

Case Study

**Greenwood, South Carolina:
Partnering for Effective Economic Development**
August 2000

Prepared by:

Joy Wilkins

Center for Economic Development Services

Georgia Institute of Technology

Atlanta, Georgia

Case Study

Overview Greenwood, South Carolina: Partnering for Effective Economic Development

A small community with no interstates or major metro area to draw from, Greenwood has been able to attract such companies as Fuji Photo Film, B.F. Goodrich, Kaiser Aluminum, Eaton Corp., and Warner-Lambert.

The Greenwood County Economic Alliance, Inc. attributes this success to public and private partnerships. These partnerships have allowed Greenwood to respond quickly to ever-changing economic development demands, ranging from recruiting large-scale operations to launching a biotechnology initiative. The community recently raised \$4.7 million from local sources for a four-year economic development and workforce development initiative.

Good leadership has translated into extensive public and private partnerships in Greenwood and these partnerships have translated into the can-do spirit that has enabled this small community to compete quite well on the economic development front.

Conditions Leading to the Practice

During the first half of the 20th Century, Greenwood's economic base was dominated by the textile industry that was anchored by Greenwood Mills. In 1979, five new companies opened in Greenwood, creating an estimated 1,200 jobs. There was a growing concern among existing industry as to whether a small community such as Greenwood could handle such new development. Consequently, community leaders sent a message to the State of South Carolina that Greenwood doesn't need or welcome any further new business development.

The recession of the early 1980s induced community leaders to rethink this strategy. With 2,500 textile jobs, a soaring unemployment rate nearing the teens, and no new capital investment since 1980, economic diversification was viewed as a positive step for Greenwood. At that time, Greenwood was one of seven counties in South Carolina to not have a formal economic development program. In 1984, Bill Stevens, then with NCNB and today is CEO of Greenwood Bank & Trust, convened a committee of community leaders representing the public and private sectors to create a focused economic development program. Along with Stevens, the committee included then-City of Greenwood Mayor Thomas Wingard, Lex Walters (Piedmont Technical Institute), Carroll Brooks (Chairman of County Council), and Leland Vaughn (South Carolina National Bank).

The committee studied economic development programs in other communities. Reviewing programs associated with and independent from the chambers of commerce, the committee determined that the latter type of program was suitable for Greenwood. Among the reasons cited for choosing to establish an independent, non-profit 501(c) 3 organization were: (1) to separate economic development activities from special interests, (2) to allow influence both the public and private sectors, and (3) to establish an organization with a single focus on economic development.

In 1985, the committee began discussions with Peter Arnoti, an economic developer in Marion County, South Carolina, to lead the new public-private economic development organization now known as The Greenwood County Economic Alliance, Inc. Arnoti joined the organization during its inaugural year of 1986 as Executive Director.

Organization

The Greenwood County Economic Alliance, Inc., staffed with an Executive Director and Administrative Specialist, is responsible for setting and pursuing economic development policies and strategies. Today, the Alliance is financed by the Partnership for a Greater Greenwood County, another non-profit organization formed in 1998 to secure public and private funding for workforce and economic development programs. The Partnership is responsible for establishing the overall goals and objectives for the Alliance as well as the Greenwood Area Chamber of Commerce's workforce development program.

The Practice in Operation

Greenwood's economic development program, managed by The Greenwood County Economic Alliance, Inc., has been in a state of continual evolution since its inception.

Financing the Economic Development Program. Greenwood's economic development program reflects a public and private financial partnership. During its first thirteen years, the Alliance was financed on a shoestring budget. Initially, the City of Greenwood provided the Alliance a start-up grant within the range of \$2,500 to \$5,000 and the Greenwood County Council agreed to reimburse the Alliance up to 25 percent of certain costs. From 1986 through 1998, the Alliance was also financed through its membership. With approximately 100 to 150 members, the revenue generated from membership dues (a minimum of \$250 per member).

The Alliance ceased to be a membership organization in 1998 when the Partnership for a Greater Greenwood County was formed to create measurable

goals and benchmarks. The Partnership raised funds to finance the Alliance. These funds were donated by local public and private organizations.¹

Directed by Public and Private Leadership. Since 1986, leaders representing the public and private sectors have governed the Alliance. For example, members of the 1999-2000 board represent the sewer commission, commission of public works, county council, hospital system, and private industry (e.g., Greenwood Mills; The County Bank; Ballentine Ford, Lincoln, Toyota; and The Lawrence Company). Part of a social network, board members meets formally on a monthly basis while there is constant informal communication in between.

Meeting the Needs of Large-Scale Investors. When a company is interested in locating in Greenwood County, the Alliance conducts a needs assessment that involves identifying key site selection criteria. Alliance Executive Director Arnoti may meet with the board of directors to review the prospect's needs and determine Greenwood's ability and desire to meet those needs. The Alliance evaluates several factors, including those listed below, that are associated with the company, and has consequently made a number of recommendations that have encouraged prospects to look elsewhere.

- Environmental issues
- Union representation
- Level of community consciousness
- Financial strength
- Compatibility with existing industry
- Ability to diversify economic base (either by product or ownership origin)

Having public and private leadership on the board has enabled the Alliance to quickly address the needs of the prospects. For example, when Fuji Photo Film first contacted the Alliance in 1987, it required a water and sewer capacity of 3 million gallons daily. The infrastructure was in place to meet this demand, but the prospect of future large-scale projects prompted the Alliance board, which included representation from area utilities, to develop a 20-year utility plan the next year. The plan called for infrastructure development to support a future industrial corridor. By 1989, Sara Lee had expressed interest in locating in Greenwood County if the community could meet its water and sewer capacity demand of 3.5 million gallons daily. The Alliance leadership decided to accelerate its long-range utility plan to meet Sara Lee's needs, building the infrastructure planned for the next 10 to 15 years in year 1.

Partnering with Economic Ambassadors. Since 1987, public and private sector leaders, in addition to board members, have partnered with the Alliance in several ways. These individuals are recognized as "economic ambassadors" as their actions have increased the effectiveness of the Alliance and overall economic

¹ See "Creating the Partnership for a Greater Greenwood County" on page 5.

development program. Following is a summary of partnering actions made by Greenwood County's economic ambassadors. These actions reflect the strength of Greenwood's public and private partnerships.

Recognized Economic Ambassadors, 1987-99

Year	Economic Ambassador	Company	Partnering Action
1987	John Titus	Westinghouse	Helped existing industries find support services
1988	Dwight Funderburk	Triangle Properties	Constructed first speculative building in ten years
1989	Herbert Anderson, Jr.	Anderson Construction	Purchased property and transformed it into a prime industrial site with all major utilities in place.
1990	John McDill	McDill Real Estate	Helped secure parcels for Sara Lee's Knit Products operations
1991	Mike Bartley and Hugh Moseley	Emerald Investment Group	Built a speculative building that has expanded from 28,000 SF to 100,000 SF
1992	Akira "Mike" Kumai	Fuji Photo Film, Inc.	Represented Greenwood to national and international projects
1993	Diane Hagen	Grimes Aerospace	Helped Walbar, Inc. and Alphabet, Inc. officials to locate their operations in Greenwood
1994	Leland Vaughn	Wachovia Bank	Helped form the Economic Alliance in 1986 and helped get funding for the speculative building developed in 1988.
1995	Carroll Brooks	Retired (Former County Council Chairman)	Helped lead public support for the Alliance and took aerial shots of sites and buildings for prospects.
1996-1997	Ken Derriso	Retired (former DOT District 2 engineer)	Supported and implemented new manufacturing road improvements, including four-laning U.S. 25 to I-85
1997-1998	Bal Ballentine	Ballentine Ford, Lincoln, Mercury, Toyota	Provided complimentary vehicle transportation for the Alliance whenever large groups of prospects or visitors came to Greenwood
1998-1999	Sam Tolbert	Self Memorial Hospital	Took leadership role in restructuring the Alliance's resources, goals and objectives by helping to create The Partnership for a Greater Greenwood County
1999-2000	Thornwell Dunlap III	The County Bank	Became the first Chairman of the Partnership for a Greater Greenwood County and has led the fundraising campaign and on-going operations of the partners.

Creating the Partnership for a Greater Greenwood County. Greenwood County's overall economic picture improved considerably during the first twelve years of the Alliance's operations. However, in 1998, Greenwood experienced a noticeable drop in prospects, its net manufacturing employment rate did not increase for the first time in 12 years, and manufacturing investments were made through expansions and not new locations. It did not take long for the community leadership to react.

Sam Tolbert, then-Chairman of the Alliance and planning executive with Self Memorial Hospital, led the charge in 1998 to create the Partnership for a Greater Greenwood County and establish new goals and objectives for economic development. The first objective of the Partnership was to raise funds to support two key areas viewed as critical to Greenwood's future - economic development and workforce development. In 1998, the Partnership launched a fundraising effort to raise \$3 million but drew in \$4.7 million from local sources.

Since 1999, the Alliance has been funded through the Partnership. The Alliance continues to be self-managed through its board of directors and Executive Director but also provides regular progress reports to the Partnership. The creation of the Partnership has combined the forces of the Alliance with the Greenwood County Chamber of Commerce, the organization charged with managing the workforce development initiatives. These two entities are in constant collaboration for meeting the needs of prospects and preparing Greenwood's workforce with skills required by new and existing employers.

Refining the Alliance's Mission.² When founded in 1986, the Alliance's mission was “to manage the economic growth and development of Greenwood County through new and expanded manufacturing investments.” The Alliance and Partnership added “knowledge-based investments” to this mission in 1998 and established the following four-year measurable goals and objectives.

Goal I Create 2,000 primary jobs³ in manufacturing and technology-based employment

Manufacturing Employment

- Create a minimum of 1,300 new and/or expanded manufacturing jobs
- Sustain a 38 percent manufacturing employment ratio in labor force

² Information based on and extracted from a report by The Greenwood County Economic Alliance, Inc. and The Partnership for a Greater Greenwood County, Inc. See "References."

³ Primary jobs are defined by the Alliance and Partnership as employment which brings new dollars to Greenwood County through the manufacturing of products, professional services, and research.

- Ensure that wages/benefits of jobs created be at or above current averages
- Increase manufacturing payrolls by \$7 million annually

Technology-Base Employment

- Expand white-collar primary professional employment⁴ by 10 percent or 700 jobs
- Ensure that average wage rates of jobs created exceed current county wage rates for all industries by 25 percent.

Commercial/Retail Employment

- Ensure that 1,000 service sector jobs will be generated by the 2,000 primary jobs created
- Develop marketing materials and data which meets commercial needs
- Help establish local strategies, policies, and incentives to encourage commercial growth

Goal II Establish an additional \$200,000,000 in new and expanded manufacturing and technology-based investments

Partnering to Advance Biotechnology.⁵ The Alliance partnered with the Greenwood Development Corporation, Connie Maxwell Children's Home, Greenwood Technology Task Force, South Carolina Department of Commerce, South Carolina Technology Alliance, the Institute for Biotechnology Information and Concurrent Technologies, Inc., and Greenwood Genetic Center at the J.C. Self Research Institute of Human Genetics (a.k.a. The Self Institute) to launch an extensive biotechnology initiative in 1999. The initiative, spearheaded by Arnoti, builds on Greenwood's heritage of housing The Self Institute - a nationally renowned research facility for human genetic disorders named after the former president of Greenwood Mills - since 1974.

The first phase of the biotechnology initiative involves plans to build a 22,000-square foot incubation facility that will be adjacent to The Self Institute and referred to as the South Carolina Biotechnology Incubation Facility. When completed, the facility will include six wet laboratories, related office and support space, a library, and an auditorium. The second phase of the initiative is the development of the Greenwood Biotechnology Research Park.

⁴ White collar primary professional employment are defined by the Alliance and Partnership as executive, administrative (managerial, professional, technical, professional services, including health, education, other).

⁵ Information based on a groundbreaking program brochure for the South Carolina Biotechnology Incubation Facility. See "References."

Outcomes

The Greenwood County Economic Alliance, Inc. has helped transform Greenwood, once a one-industry town struggling to survive a recession, into a major competitor on the economic development front. In its summer 1999 issue, *Southern Business & Development* magazine ranked Greenwood as one of the "25 Great Locations in the South."

Major Industrial Recruitment. Since 1986, more than 50 companies have relocated to or expanded in Greenwood. Combined, these companies have created over 4,200 in net new jobs, reportedly invested more than \$1.4 billion in net new dollars, and occupied more than 4.6 million square feet of additional manufacturing space. Following is a list of projects that have created more than 100 jobs since 1986.

Select Industrial Project and Expansion Announcements, 1986-2000

Company	Year	Jobs	Announced Investment	Square Feet
Greenwood Fabricating & Plating	1986	100	\$5,700,000	90,000
Defiance Metal Products	1987	150	\$4,500,000	115,000
Fuji Photo Film (P.S.)	1988	150	\$65,000,000	215,000
Kaiser (Forge)	1989	150	\$12,000,000	116,000
Sara Lee*	1990	600	\$85,000,000	521,000
Fuji Photo Film (Video)	1990	250	\$100,000,000	310,000
Kaiser (Machining)	1990	100	\$7,000,000	50,000
Walbar, Inc.	1993	125	\$5,000,000	40,000
Fuji Photo Film (Photographic Paper)	1994	300	\$250,000,000	586,000
Titan Wheel International	1994	200	\$10,000,000	115,000
Fuji Photo Film (Quicksnap)	1995	100	\$50,000,000	110,000
Fuji Photo Film (35 mm packaging)	1996	150	\$100,000,000	250,000
Fuji Photo Film (35 mm coating)	1997	200	\$200,000,000	NA
Kendall Health Care (Expansion)	1998	162	\$20,000,000	NA
Cambridge Metal & Plastics	1999	200	\$10,000,000	56,000
Fuji Photo Film (Expansion)	1999	200	\$300,000,000	600,000
Vickers/Eaton Corp	2000	200	\$15,000,000	200

*Sara Lee's knitwear operations purchased by National Textiles in 1999.
Source: The Greenwood County Economic Alliance, Inc., April 2000

General Economic Improvement. Since 1986, Greenwood has experienced a surge in per capita income and gross retail sales and a significant decline in its unemployment rate. While some of this improvement, particularly since the mid-1990s, can be attributed to the overall economic improvement that has pervaded the nation since the last recession, Greenwood's economic growth started during the late 1980s. There is a fairly positive correlation between the growth in manufacturing investments brought in by the Alliance and the county's economic growth.

Greenwood's Economic Growth, 1986 - 1999

Year	Reported Manufacturing Investments	Unemployment Rate	Per Capita Income	Gross Retail Sales
1986	\$7,554,000	8.4%	NA	\$478,924,000
1987	\$16,336,000	6.6%	\$9,986	\$537,436,000
1988	\$79,353,000	6.1%	NA	\$552,676,000
1989	\$40,260,000	6.3%	\$11,429	\$571,387,000
1990*	\$210,390,000	5.6%	\$14,840	\$627,737,000
1991*	\$6,503,000	8.1%	\$15,139	\$649,533,000
1992	\$38,192,000	6.4%	\$16,019	\$693,457,000
1993	\$22,850,000	7.4%	\$16,661	\$756,202,000
1994	\$266,120,000	6.3%	\$17,671	\$810,634,000
1995**	\$127,594,000	5.1%	\$18,951	\$895,178,000
1996***	\$486,218,000	5.7%	\$19,309	\$931,244,000
1997	\$137,652,000	5.2%	NA	\$975,680,000
1998	\$143,586,000	4.7%	\$21,489	\$1,144,558,000
1999	\$363,801,000	6.1%	\$22,978	\$1,191,518,000

*National economic recession years
 **Greenwood County ranked 3rd in South Carolina for manufacturing investments
 ***Per capita income exceeded state average of \$18,905
 Source: Outlook South Carolina, Winter 1999; The Greenwood County Economic Alliance, Inc., 1999

Advancing Biotechnology.⁶ In November 1999, The South Carolina Department of Commerce awarded the J.C. Self Research Institute of Human Genetics a \$3.5 million grant to construct a biotechnology incubation facility. This grant will be appropriated through the South Carolina Department of Commerce and the Alliance. The incubation facility will be managed by the Greenwood Genetic Center's new Division of Technology Advancement and directed by an advisory council with members representing the Alliance and each of the partners involved in launching the biotechnology initiative.⁷

Since the award of the grant, South Carolina's research university system is also considering an extension campus in Greenwood while Lander University and Piedmont Technical College are considering undergraduate and associate degrees relating to biotechnology. As biotechnology companies are attracted to communities with large research and development centers, Greenwood's efforts to create one is expected to enhance its competitiveness and develop a "new economy" by design.

Conclusion

What has happened in Greenwood, South Carolina is an economic development phenomenon. The rural community of approximately 65,000 residents does not meet all the traditional site selection criteria (e.g., Interstate access, international airport, close proximity to major market area, etc.) associated with attracting

⁶Information based on media release. See "References."

⁷ See "Partnering to Advance Biotechnology" on page 6.

large-scale operations though it has been quite successful in recruiting such investments.

Greenwood's success can be tied to its public and private leaders who have joined forces and invested significantly in the community through The Greenwood County Economic Alliance, Inc. and Partnership for a Greater Greenwood County. These leaders not only have a voice in what the community becomes but also in how it gets there. They have helped Greenwood adapt to ever-changing economic development demands as well as enhance its competitiveness for emerging industries.

Acknowledgements

The author would like to thank and acknowledge Peter H. Arnoti, Executive Director of The Greenwood County Economic Alliance, Inc. for providing extensive information for this case study during an interview on May 24, 2000 and subsequent conversation on June 21, 2000. Mr. Arnoti can be reached at The Greenwood County Economic Alliance, Inc., 109 West Court Avenue, Greenwood, S.C., 29646, (voice) 864-388-1250, (fax) 864-388-1253.

References

The Greenwood County Economic Alliance, Inc. and The Partnership for a Greater Greenwood County. "14th Annual Business Report to the Membership." 1999: May 26.

Greenwood Genetic Center. South Carolina Biotechnology Incubation Facility Groundbreaking Program. 2000: May 2.

Munnerlyn, Helen. "J.C. Self Institute of Human Genetics Awarded \$3.5 Million." Media Release (www.callsouthcarolina.com). 1999: November 19.

Chronology

1979	Five companies choose to locate in Greenwood County and community leadership is concerned about the impact on existing labor pool
Early 1980s	National recession hits Greenwood County and 2,500 textile industry jobs are lost and no new industrial capital investment occurs
1984	Committee of public and private leadership is formed to develop a focused economic development strategy
1985	Committee recruits Peter Arnoti to lead The Greenwood County Economic Alliance, Inc., the county's first economic development organization
1986	The Greenwood County Economic Alliance, Inc. begins operations
1988	Fuji Photo Film opens its first operation in Greenwood
1998	The Partnership for a Greater Greenwood County is formed The Partnership raises \$4.7 million for economic development and workforce development Alliance expands economic development efforts to include "knowledge-based" investments
1999	State of South Carolina awards the J.C. Self Institute of for Human Genetics a \$3.5 million grant to build a biotechnology incubation facility