

CHAPTER SIX REGIONAL SWOT ANALYSIS

The SWOT Analysis (i.e., an analysis of regional strengths, weakness, opportunities, and threats) builds on the data and provides an analytical evaluation of the regional economy. The SWOT will include the opportunities and threats posed by internal and external trends and forces, and the availability of resources for economic development. The following elements are commonly included in a SWOT analysis:

- **Strengths** are the region's relative competitive advantages (e.g., industry clusters, workforce, education levels, collaboration) and are internal in nature;
- **Weaknesses** are a region's competitive disadvantages (e.g., risk adverse culture, lack of land) also are internal in nature;
- **Opportunities** are occasions for regional improvement or progress (e.g., expansion of incubator network in the region), often external in nature;
- **Threats** are negative impacts on the region or regional decline (e.g., manufacturing companies leaving the region or reducing workforce). These threats are typically external in nature, but can be internal in some cases.

Within the SWOT analysis, the economic, natural, political and social aspects of the region are included:

STRENGTHS:

- Workforce Development
- Education System – Primary, Secondary & Post-Secondary
- Location (I-81, I-26)
- Manufacturing Initiative
- Health Services/ETSU Medical School/ETSU Pharmacy School
- Cost of Living
- Urban Telecommunications
- Transportation Access (Air, Rail & Interstate)
- Tourism and Hospitality (Historic tourism, eco-tourism, NASCAR)
- Quality of Life
- Downtown Redevelopment
- Natural Assets (Distinct Seasons, Mountains, Rivers)
- Parks & Trails
- Low Crime Rates
- Volunteerism
- Leadership Programs

WEAKNESSES:

- Entrepreneurial Environment & Capital

- Retail Sales Leakage
- Skills in Certain Occupational Fields
- Lack of Low and Moderately Priced Housing Stock
- Rural Telecommunications/Broadband
- Land Use Planning in Certain Areas
- Infrastructure Funding
- Tourism Opportunity Development
- Poverty Levels
- Lower Education Levels

OPPORTUNITIES:

- Matching Labor Force Skills with Job Opportunities
- Distribution Businesses (Interstate 26 & 81)
- Air Cargo Development
- Digital Media Development
- Advancement of ETSU as a Research University
- Healthy Lifestyle
- Solid Waste Planning
- Storm Water Planning
- Brownfields Reclamation
- Regional Water Systems
- Housing Development
- Collaboration

THREATS:

- World and National Economic Trends & Business Cycles
- Negative Business Decisions
- International Political Dynamics
- Industrial Land (long-term needs)
- Health Care Costs
- Security Issues
- Natural Disasters
- Water Contamination
- Air and Ozone Pollution
- Funding Difficulty of Utilities in Meeting New Water & Sewer Regulations
- Long-term Health Care
- Immigration

Workforce Development is a positive for the region. FTDD is coordinating the region's efforts for each county to achieve Work Ready Community (WRC) Certification. WRC is a certifiable way for education, government and business to work together to build a pipeline of workers who have documented skills via the National Career Readiness Certificate (NCRC) in the areas of applied math, graphic literacy and workplace documentation. Job seekers ranging from emerging workers (high school and college students) to adults who are unemployed or trying to better their employment take a rigorous test in the aforementioned areas and score from bronze through platinum. Only 5% of the counties in the United States have achieved this designation so our

region attaining this distinction is a huge competitive advantage. Site Selection Magazine uses ACT NCRC data as criteria in rankings of most competitive states. Across the nation, businesses who have implemented the NCRC in their hiring protocol have experienced upwards 75% reduction in church, reduced workers compensation claims and significant ROI for their investment in having their jobs profiled and use of the NCRC. The participating counties have two years to reach the goals established by ACT to be considered Work Ready Certified.

World and national economic trends can affect our region's economy as witnessed by the national recession of 2007-2009. Factors such as the global demand, mortgage market, European debt crisis, exchange rates, and fluctuating natural resource prices ultimately influence local business decisions. While there are some business factors impacted at a local level such as taxation, good infrastructure, and educated labor force, external factors can negatively affect the business climate.

Business decisions of major employers can significantly affect the region. For example, the announcement by CSX to close the rail yard in Erwin, TN. With the closure, 300 Tennesseans' lost their jobs. This decision was a major setback for the entire region. Conversely, the announcement by Parkdale Mills to invest \$120 million in its Mountain City facility and add 80 jobs is a plus for the region.

While business decisions on a macro-economic level may balance out, on a micro or regional economic level these decisions can be a major plus or negative. The international economy is influencing the dynamics of the region, especially in the manufacturing sector. Labor costs, transportation costs and exchange rates may shift the balance to or away from the region.

Economic cycles have generally affected the region more than the nation, although to a lesser extent in more recent economic cycles. The region has a higher percent of its employment tied to the manufacturing sector, which tends to exaggerate the economic expansions and downturns. In addition, the region usually lags behind in economic downturn and recoveries. As the region's economy has become more diversified over the last twenty-five years, these impacts have been somewhat minimized.

In some counties, there is a lack available **industrial land**, which limits the region in attracting major expansion or location projects. Without adequately zoned land with available infrastructure, communities limit future economic development. Communities must make this a priority for future growth and job creation.

Rising **health insurance costs** are significantly affecting companies' ability to operate and expand operations in the region. Efforts to improve the health and lifestyle of residents in the region are a way to address this issue. Technology is making the tracking of medical records easier, but costs continue to rise. There is currently an effort underway to combine the two largest hospitals in the region, Mountain States and Wellmont.

Increased **security concerns** influence people through extra time and money, but there are efforts underway by companies and individuals to limit the impact of a catastrophic event on the region's economy. Natural disasters can severely impact the lives of citizens. The way a community responds to these disasters can help minimize their impacts.

One possible threat to the region's natural environment is **drought**. Multiple years of drought can result in less crop production, restrictions on water usage, and wells and springs going dry. A solution, such as a water source on a higher volume river, limits the region's susceptibility to drought conditions. Slowly declining **water resources** combined with **drought** conditions can further complicate the issue. Well and spring production has been declining in many areas over time. Further complicating the issue is greater groundwater contamination over time from population growth.

There are several threats to the region's natural environment. **Bacteria and mineral contamination** has affected many wells and springs that serve homes throughout the region. The need for public drinking water is increasing, especially in areas that are experiencing more population growth and the lack of good sources of wells.

Pollution is beginning to influence the ozone levels in the region. Although much of this pollution comes from other areas, a large amount is generated locally through vehicles, motorized equipment and other sources. One of those sources is cow flatulence that unfortunately cannot be controlled by the farmers. The region will need to meet the new federal ozone standards or risk limiting its economic development growth in the future.

Federal, state and local laws have an impact on safety, business environment, and utilities to name a few. The region's quality of life is dependent on a balance between regulation and freedom. Issues such as **long-term health care** are becoming important as the population of the region ages. This issue is especially important to Northeast Tennessee as it has a higher percent of its residents over 65 years of age compared to the nation. **Immigration** is becoming an issue both socially, politically, and economically that communities must address. Immigrants are providing a workforce to the region's larger farms and manufacturing sector. Over the last twenty years, immigration status has increased in importance. Due to the political environment, the issue of immigration will be a hot-button issue over the next several years.

In summary, the above SWOT Analysis suggests the following strategic regional economic development focus:

1. Continue to target economic development activities to attract new industries and increase job creation.
2. Develop community owned acreage, industrial sites, and pad ready sites to further attract industry to the region.
3. Promote entrepreneurship to increase small business growth in the region.
4. Increase the quantity and quality of education and job training in order to develop highly skilled workers for the 21st century.

5. Encourage educators in the region to improve STEAM skills (Science, Technology, Engineering, Arts and Mathematics skills).
6. Maintain and improve on existing transportation infrastructure.
7. Maintain and improve utility infrastructure, including broadband and alternate sources of energy.
8. Improve communities through initiatives including downtown revitalization and building renovations, redevelopment and revitalized neighborhoods.
9. Utilize all the potential of the Tri-Cities Region as a driver for economic and community development.