great to just walk around the corner to restaurants and businesses. It is great access.”

Quinton is receiving assistance from the Georgia Municipal Association Georgia Cities Foundation, and the Department of Community Affairs revolving loan program.

Plastics in Georgia

Plastics is a major industry in Georgia and two South Georgia communities have landed two plastics companies using very different technologies.

When the oil tanker Valdez spilled oil in Alaskan waters we all learned the value of melt blown sorbents, the polypropylene fibers that make an extruded product to absorb the oil. Meltblown Technologies, LLC (MBT), is a manufacturer of such melt blown sorbents. The company produces an extruded mat for the industrial, environmental and oil services markets.

MBT will locate a state-of-the-art manufacturing operation in Sandersville and will occupy the former Lowe's Distribution

Center. MBT plans to invest at least \$1.7 million in the project within the next year and employ approximately 100 full time workers by the end of 2007.

Recycle USA in Crisp County is a recycler of #1 and #2 plastics, clear and opaque containers primarily. The company buys bulk plastics, such as expired soda pop drink containers, and separates it, cleans it, and grinds it into plastics pellets, a useable form of plastic for a variety of industries.

Recycle USA took over the existing vacant Crisp County Solid Waste Facility in December 2005 and employs 100 employees working three shifts. This facility is an expansion for the Macon-based firm.

Leadership Makes the Difference

Earlier this year, two communities reaped the rewards of community leadership. Douglas and West Point/LaGrange proved manufacturing is alive and well in Georgia when a community works together.

The project team that landed KIA Motors Corporation is an extensive list of municipal and county leaders for both West Point and LaGrange, state economic developers, and local volunteers serving on development authorities and chambers of commerce. It is a tribute to the collaboration of these entities to set aside turf for the betterment of its citizens. The payoff will most likely be 9,000 jobs, those direct from KIA and indirect through the network of suppliers.

"Drew Ferguson of the West Point Development Authority championed the effort to garner 38 property owners to sell their land for this initiative," explains Diethard Lindner of the LaGrange Development Authority. "We have already closed on all but four of these transactions," he adds.

KIA will manufacture 300,000 cars a year from this \$1.2 billion facility. It will begin testing operations in May 2008.

After a multi-state site search, American Insulated Wire (AIW) will invest \$26 million to open a new facility in Douglas that will serve the southeastern United States. The new operation, AIW's first manufacturing facility in the Southeast, will create more than 200 jobs in the next two years in Coffee County. The Douglas/Coffee County leadership excels in cooperation and collaboration. Joint city and county comprehensive planning has been the norm for years and both entities ante up to maximize what might otherwise be lean resources.

"This community has always been aggressive for jobs for Georgians and I like it. This is the fruit of their labor," said Governor Sonny Perdue.

AIW is a manufacturer of electrical wire and cable products.



Special Focus

Forsyth

In May, Governor Sonny Perdue announced the Tift College campus in Forsyth will be headquarters for the Georgia Department of Corrections (DOC). Five metro Atlanta locations will be consolidated on the grounds of historic Tift College.

Some 12,000 DOC employees will be trained and more than 200 classes will be offered for staff development at the new DOC training academy, which will also be a part of the complex on the Tift campus.

Moving the DOC headquarters to Forsyth will relocate up to 400 central office staff to the Tift College campus, an estimated annual payroll of \$25 million.

Forsyth was also named a 2005 Signature Community by the Department of Community Affairs for its strategic growth initiatives in its downtown and corridor enhancements into the historic district.



Governor Sonny Perdue and KIA President Chung.



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Buildings and Parks

- **Fort Valley/Peach County** - In June, the Development Authority of Peach County unveiled its speculative building in the South Peach Industrial Park in Fort Valley, Georgia. It is an 82,500 square foot building, expandable to 250,000. It features 30 foot ceiling heights and is rail served. The building sits on 11 acres with the potential for 20 acres. It is constructed of precast concrete.
- **Albany** acquired 222 acres to build its new generation industrial park. “We worked with state professionals, like Location Georgia staff, to help us identify a site that will best serve potential prospects. This site will be rail served. Our citizens approved dollars in the last SPLOST funds for the park and its amenities. It is likely we will have a spec building,” says Tim Martin of the Albany-Dougherty Economic Development Commission.

Moultrie Is First Archway Community

When Sanderson Farms, the fifth largest poultry processor in the United States, sited its newest facility in Moultrie employing over 1000 employees and producing 300 million pounds of poultry products annually, the community had a tidal wave of training, housing and general resource needs.

“We chose Moultrie/Colquitt County as our first Archway community to provide them University of Georgia resources as they absorbed this new industry into their community,” explains Dennis Epps, Archway Project Coordinator.

“We are not replacing or duplicating existing services,” adds Epps. Archway matches UGA resources where possible. For example, a

University of Georgia team helped conduct a housing survey to determine housing needs. The program marries need with UGA resources in concert with state agencies and other entities.

“Dennis has provided us tremendous resources to assist us as we manage growth. He has harnessed grant money and facilitated a steering committee to tackle issues.” explains Darrell Moore, President of the Moultrie-Colquitt County EDC.

The Archway project is designed as a way to deliver a full range of University of Georgia resources to counties facing significant issues related to economic development. Available resources include those offered by UGA’s Public Service and Outreach and Cooperative Extension.

The pilot project in Moultrie will last two years with the intent to establish a permanent office in the community that serves all Southwest Georgia. Plans are underway to develop Archway communities across the state.



Sanderson Farms, a Mississippi-based poultry processor looked to Moultrie for its first Georgia processing operations.

Make A Note

- The U.S. Small Business Administration has released a new study that examines the factors that lead to small business growth in rural areas. The report features detailed case studies from six states, including Kentucky and North Carolina. Download the report, *An Empirical Approach to Characterize Rural Small Business Growth and Profitability*, at: <http://www.sba.gov/advo/research/rs271tot.pdf>

- Retirees are boosting states' rural economies, says an article at stateline.org. Read the article at:

www.stateline.org/live/ViewPage.action?siteNo=136&languageId=1&contentId=93345.

MEAG Power is a public generation and transmission corporation providing wholesale electricity to Georgia's public power utilities. MEAG Power is Georgia's third largest power supplier

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Location Georgia offers statewide economic development services to expanding businesses. We also provide communities economic development support in aerial photography, advertising support, strategic planning facilitation and various other services through strategic alliances.



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