



# Alabama Economic Summit 2014: Our People and Our Economy

## SUMMARY REPORT



Congressman Jo Bonner, Honorary Summit Chair  
Governor Bob Riley, Honorary Summit Co-Chair

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## SUMMARY

While the recent global economic downturn has been particularly acute within rural counties and the small business community, Alabama is well-poised for strong economic growth over the next five years. However, the new economic drivers fueling this growth—from tourism to manufacturing—have changed the rules for doing business. More importantly, they've opened legitimate challenges and opportunities for Americans and Alabamians.

To help address these new challenges and protect current jobs, Congressman Jo Bonner chaired the Alabama Economic Summit 2014: Our People and Our Economy. The summit—held Feb. 20, 2009 at the Arthur R. Outlaw Mobile Convention Center—gathered almost 400 public officials, educators and concerned citizens interested in the economic health of the region.

The purpose of the daylong event was to review recent changes to the economy, identify new challenges and opportunities for Alabama and determine how to position the region to make the most of the current situation. In preparation for the summit, local experts were tapped to evaluate specific issues and develop corresponding recommendations. These recommendations were then presented to audiences at the summit, using eFORUM audience response technology to gain real-time feedback of their perceived impact and feasibility as action items for the next five years. These included training a workforce with technical, middle-class skills; using networking to attract new businesses and help sustain current businesses; and establishing guidelines for developing the growing service industry.

## OPENING REMARKS

### Congressman Jo Bonner

Good morning ladies and gentlemen, and thank you for being here.

Before beginning our program, I would like to thank all the organizations listed in your program that made today's event possible and offer a special thank you to our friends at Thompson Engineering, AT&T, Auburn University, ST Aerospace, The Business Council of Alabama, and Whitney Bank. This event would not have been possible without the support of these organizations.

I would also like to thank our working group chairs, Bob Higgins, Sam Covert, Bob Chappelle, Al Heffernan, Terry Harbin and the other working group members for their work today and in preparing for the discussions in our breakout sessions.

I would also like to give a special thank you to the Public Forum Institute for all the work they have done in putting together today's program.

Last but not least, I would like to acknowledge my wonderful, hard-working and dedicated staff for their time and effort in preparing today's gathering.

Today, ladies and gentlemen, is really about you. Why are you here and what can you hope to get out of today's meeting? Those are fair questions as we begin our program.

You all have busy schedules and yet you have taken precious time out of your day to participate in today's discussion on our regional economy and workforce development and, trust me, we are all determined to make this worth your time.

In fact, when we were planning this summit last year, in a very real way the world was a much different place. Headlines didn't fill the daily papers with bad news, layoffs and plant closures and, quite frankly, we were planning a much different discussion.

But after a while, it became crystal clear that there is perhaps no better time to plan for the future – and chart a course of action for our region over the next five years – than now. Sometimes, it seems, when times are good and prosperous, people are just too busy to slow down long enough to appreciate how good things really are; so now that the country – and indeed, the world – is going through this difficult period of economic adjustment, now, I believe, is the right time for us to have this important conversation.

And who better to lead off today's discussion about where we are and where we are going than the one man that, I believe, has done more to sell the new Alabama to the world than our own governor, Bob Riley?

My friends, in just ten years, Alabama will observe our bicentennial celebration.

While I turn 50 later this year – and, admittedly, haven't been around for the entire time – I can honestly say that during my lifetime, we have never had a governor who has done more to provide such outstanding, statesmanlike leadership for our state than Governor Riley.

Be assured of one thing... Generations to come will benefit from his hard work and integrity, his common sense approach to running the state, and his vision and determination to prove that Alabama has finally embarked on a new path toward greatness.

Ladies and gentlemen, please help me show our appreciation to the Governor of Alabama, Bob Riley.

## Governor Bob Riley

I believe that years from now – we will look back and realize that 2009 was a pivotal time in Alabama’s history.

The recession that began more than a year ago has hit our state. Our unemployment rate has gone up – and people are truly hurting in this economy. But we also need to realize that while it’s not morning in America – it’s also not the twilight.

We do have many bright spots in Alabama’s economy. Our unemployment rate remains below that of our neighboring states. CNN noticed this too and last month did a segment on how Alabama’s unemployment rate stands out as one of the lowest.

- Alabama 6.7%
- Georgia 8.1%
- Mississippi 7.1%
- Tennessee 7.9%
- Florida 8.1%

Our business climate is ranked the third best in America today, and Alabama was named State of the Year for the fifth time in the last six years for our economic development performance.

We’re ranked fourth in the nation for the number of people moving into our state. Alabama has the seventh lowest foreclosure rate in the country, and economists meeting in Birmingham last month said Alabama is poised to emerge from the recession ahead of the rest of the nation.

It used to be said that when the nation caught a cold, Alabama caught pneumonia. But not anymore. In a time of economic trouble and uncertainty for our nation, all of us can be thankful we live in Alabama because Alabama continues to be one of America’s leaders in economic development.

During the past 12 months, 383 new and expanding industry announcements took place in Alabama resulting in more than 14,000 announced new jobs. Just two days ago – I had the privilege of announcing 300 new jobs were coming to Cullman County. Just yesterday – I was here in Mobile meeting with leaders from ThyssenKrupp which is going full steam ahead despite the worldwide economic downturn.

A project of its size – with this amount of positive impact – comes along perhaps once in a generation. It is truly a transformational project for this entire region of the state.

Indeed, even more new job announcements are expected in the weeks and months ahead.

We also have outstanding news when it comes to Alabama's place in the global economy – and it's news I am announcing here today.

Alabama exports grew to almost \$16 billion in 2008 - an increase of 10 percent from the year before.

Since 2003 – when I came into office – our exports have doubled from \$8 billion to \$16 billion.

Alabama companies have proven they know how to compete in the global market. That means more jobs for our citizens and higher wages and a stronger economy for our state. The more aggressive and proactive we are in exporting – the more successful Alabama is going to be.

Yes – Alabama's economy has many bright spots. But, they will never blind us to the challenges we face. We've seen tough times before. When we first came into office, Alabama faced a weak economy.

So we made government more fiscally responsible – we revamped our economic development strategy – and we brought more accountability to state government.

Following this formula – we were able to turn a record budget deficit into a record budget surplus in just a few short years.

Now the global economy has brought some of these challenges back. So, we're going to have to do what we know works: fiscal discipline, an even more aggressive economic development strategy, and more accountability in government than ever before.

If we make the right decisions this year – I'm confident we can turn crisis into comeback.

One thing we must do is re-tool our economic development strategy and broaden it. That's why I've proposed a package of bills to the Legislature called the Alabama Economic Recovery Plan.

This plan will not only help Alabama get through this crisis – it will lay the foundation to move us forward and come out of this recession stronger than before.

One of the key points is it broadens the scope of our statutory incentives. Our current incentives focus almost entirely on manufacturing. Let me assure you – Alabama will continue to aggressively pursue manufacturing jobs.

At the same time, we need to make sure Alabama is in position to compete for other jobs – like research and development facilities – corporate headquarters – data centers and other ventures – including those in the emerging green economy of the twenty-first century.

We're competing for several of these projects now – projects that have a potential impact of about 10,000 new jobs. But, the way our incentives are right now – we're fighting for these projects with one hand tied behind our back.

That's why the plan I'm presenting will allow us to offer statutory incentives for these types of projects. Georgia – Florida – Tennessee – and other states have already made this change. We must do the same so Alabama doesn't lose its competitive edge and so we're not handicapped in competing for these jobs.

When oil and gas prices rise again – and they unfortunately will – Alabamians will be faced with hard choices. As we seek to lessen our dependence on foreign oil, there are many companies working to create new and cheaper forms of energy right here in America. These companies also create twenty-first century jobs that are here to stay. But Alabama doesn't provide tax incentives to these companies. So our recovery plan makes sure Alabama will be a leader in the emerging green economy.

The plan also includes a Back-to-Work Tax Credit of \$500 to encourage companies to hire unemployed workers. If a company is going to hire, we want them to hire people who need a job right now rather than someone who already has a job. The sooner we get someone off the unemployment rolls, the sooner we save on their unemployment benefits, and the sooner they can provide for their families.

Our plan also includes a Targeted Job Creation Tax Credit. This is a \$1,500 incentive over three years for each new job created in counties with the highest unemployment levels. This will help stimulate business growth in areas of Alabama, like the Black Belt and other rural counties, where jobs are needed most.

This recovery plan isn't going to pass unless legislators hear from you. I urge you to take an active role during this legislative session. These times call for action – not only from public servants in Montgomery – but also from the people who sent us there. You can be sure those who oppose this plan will be at work in the halls of the Statehouse, and your collective influence can be a powerful counterbalance.

# LOOKING FORWARD

TIM KANE, Senior Fellow, Kauffman Foundation

Regions all around America are facing the dual challenges of an economic recession and the constant pressure to restructure in the face of seemingly accelerated globalization and technology. But the region around Mobile, Alabama, I believe, is well-poised for fast economic growth in the decades ahead.

First, we have to understand that nations worldwide have been growing rapidly for the last century, but the notion of economic competition among them - let alone "lessons" from China - do not appreciate America's consistent presence at the frontier of productivity. Growth here has always been based on innovation, whereas most other economies have the luxury of borrowing technology and techniques. China's growth is tremendous, but those 10 percent annual rates come from a poor starting point. In general, most advanced economies operate at a GDP per capita basis of 80 percent of the U.S. level. The lesson is that America must appreciate its unique advantages and see where the cutting edge will be creating jobs of the future.

Not only is capitalism not dead, it is evolving into something newer and better, despite headlines of economic terror. The recession of 2008 and 2009 will no doubt be severe, but it will ultimately just accelerate trends already in place. For example, historical trends show that manufacturing jobs have been declining for decades and make up roughly 15 percent of the U.S. economy. The future, and indeed present, of the workforce, is in the service sector. And this is where Mobile shines. What Americans are becoming increasingly comfortable with is the idea of constant change -- with the 7.7 million jobs lost every quarter since 1992 as part of the natural churn that makes way for 8.1 million new jobs created. Good policy focuses on the environment for job creation, not on job protection. And experts tell us that the best environments emphasize good schools, low taxes, livable communities (especially with low crime), infrastructure and as little red tape as possible for new businesses. What the growing communities are avoiding are targeted spending and tax cuts for favored industries. We don't know which regions will grow, but we do know how.

# MEETING THE DEMANDS FOR MIDDLE SKILLS

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## Priority Action Items

1. Business & Industry need to effectively work with K-12 schools, community colleges, bachelor and graduate colleges/universities, as well as private training services.
2. Connect adults with employment opportunities via a network of Career Centers, staffing services, corporate recruiting and others.
3. Get kids so excited about cool jobs that they stay in school and take hard courses so that they can get those jobs when they grow up.
4. Require every 8<sup>th</sup> grader to pick a career path and a high school curriculum that sets him/her on that path.

## SUMMARY

The United States is failing to adequately train for jobs that do not require a college degree. These are jobs that require technical sophistication and initiative. They pay well and are necessary to fortify existing industrial strength. The question is how the federal government, state government and other organizations can help foster the requisite training for these jobs.

### Working Group Chair:

- **Bob Higgins**  
*VP, Baldwin Co. Economic Development Alliance*
- **Sam Covert**  
*Area Manager, Alabama Power*
- **Dr. Sam Addy**  
*Director, Center for Business and Economic Research, The University of Alabama*

Bob Higgins, vice president of the Baldwin County Economic Development Alliance and Sam Covert, Mobile division area manager for Alabama Power Company, led a discussion of how the community can attack this goal.

The most popular strategy proposed at the summit was the idea of creating partnerships between local businesses and area schools. Youth would be targeted with career guidance in K-12 schools, while adults could benefit from hands-on skills training through area colleges and private training services.

As with any discussion of new initiatives, the question of how to provide funding was raised. One solution offered—particularly for youth programs—was to work through the state, building a uniform plan that could be implemented by any school district. It was emphasized that private and parochial schools should have access to this resource, as well as public schools.

# ATTRACTING AND CREATING NEW ENTREPRENEURS AND BUSINESSES

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## Priority Action Items

1. Establish a network of physical business incubators.
2. Create a regional “venture forum” to bring together entrepreneurs and investors.
3. Work through university partnerships to build awareness and use of federal grants for Innovation Research and Technology Transfer.
4. Establish a region-wide effort to encourage entrepreneurial development, including a centralized listing of resources and an annual promotional event.

## SUMMARY

Given that more than half of the new jobs in the United States are created by companies less than five years old, it is crucial to long-term economic development for regional economies to foster an environment conducive to start-ups.

Bob Chappelle, executive vice president for the Mobile Area Chamber of Commerce, led a discussion on this issue, focusing on networking as a means to help developing businesses. Specifically, he suggested building a network of physical business incubators that would provide a collection of resources for start-up companies.

While capital resources like teleconferencing and loans would be one aspect of these resources, an equally important component of the network would be access to individuals. Understanding that strong relationships are the key to successful business ventures, everyone from investors to mentors to community stakeholders would be invited to join this “venture forum.” Such a network could yield everything from potential investments, to awareness of federal grants available to businesses, to opportunities to promote events and ideas. These resources would be available in exchange for a fee.

### Working Group Chair:

- Bob Chappelle CCE, Mobile Area Chamber of Commerce

### Working Group Members:

- Dr. Calvin M. Bacon Jr., University of South Alabama
- Bob Higgins, Baldwin County Economic Development Alliance
- Robert Ingram, Baldwin County Economic Development Alliance
- Brent McMahan, Small Business Administration
- Jesse Quillen, Washington County Economic Development Initiative
- Darrell Randle, Mobile Area Chamber of Commerce
- Danette Richards, Mobile Area Chamber of Commerce
- Marshall Rogers, Escambia County Industrial Development Authority
- Tom Siegwald, Business Innovation Center
- William B. Sisson, Mobile Airport Authority
- John Strope, Dogwood Productions
- Troy Wayman CEcD, Mobile Area Chamber of Commerce

# PROTECTING AND STRENGTHENING EXISTING INDUSTRIES

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## Priority Action Items

1. Preserve Right-to-Work and mitigate "Employee Free Choice Act" impact.
2. Control Health Insurance costs and enhance availability.
3. Provide a forum for management and marketing support, technology availability and issues identification.
4. Mitigate impact of "Renewable Energy Portfolio."
5. Improve availability of small business working capital/credit.

## SUMMARY

The current economic slowdown is presenting unique challenges to existing companies. Al Heffernan, a principle of Heffernan & Associates, Inc., a diverse management consulting company, led a discussion pinpointing specific actions existing companies can take to respond.

Heffernan categorized three overall issues he sees driving industry action in the next five years: proactively managing the impact of the current fluctuating conditions, carefully managing growth that tracks national and international recovery and preparing to operate in the post-recovery economy.

The discussion led to several goals for south Alabama, including improving the ability of small businesses to obtain working capital/credit, preserving Right-to-Work and mitigating the impact of Employee Free Choice Act.

To obtain these goals, Heffernan encouraged business owners to embrace technology and take advantage of abundant natural resources in the area. He also told them that despite the current economy, banks are willing to lend to small businesses to fund innovative ideas.

### Working Group Chair:

- Al Heffernan, Principle, Heffernan & Associates Inc.

### Working Group Members:

- Steve Perry, The Forum
- Dr. Semoon Chang, University of South Alabama
- Larry Fillmer, Auburn University
- Steve Russell, Mobile Area Chamber of Commerce
- Al Ruffin, Mobile Area Chamber of Commerce
- Leida Javier-Ferrell - Mobile Area Chamber of Commerce
- Chester Vrocher, Boise

# BUILD SERVICE ECONOMY SKILLS

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## Priority Action Items

1. Coordinate overall efforts between various Chambers of Commerce, business and political leaders and our education institutions to the value and significance of service sector as well as manufacturing jobs to our regional economy.
2. Businesses need to excite and inspire students about job opportunities in the service sector economy. Education needs to reach out to businesses and invite them into the classrooms to help develop meaningful understanding and appreciation for service jobs.
3. Create an “education foundation” style working partnership between education advocates and business interests that fosters communication and joint involvement throughout our region. Expand this process region-wide.
4. Support and encourage participation in the Five Star Southern Hospitality Services courses to build a world-class service culture across our region.

## SUMMARY

The service sector is driving a demand for more complex and creative skill sets. To respond to this demand, communities need to examine ways to grow jobs that demand problem-solving, entrepreneurship, computational analysis and teamwork. Terry Harbin, president of Bank Trust, focused his discussion on ways to bring the larger community into the service industry.

### Working Group Chair:

- Terry Harbin, BankTrust Bank

### Working Group Members:

- Sam Covert, Alabama Power Company
- Al Etheridge, SAWDC, Region 9
- Bob Higgins, Baldwin County Economic Development Alliance
- Jim Kellen, SAWDC, Region 9
- Dr. Sam Addy, The University of Alabama

To inspire future employees, service sector businesses need to excite students about job opportunities. Education can also take a proactive role in facilitating this relationship, by inviting service industry leaders into classrooms to help develop meaningful understanding and appreciation for the industry.

To improve the work of existing service industry employees, the Five Star Southern Hospitality Service courses were highlighted as an effective road map. The courses encourage employees to “go the extra step” in everything from communications to tele-sales to managerial coaching.

In the larger community, efforts can be made to market the value and significance of the service sector by coordinating efforts between various Chambers of Commerce, business leaders, elected officials and educational institutions.

## CONCLUSIONS

While Alabama is weathering the global recession well, there are opportunities for improvement that would help build a better state economy. Through in-depth discussions and participant feedback, it was determined our region should: train a workforce to support “middle skills” jobs and those in the growing service industry, create an economic environment attractive to new entrepreneurs and help current businesses remain strong.

More than anything, the summit was an opportunity to highlight the strong resources and people Alabama already has and to unify these forces together under an economic strategy that will help lead the state into the future. The summit proved that this is a possibility, given the widespread enthusiasm of individuals working together.

The next step is to put these ideas into action.

## e-FORUM RESULTS

e-FORUM polls taken during the summit helped steer the discussion of how Alabama should respond to the current economic climate. The results are based on a 1-10 scale:

### **Meeting the demand of middle skills:**

Business & Industry need to effectively work with K-12 schools, community colleges, bachelor and graduate colleges/universities, as well as private training services.

- Impact—8.8
- Feasibility—7.1

Connect adults with employment opportunities via a network of our Career Centers, staffing services, corporate recruiting and others. Do this better than anyone else in the country!

- Impact—7.8
- Feasibility—7.0

Get kids so excited about cool jobs that they stay in school and take hard courses so that they can get those jobs when they grow up.

- Impact—7.4
- Feasibility—6.2

Require every 8<sup>th</sup> grader to pick a career path and a high school curriculum that sets him/her on that path.

- Impact—6.5
- Feasibility—5.4

### **Attracting & Creating New Entrepreneurs & Businesses:**

Establish a network of physical business incubators.

- Impact—7.1
- Feasibility—6.1

Create a regional “venture forum” to bring together entrepreneurs and investors.

- Impact—7.4
- Feasibility—6.9

Work through university partnerships to build awareness and use of federal grants for Innovation Research and Technology Transfer.

- Impact—7.1
- Feasibility—6.5

Establish a region-wide effort to encourage entrepreneurial development, including a centralized listing of resources and an annual promotional event.

- Impact—7.4
- Feasibility—7.3

## **Protecting & Strengthening Existing Industries:**

Preserve Right-to-Work and mitigate "Employee Free Choice Act" impact.

- Impact—8.4
- Feasibility—6.8

Control Health Insurance costs, and enhance availability.

- Impact—8.1
- Feasibility—5.4

Provide a forum for management and marketing support, technology availability and issues identification (e.g. Incubator type program).

- Impact—7.1
- Feasibility—6.4

Mitigate impact of "Renewable Energy Portfolio."

- Impact—7.3
- Feasibility—6.2

Improve availability of small business working capital / credit.

- Impact—8.4
- Feasibility—7.0

## **Build Service Economy Skills**

Coordinate overall efforts between various Chambers of Commerce, business and political leaders and our education institutions to the value and significance of service sector as well as manufacturing jobs to our regional economy.

- Impact—7.8
- Feasibility—7.2

Businesses need to excite and inspire students about job opportunities in the service sector economy. Education needs to reach out to businesses and invite them into the classrooms to help develop meaningful understanding and appreciation for service jobs.

- Impact—8.1
- Feasibility—7.4

Create an "Education Foundation" style working partnership between education advocates and business interests that fosters communication and joint involvement throughout our region.

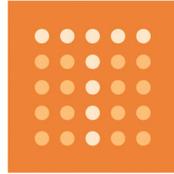
Expand this process region-wide.

- Impact—7.3
- Feasibility—6.3

Support and encourage participation in the Five Star Southern Hospitality Service courses to build a world-class service culture across our region. The current course work includes Hospitality 101, Communications Basics, Customer Service Skills, Exceeding Customer Expectations, Tele-Sales Skills A-Z, Internal Customer Service Skills and Coach for Managers.

- Impact—8.5
- Feasibility—7.4

This summit would not have been possible without  
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