

# Increasing Value-Added Agriculture



Chatham, Harnett, Johnston & Lee Counties, NC

February 2018 | Economic Leadership LLC

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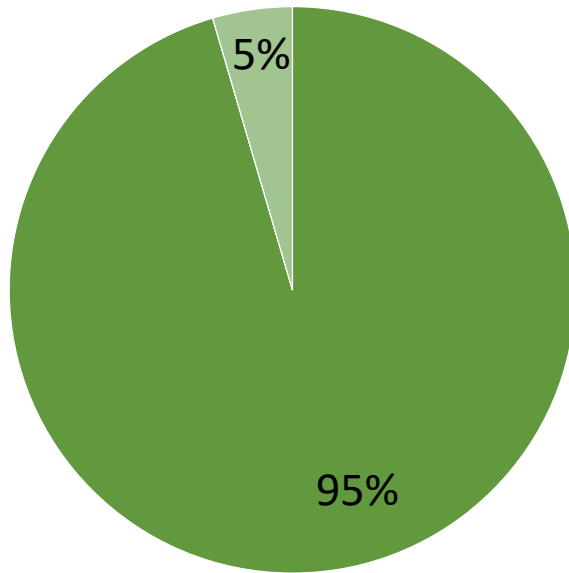
- Ag economic overview
- Agricultural asset map
- Assessment of current & future trends impacting ag
- Assessment agricultural special incentive policy
- Recommendations
- Multi-year action plan timelines and costs

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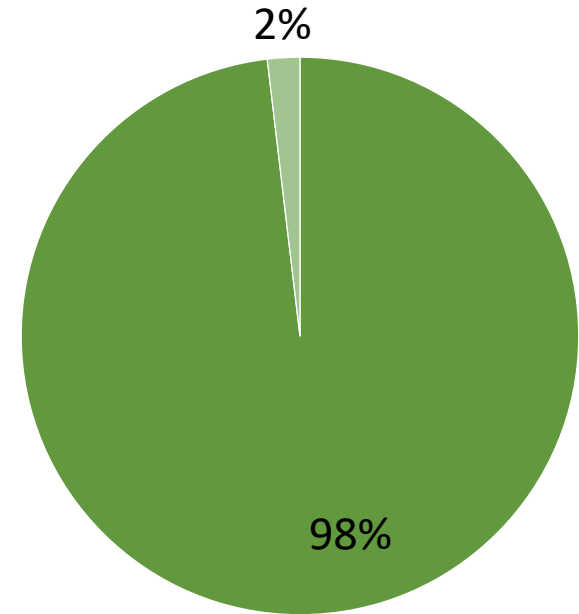
# Agricultural Industry & Occupational Employment in 4-County Region

## Industry Employment



- Other Employment
- Agricultural Employment

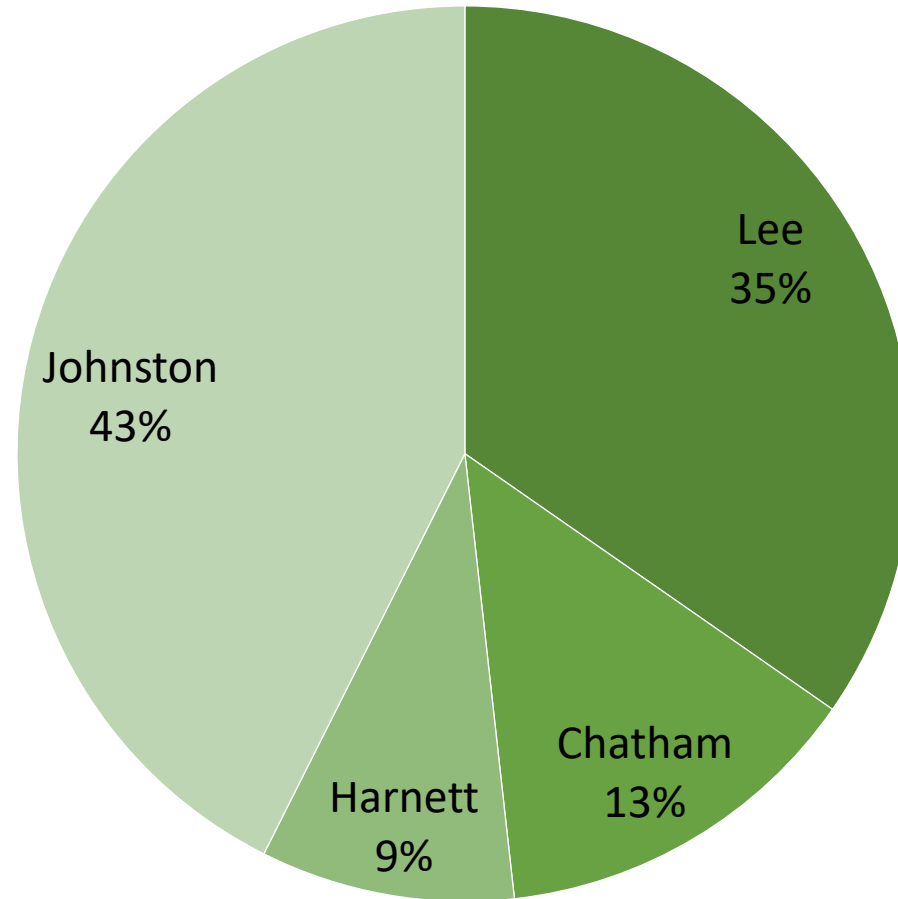
## Occupation Employment



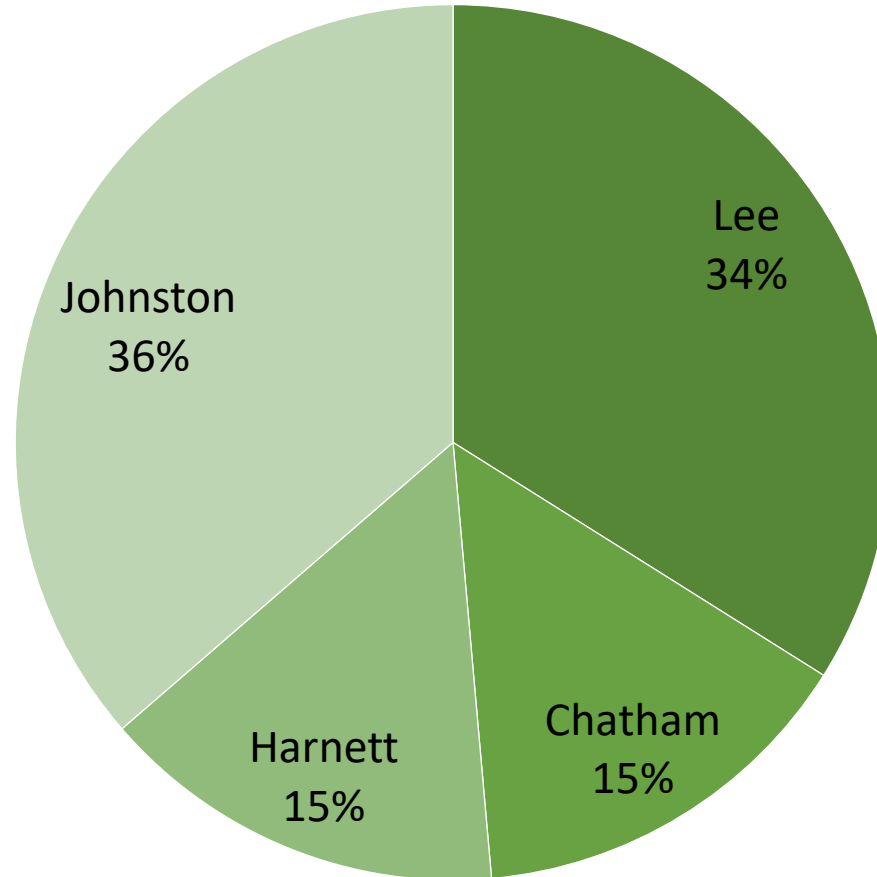
- Other Employment
- Agricultural Employment



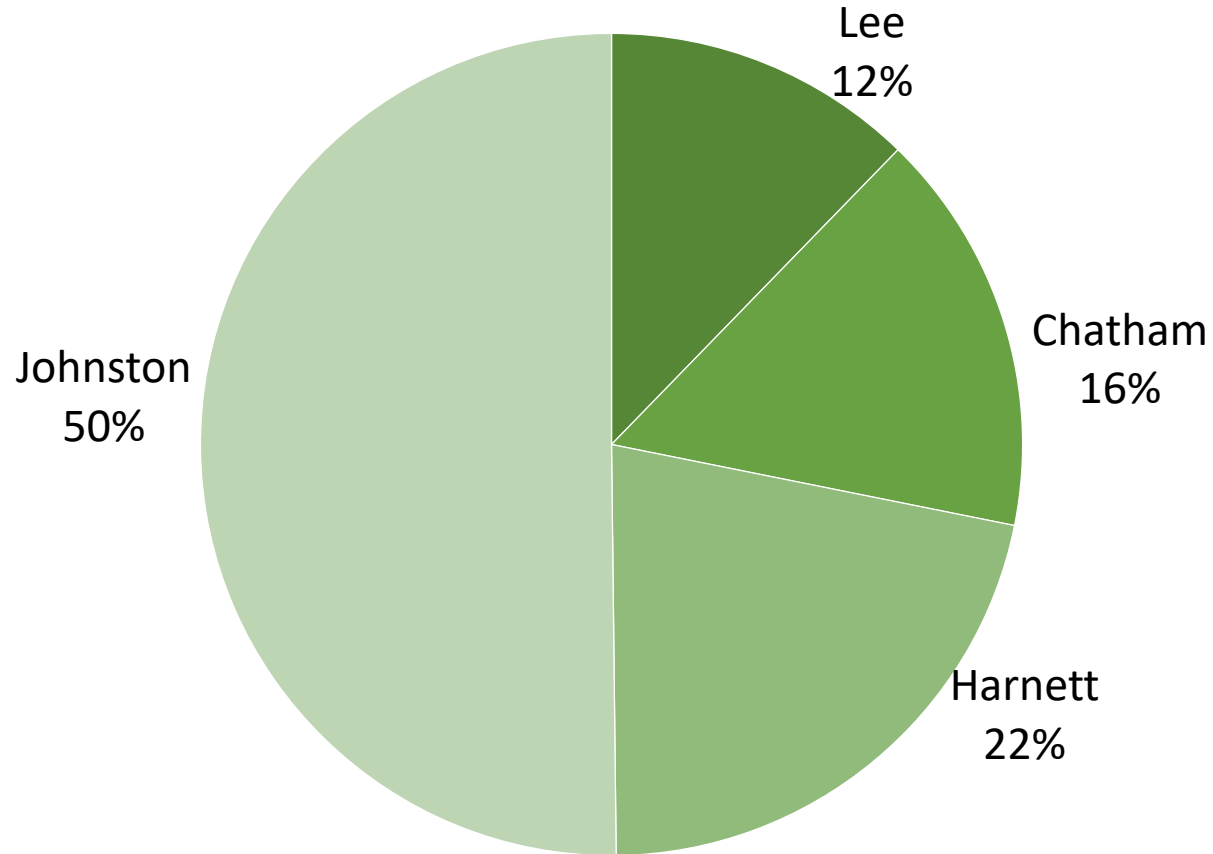
# % of Total Region Agricultural Industry Employment in Each County



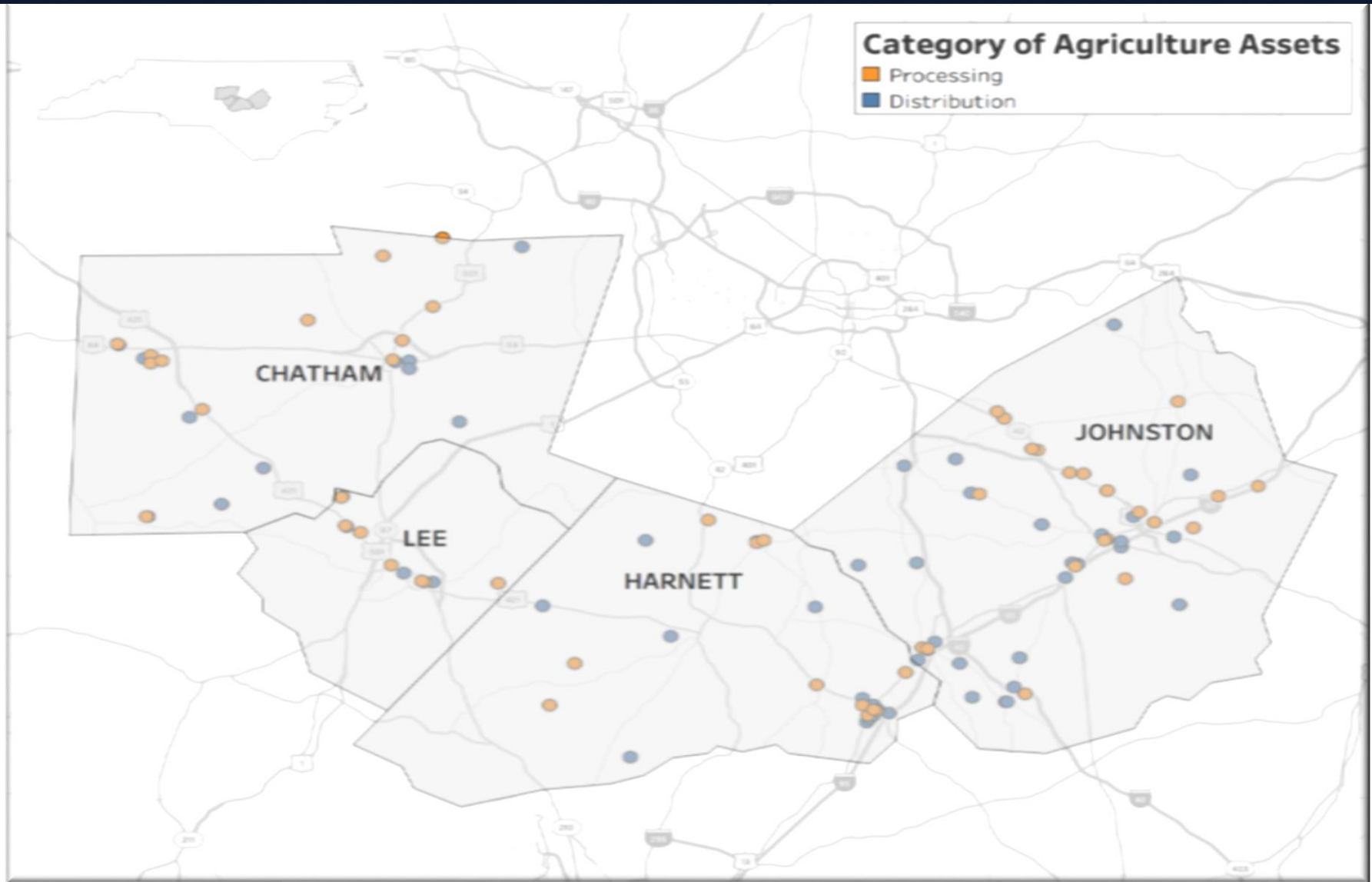
# % of Total Region Agricultural Industry Occupations in Each County



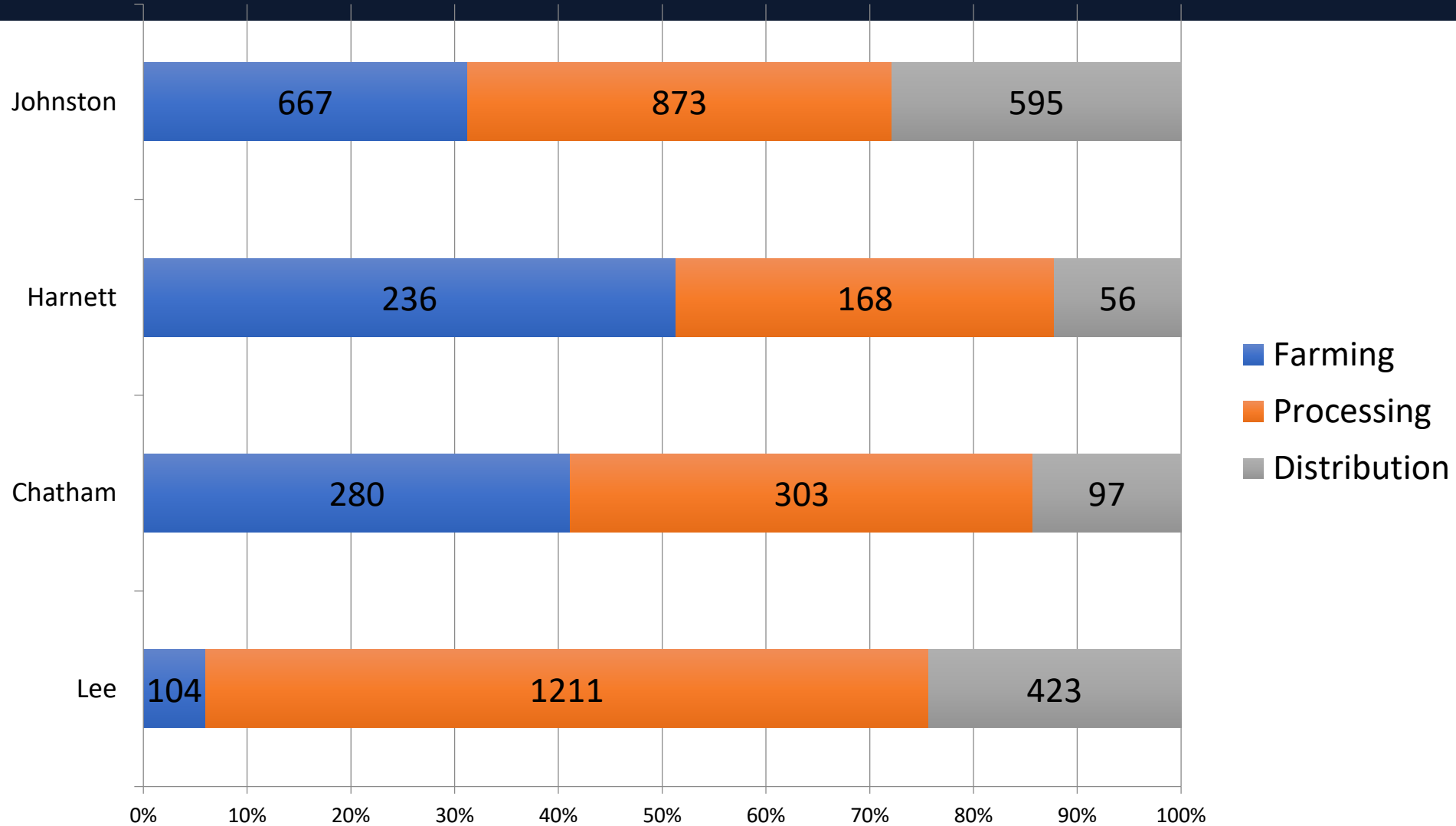
# Total Agricultural Establishments as % of Regional Establishments in Each County



# Agricultural Assets in the Region

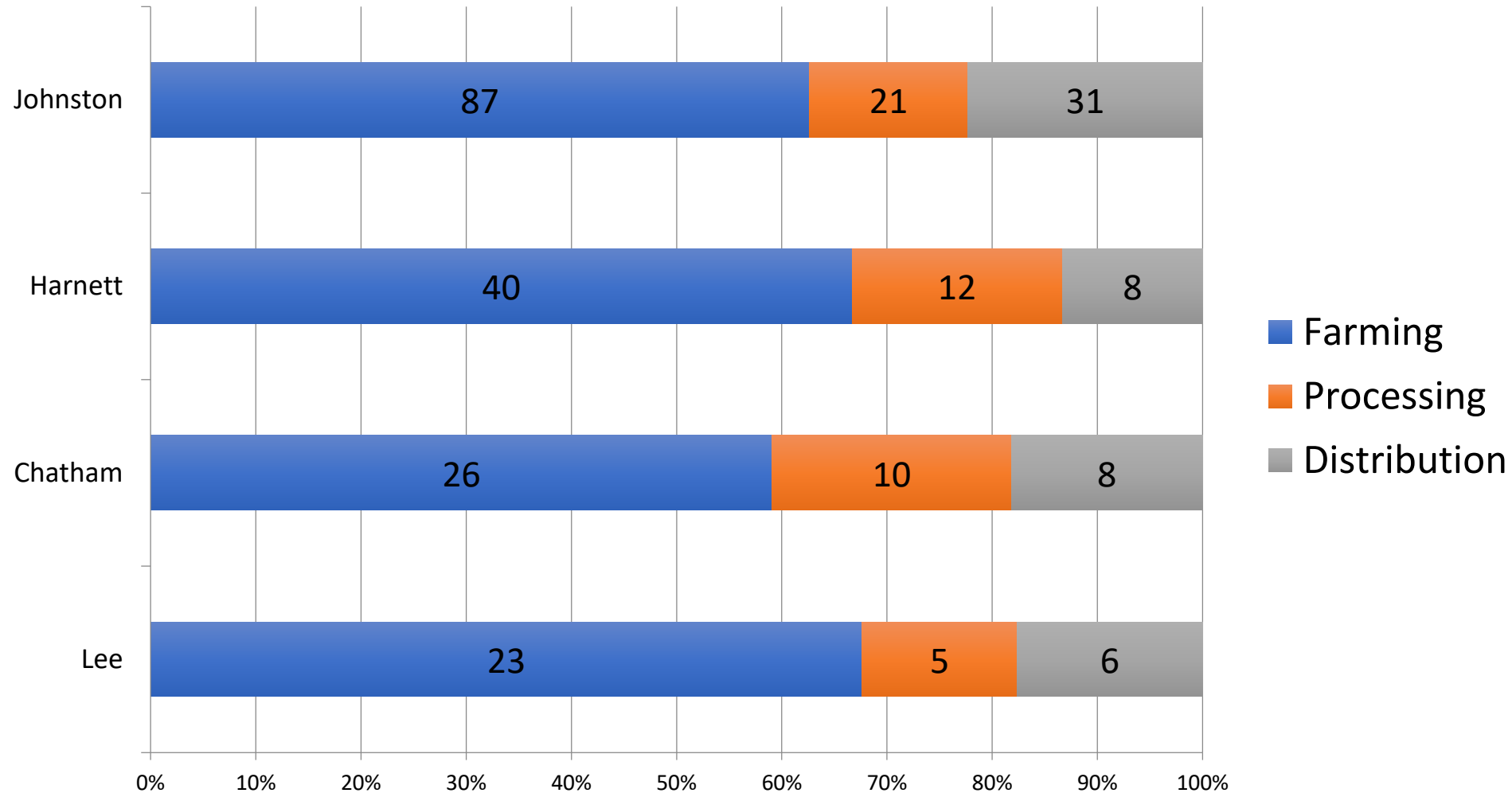


# Ag Industry Employment Percentages

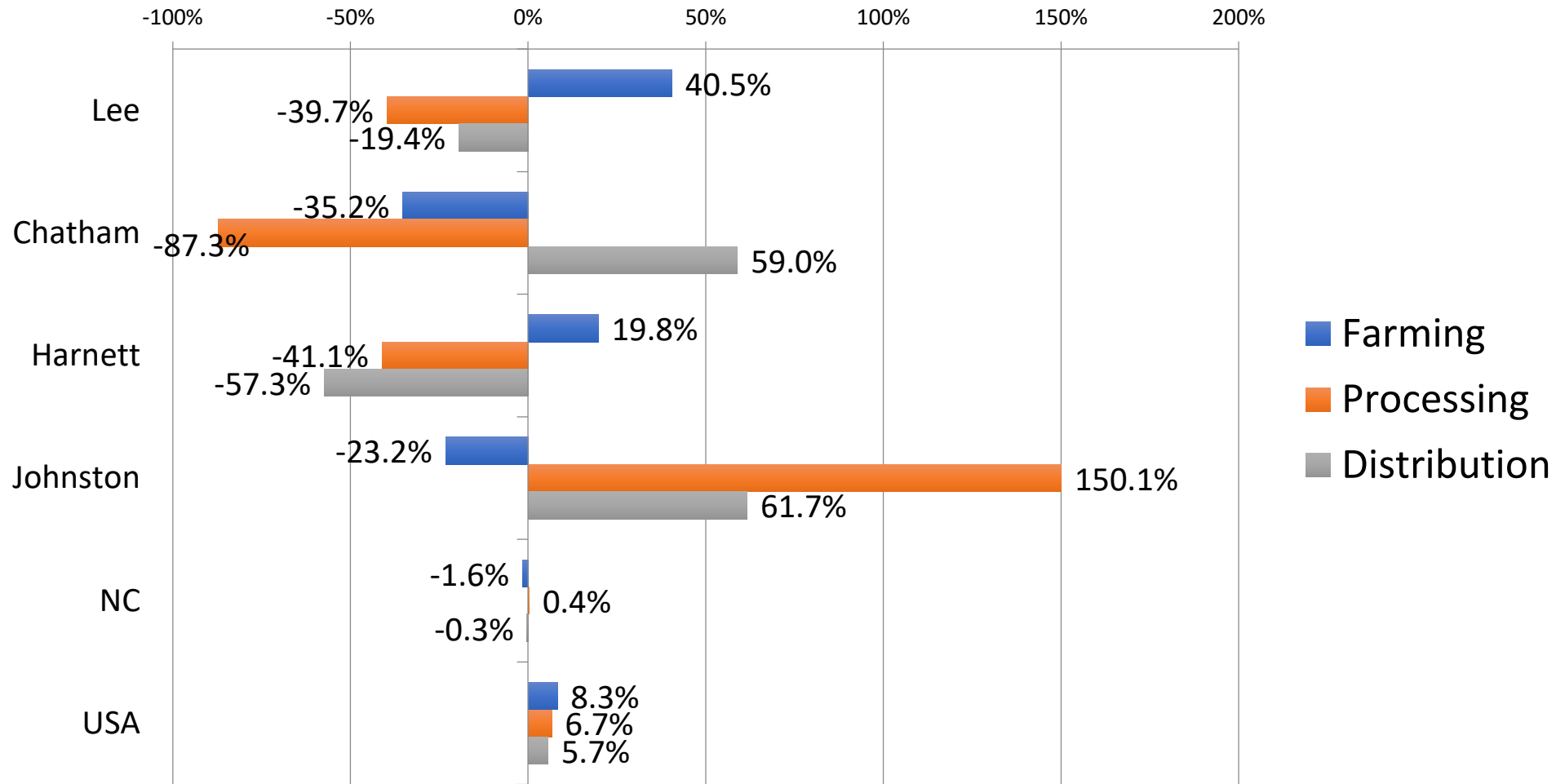




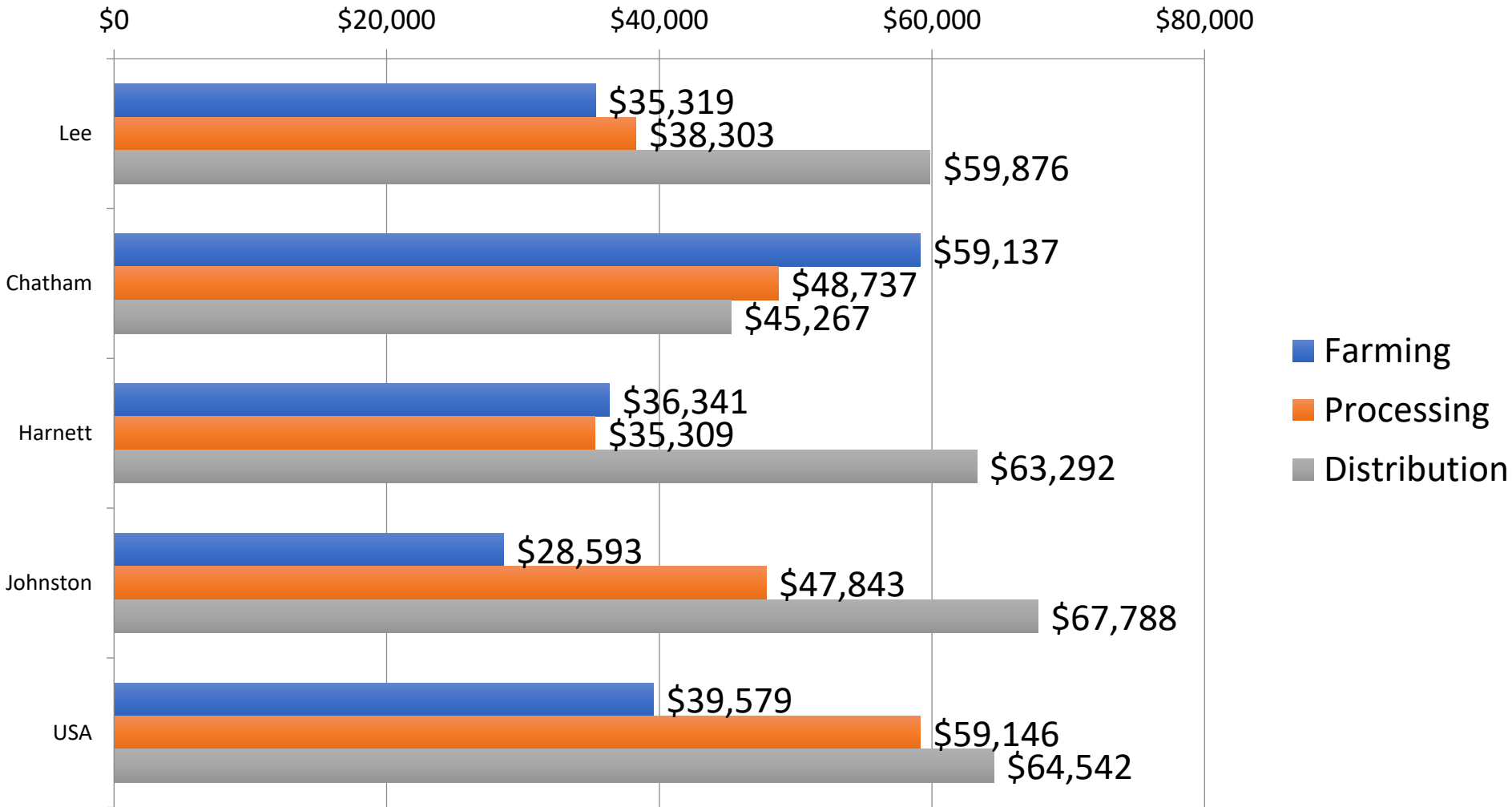
# Ag Industry Establishment Percentages



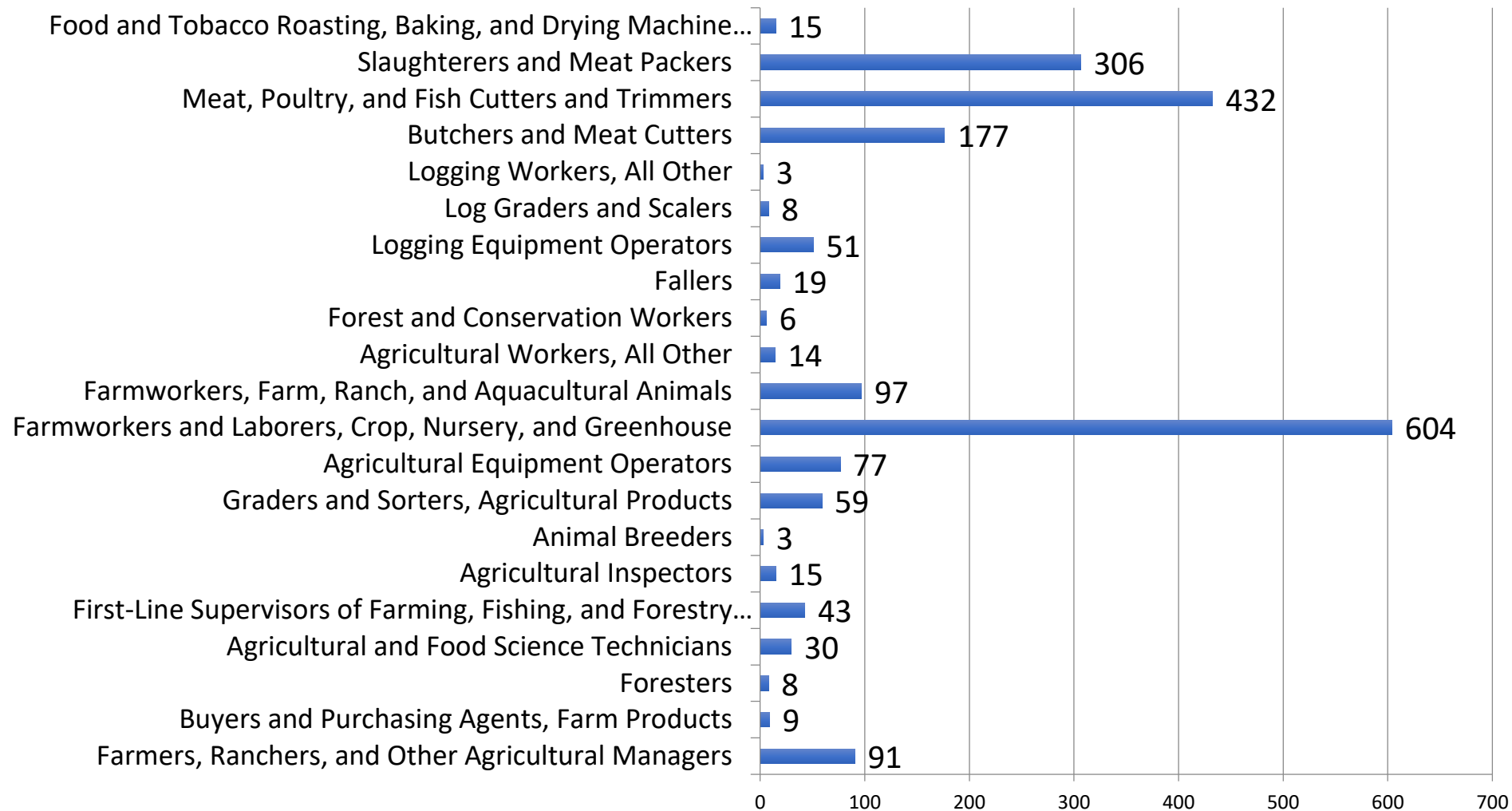
# 10-Year Employment Growth Ag Industry (2006-2016)



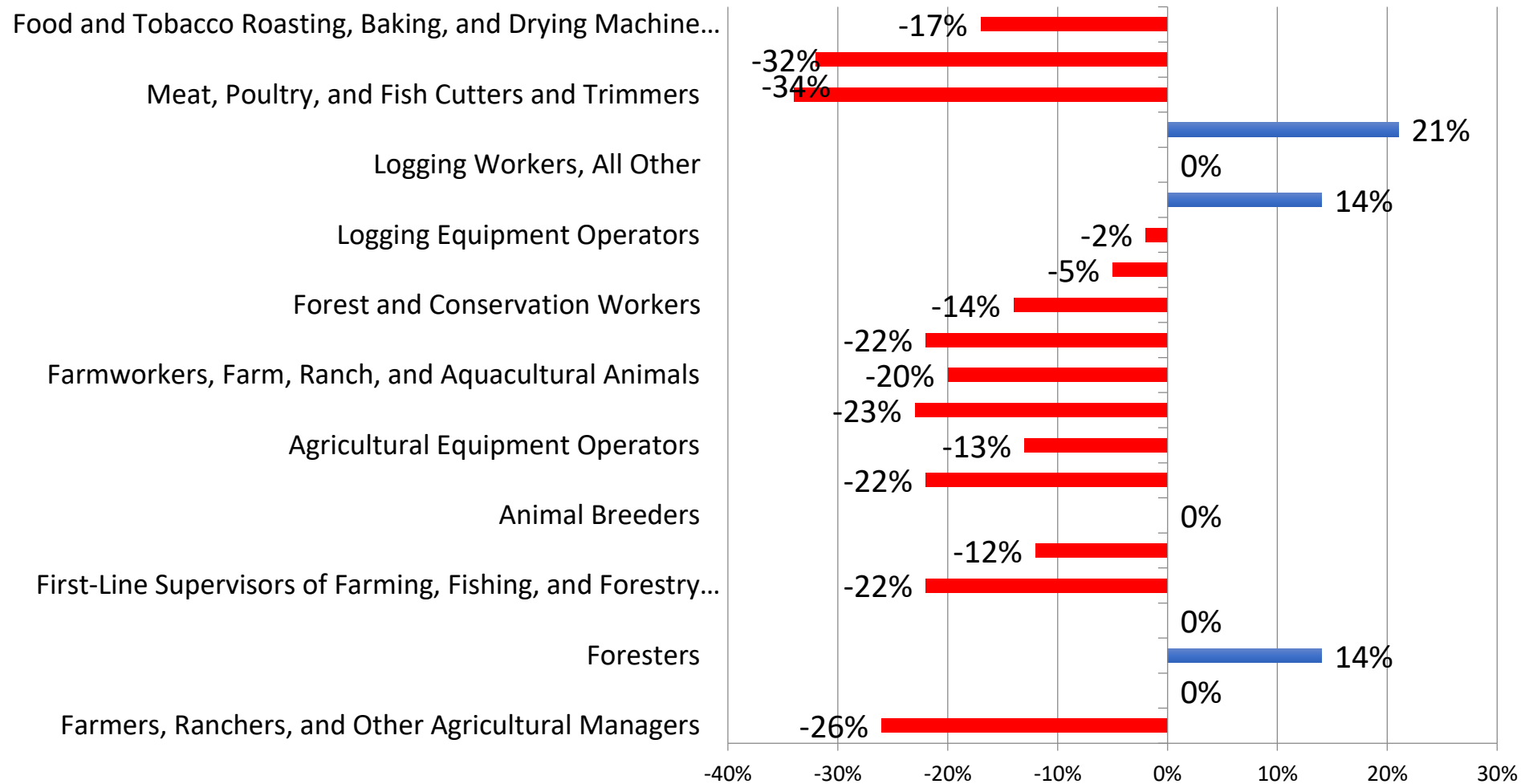
# Ag Industry Average Earnings



# Ag Occupation Total 2016



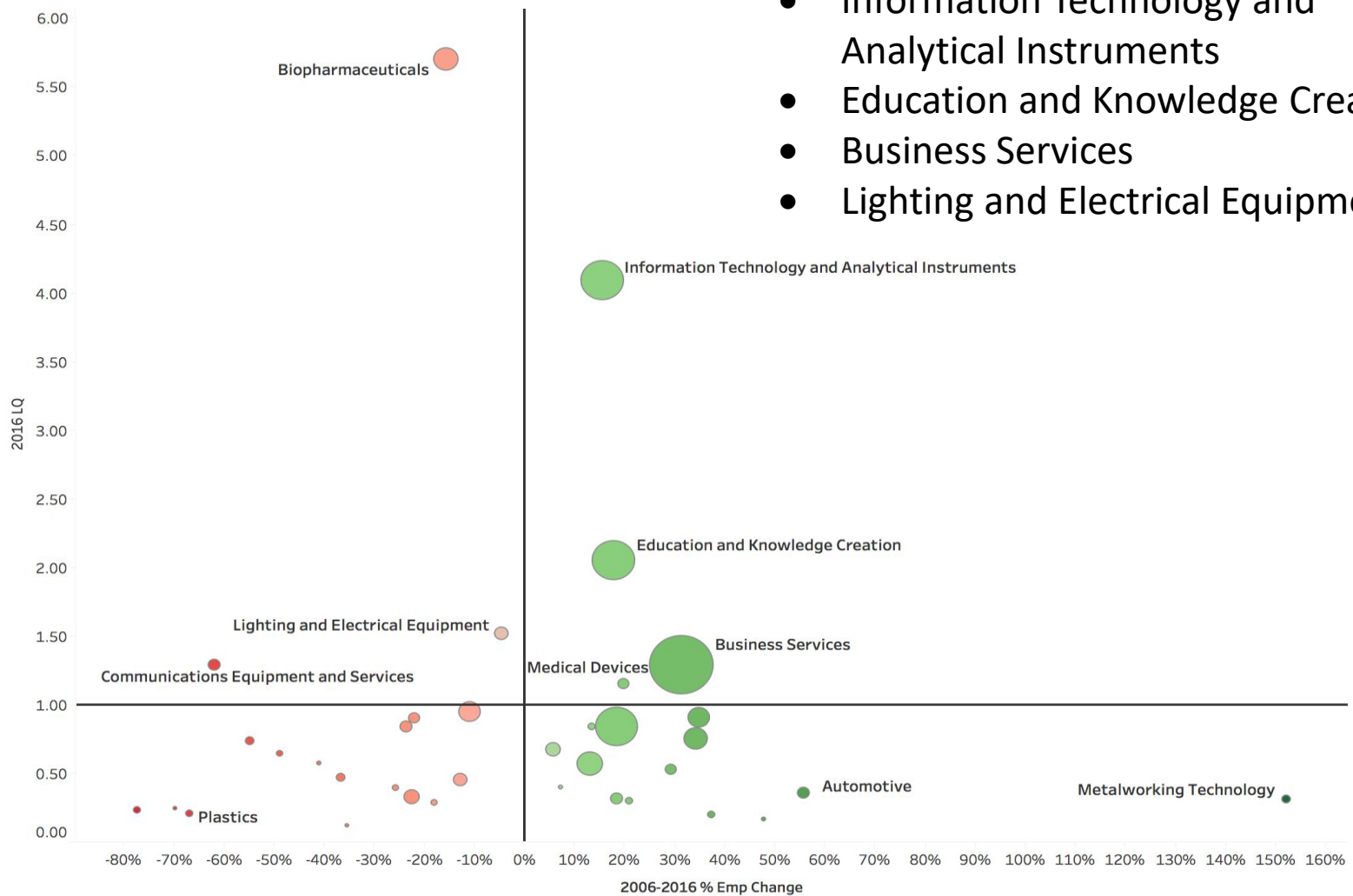
# % Change in Agriculture Occupation Jobs (2011-2016)



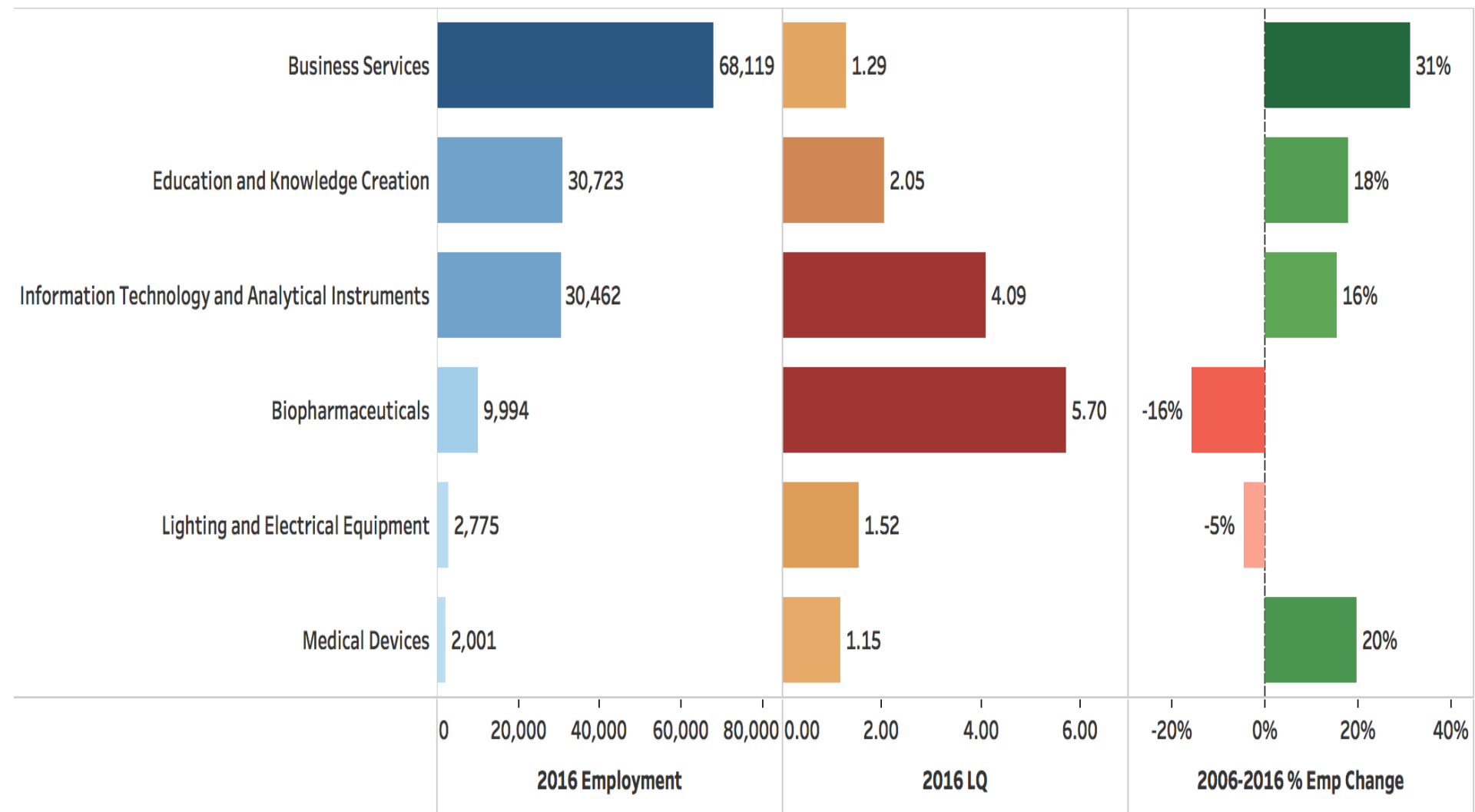
# Triangle Cluster Map

## Triangle Asset Clusters:

- Biopharmaceuticals
- Medical Devices
- Information Technology and Analytical Instruments
- Education and Knowledge Creation
- Business Services
- Lighting and Electrical Equipment
- Automotive
- Metalworking Technology

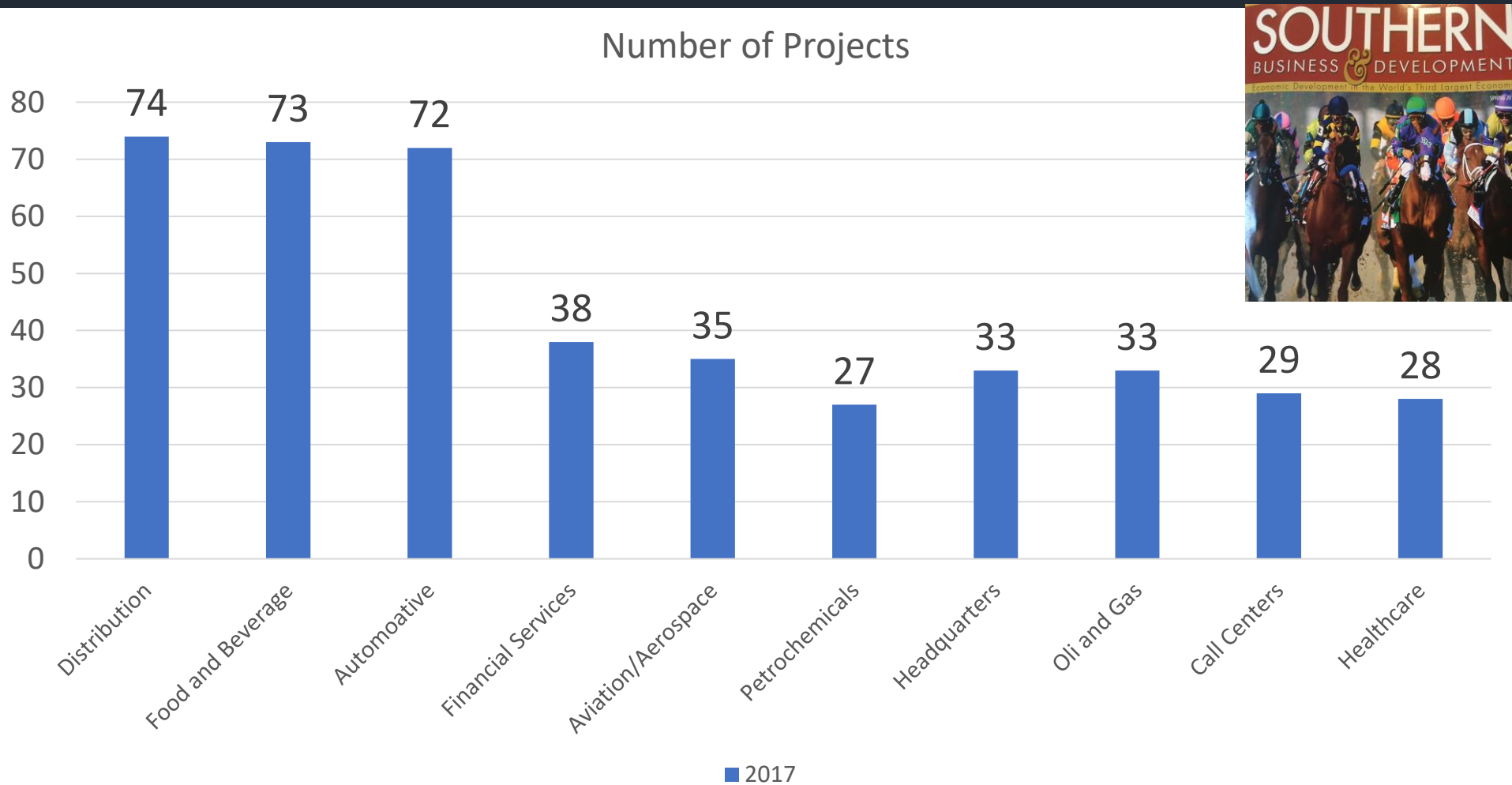


# Triangle Asset Cluster Performance Metrics



# Big Project Sectors in the South 2017

(At least 200 new jobs or \$300 million in new investment)

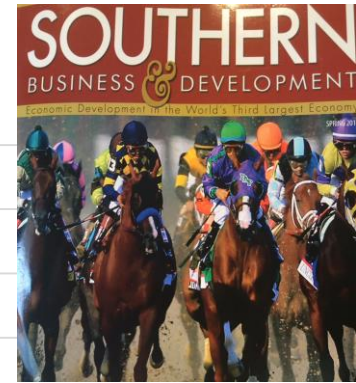
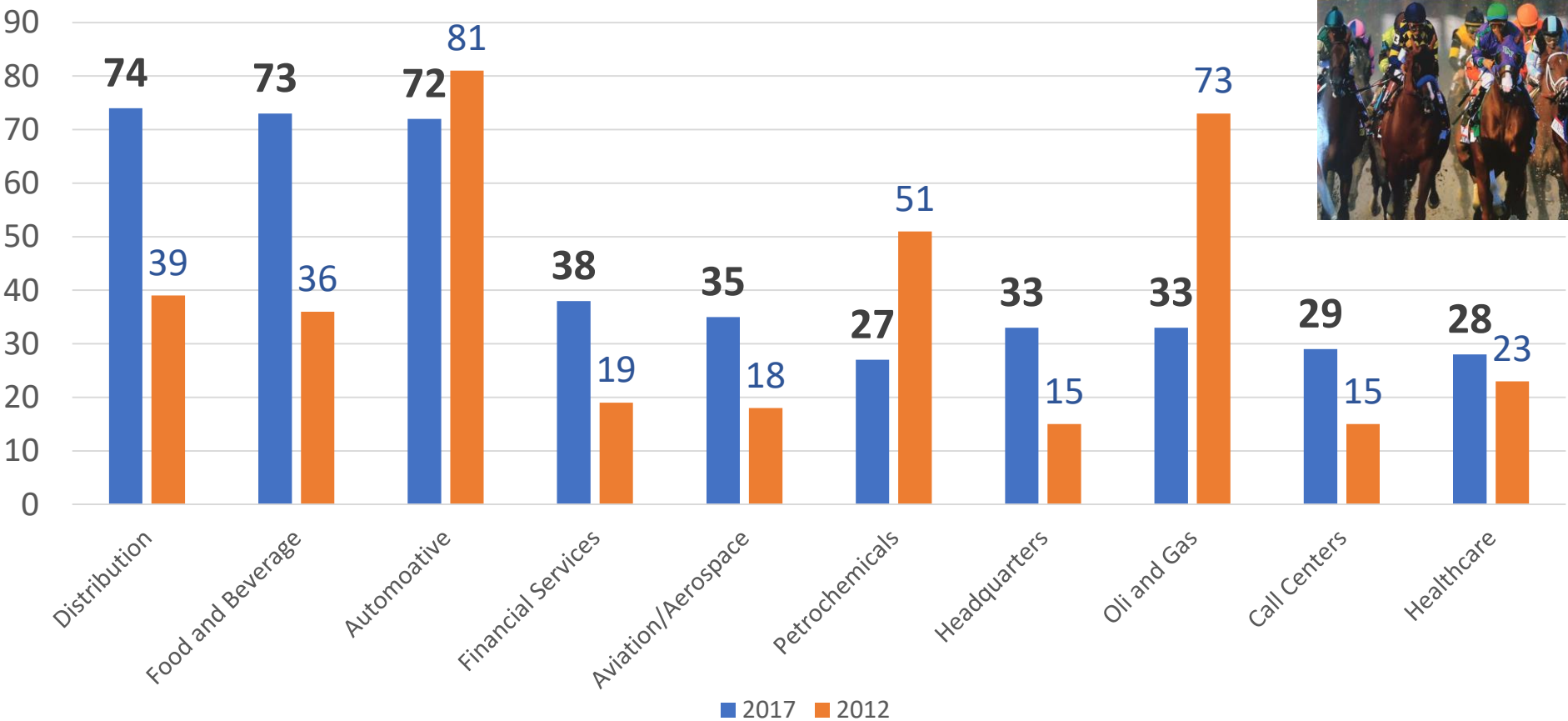




# Big Project Sectors in the South 2017

(At least 200 new jobs or \$300 million in new investment)

Number of Projects



# Global Agriculture Trends

- Genetically Modified to address, faster photosynthesis, climate change, water and pesticide reductions, and yields
- Robotics (both harvest & processing)
- Artificial Intelligence
- Urbanization (urban farming-urban consumption)
- New packaging materials
- Shifting farm business structures
- Commodity consumption shifts
- Shifting government policies and subsidies

# Interactive Forces Transforming Agriculture

## Poverty and malnutrition

- Malnutrition affects more than one billion people

## Organic versus corporate farming

- Organic foods and beverages account for less than 3% of U.S. food sales

Social concerns

Political concerns

## Objections to GMOs

- Politics are trumping scientific support as GMO crops are met with government hostility

## Publicly funded research

- Farmers in poorer countries remain highly dependent on the public sector for innovation

## Land and water distribution

- While arable land and freshwater are still available, regional distribution is unequal

## Climate change

- Climate variability and weather shocks are projected to have negative yield effects

Environmental concerns

Business interests

## Changing consumer preferences

- The market is attempting to adapt to a global dietary preference for protein
- Meat consumption in China has quadrupled over the past two decades



# Is there a Reasonable Chance of Increasing Value Added Agriculture in the 4-County Region?

Figure 3

## The typical agricultural value chain



Source: A.T. Kearney analysis

# Is there a Reasonable Chance of Increasing Value Added Agriculture in the 4-County Region?

## What are the overall goals for the four counties?

- Take advantage of a perceived asset
- Grow job opportunities
- Expand the economy in the county
- Support existing businesses
- Preserve, protect and celebrate history & lifestyle

We believe that there is a good opportunity. The components of a successful value-added agriculture structure exist- but lack resources and collaborative capacity. Also, there is significant and rising competition.

1. Can you build a successful marketing strategy to attract new employers to the region?
2. Can you provide additional support to existing cluster participants?
3. Can you connect the pieces?
4. Can you improve the competitive differentiation of the product?
5. Can you dedicate the resources necessary to achieve results?

# Expanding through Attraction

- **Companies need a robust logistics network** that guarantees products can be delivered anywhere in the world, with quick and direct connections to customers.
- Producers are placing increased significance on assurance of an **affordable, consistent, reliable source of energy** to support the technological advances necessary as the industry advances.
- **Close to agriculture research universities** leading in areas of food research, innovation, food safety and training is a competitive advantage
- A state and local business climate that is **business-friendly**
- **Available and affordable workforce**
- Local and state governments that can guide developers **smoothly through the permitting and licensing process**
- **Shovel-ready greenfield land**

Value-Added Food Processing Location Checklist	
Logistics	👍
Energy	👍
Research Universities	👍
Broadband	👍
Business Climate	👍
Workforce	👍
Ease of Permitting	👍
Shovel-ready sites	👍

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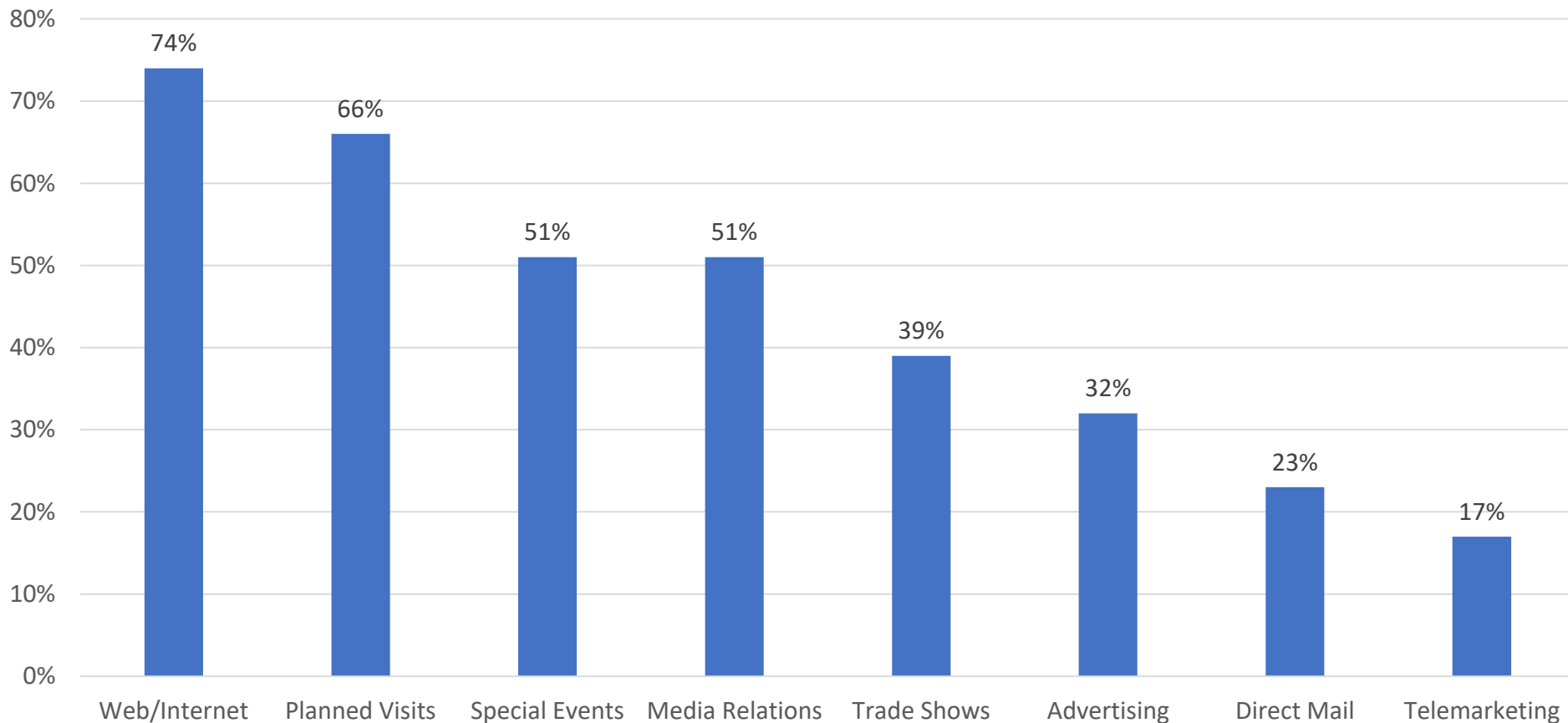
# Legislative Options

- New legislation to provide a competitive advantage for value-added agriculture
  - Possible state-wide
  - Wide spread support for rural initiatives
- Less likely to find support for legislation only for 4-county region
- Possible- Develop pilot program for 4-county region that could be expanded



# Most Effective Marketing Techniques (DCI Survey of Site Selectors)

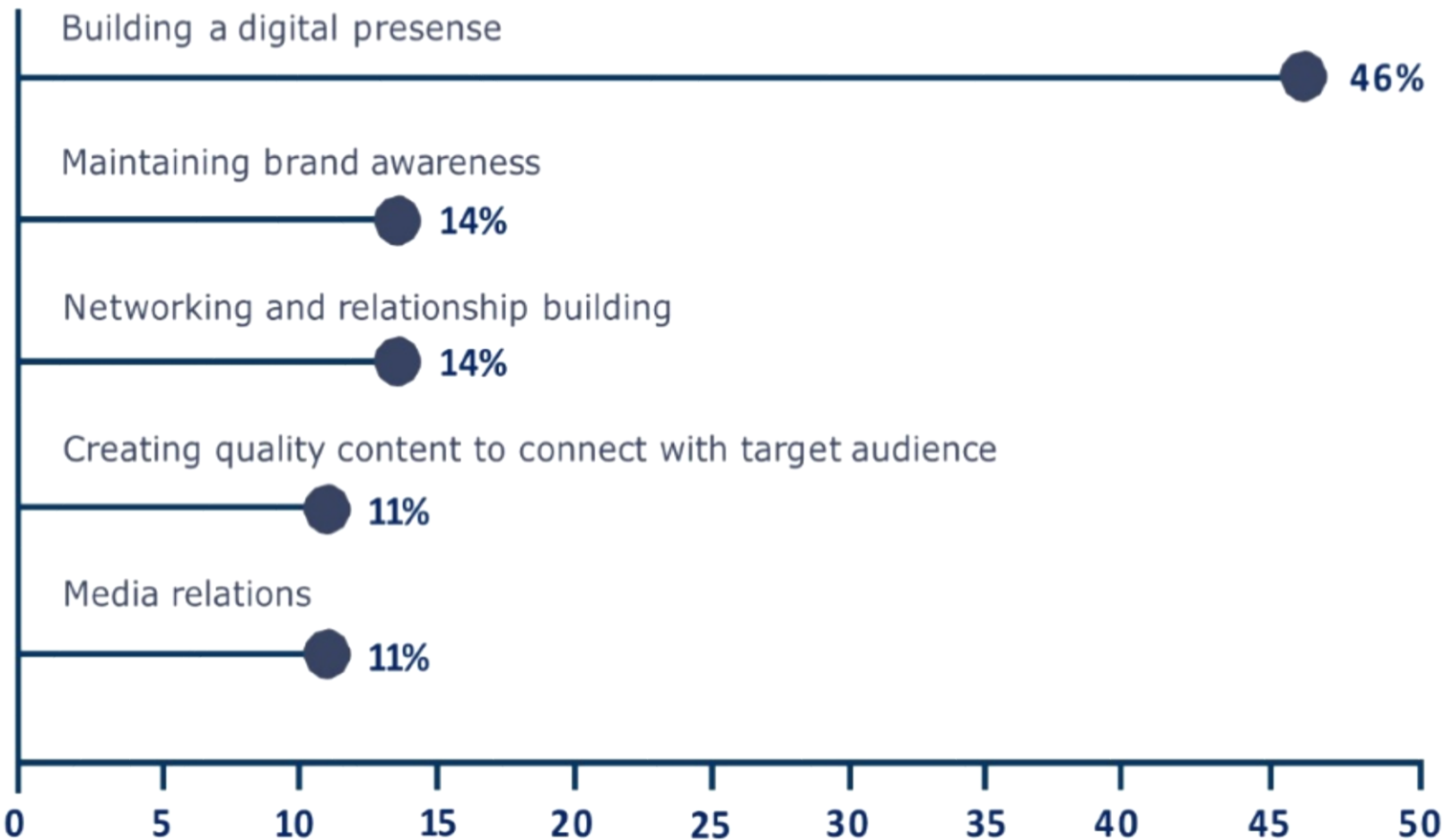
2017



**ECONOMIC**  
LEADERSHIP

# ED Marketing Best Practices (EDO)

## SINGLE MOST IMPACTFUL MARKETING EFFORTS IN ECONOMIC DEVELOPMENT



# Best Practices Web Sites (DCI)

## ***10 Best Practices for Economic Development Websites***

1. Keep Demographic Data Up-to-Date
2. Highlight Key Industries
3. Showcase Leading Employers
4. Provide Comprehensive Contact Information
5. Put Incentives Front and Center
6. GIS for Available Sites
7. Share the Latest News
8. Consider User Experience
9. Keep Design Modern and Fresh
10. Don't Let Your Content Get Lost

by Development Counselors International, August, 2015

# ED Marketing Budgets





# Recommendations

## VALUE ADDED PRODUCT

### The Food Processing Sector

Food processing adds value to the agricultural produce starting at the post harvest level. It includes even primary processing like grading, sorting, cutting, seeding, shelling packaging etc.



**ECONOMIC**  
LEADERSHIP

# Recommendations

- **Four counties begin a multi-year effort to incrementally strengthen their value-added agriculture**
  - Targeted recruitment
  - Support to existing agricultural enterprises
  - Build synergy between stakeholders
  - Explore supportive legislation
- **This cannot be solely an effort of the local economic development organizations**
  - Cooperative Extension,
  - Central Carolina and Johnston community colleges
  - Other groups that support farming and business.

# Recommendations – Year One

- **Create a steering committee of stakeholders to develop a simple 3-year action agenda**
- **Identify and align these efforts** with other ongoing activities such as the work of RTRP, NCEDP, The Central Corridor Manufacturing effort and the priorities of the North Carolina Department of Agriculture.
- **Hold a legislative meeting for all state house and senate members in the four-county region to explain the goals** of the efforts and to begin to identify opportunities for future legislation.
- **Begin a series of focus groups with local agriculture businesses**
- **Develop, maintain and continuously update a joint website**

# Recommendations – Year One

- **Reach out to other funding organizations**, such as Golden LEAF and other foundations to attract additional funds to expand and accelerate the effort.
- **Appropriate \$15,000 per county to the effort.** In year one \$30,000 would be budgeted for the development and maintenance of the web site and \$30,000 would be allocated to the staff resources necessary to accomplish the other tasks. Staff resources could be new part-time staff at one of the counties or contracted staff.



# Recommendations – Year Two

- **Begin targeted marketing** to attract food-processing, participate in one or two national tradeshow and call on 5-10 site location consultants who specialize in food processing firms.
- **Develop an active social media campaign** targeted at internal and external audiences.
- **Develop targeted food processing support legislation.**
- **Explore the interest in creating a broader (public-private) agriculture cluster network.**
- **Appropriate \$17,500 per county and attempt to raise an additional \$20,000 for a \$90,000 annual budget.**

# Recommendations – Year Three

- **Develop a functioning public-private Cluster Network.**
- **Sustain and expand marketing efforts** with direct calls on 20-30 national companies in addition to calls on site selection consultants and participation in trade shows.
- **Appropriate \$20,000 per county to support activities and attempt to raise an additional \$25,000.** Funds would be used for staff support (\$45,000), Marketing (\$45,000) and cluster coordination.

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