



# Consulting Services for New Broward County Targeted Industries Study

## Final Report Briefing Paper

prepared for the

### **Broward County Office of Economic and Small Business Development**

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In acknowledgement that Broward County's strongest job growth since 2000 has been concentrated among its lowest paying industries, the Broward County Office of Economic and Small Business Development (*BCOESBD*) has undertaken the re-examination of the current targeted industries to determine whether the targets are consistent with the area's overall economic development strategy to achieve higher skilled and better paying jobs.

In April of 2008, the Broward County Board of County Commissioners engaged DCG Corplan Consulting LLC, a nationally-recognized economic development consulting and site selection firm to undertake a year-long investigation of the County's opportunity to develop a new group of 10 industries or clusters that would encourage high skill/high wage jobs and help reverse the trends noted above.

Throughout the project duration, there has been a destabilizing of economic conditions, of the kind not witnessed in living memory. Unemployment figures during much of the project were initially in the vicinity of 5% to 6%, but by December 2009, the Broward County unemployment had reached 10.0%. Unemployment in the tri-county MSA closed the year at 10.9%, led by Palm Beach County at 11.5%, and Miami-Dade County at 11.3%. Fortunately, December's figures represented a slight overall improvement over the November rates.

Attempting to be more proactive than reactive in outlook, the study supports the continued relevance of the 2006-07 data as it establishes a pre-recessionary trend for employment growth, as opposed to relying too heavily on the downward trending of the 2008-09 preliminary reporting (not officially released by state or federal sources). Recovery to full employment and expansion thereupon is the study's underlying assumption of the employment estimates, a position shared both by the federal and state of Florida economic data sources. However, while awaiting the re-emergence of more traditional industries, the study also recognizes



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the forces that are shaping some industries within the new economy into unusual formations that are result of the dissolution of many more traditional systems and the decline employment by the recession.

Organized along four main objectives, the project incorporates: (1) industry and workforce analyses and projections; (2) competitive region comparisons; (3) a methodology of target industry selection; and, (4) a strategic marketing campaign. The first section defines the market area by means of a thorough industry and workforce analysis. This covers industry data, labor trends, and growth expectations. In order to get more information about Broward County's business environment, the study set out to interview at least 500 local employers. This meant input from CEO's and company leaders who would have intimate knowledge about their firms. In total, 517 companies answered the questionnaire, across a wide array of industry type and employment size.

In the second task, Broward County is compared to 12 competing Metropolitan Statistical Areas through a rigorous examination of 153 locational factors weighed against US averages to determine an index of business climate for the County as well as the competing markets. As to be expected, wide differences prevail among the County and competitive areas when viewed in terms of basic location qualifiers, such as: Nine of the twelve competitive MSAs have a population base larger than Broward County; In six of them, population growth since the 2000 Census has exceeded the County's 8.4%; Fort Lauderdale is classified as a large air hub, and joins eight of its competitors in this area; Nine of the competing MSAs have a larger percent of adults with bachelor's degrees or higher; and, Five have a lower cost of living index. Through this exercise, it becomes apparent that Broward County has difficulty in outpacing some of its competition for business excellence. Nevertheless, the County offers a number of clear advantages over Silicon Valley, San Diego, and Boston this position should be promoted.

In the third task, the 10 target industry recommendations are developed. A systematic screening process evaluates 295 industrial sectors for projected employment growth and high skill/high wage potential through 2016. In order to



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gauge the effectiveness of the County’s current list of target industries, the study reviews technologies most likely to emerge in Florida over the next five years offering high skill/high wage potentials. The analysis provided a means to evaluate the continued effectiveness of the targets as shown below:

<i>Current target Industries</i>	<i>Recommendation</i>
Administrative/operations offices	RETAIN
Biomedical research and development	RETAIN
Book and periodical publishing	RETAIN
Computing equipment	REPLACE
Corporate or regional headquarters	MODIFY
Electronics	MODIFY
Information technology	MODIFY
Motion picture production	MODIFY
Pharmaceuticals	RETAIN
Surgical and medical instruments	REPLACE
Warehouse and distribution	RETAIN

The fourth and final task develops a strategic methodology for a new promotional plan to market the new target industries. This includes narratives on media sources and new advertising placements, including direct mail, print journals, field missions, trade shows, television, and Internet marketing.

The project required exhaustive use of cluster analyses for comparison of historical employment and establishment data as well as a creative assessment of new economy industries that are clearly emerging but as of yet lack “hard” data in historical format. The ten new target clusters for Broward County are both familiar and unique and are presented as follows:

(1) Starting with **Advanced Materials & Hi-Tech Manufacturing**, the expansion of the plastics and composites industry already growing in this area will support aviation, aerospace, marine and energy manufacturing sector for the County, and should promote a healthy employment multiple of 3 or 4 new jobs for each created.



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(2) **Alternative Energy and Renewable Resources** will focus on two key elements extremely prevalent in the minds of Floridians: the generation of electric power by alternative means; and the protection of water systems, both fresh and tidal. The best minds in the fields of architecture, engineering and environmental sciences will be linked with entrepreneurs in solar, wind, geothermal, and ocean systems to promote and advance green technologies.

(3) **Aviation / Aerospace** will carry on a strong South Florida tradition in excellence in aerospace parts manufacturing and service, avionics, and air transportation services. With new partners such as Embrarer, and the global outreach of other new targets, international aircraft production support will become a reality.

(4) **Global Business Services** is intended to attract international banking companies to Broward County while also providing the information and financial infrastructure to be exported to serve these companies worldwide. Captive insurance for wind and flood damage may prove to be one of the initial opportunities for this new business cluster.

(5) **Global Media and Production** will unite broadcast and narrowcast media, software, and internet services into a new alliance geared at serving the global community. Taking advantage of Broward County's wide range of cultural diversity, this cluster will be devoted to a more universal application of information and entertainment media in through language and cultural translation.

(6) With the growth of international corporate facilities and direct foreign investment in the US, **Headquarters & Management Operations** will be oriented toward the attraction of new regional and corporate headquarters for global companies. Industries that directly support the venture such as HR, management consulting, facilities management and leasing, and others will be under one new umbrella focused on the attraction effort.



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(7) **Human Resources & Higher Education** is expected to play a more synergistic role than before imagined. Research collaboration with colleges, universities, and private education establishments will be needed across many business sectors, not just the sciences. Job growth for the immediate future may rely on entrepreneurial development, requiring new incubators in a variety of areas, as well as new technical institutions being established quite possibly in joint venture with existing institutions. The role of private training academies that prepare workers for highly specialized needs of industry must begin to be addressed now.

(8) **International Trade & Logistics** combines warehousing, distribution, and logistical support for both exported and imported goods. The combined strength of Port Everglades and Fort Lauderdale-Hollywood International Airport in such close proximity allows for the development of new International foreign trade and customs throughput that should make this complex a potential world leader for efficient movement of traded goods. The recruitment of a major third-party logistics company to be headquartered in Fort Lauderdale should become a priority, as well as the entitling of new properties along the I75 corridor for extension of the existing foreign trade zone.

(9) **Life Sciences** is a strength for South Florida, and Palm Beach County's leadership with Scripps and Max Planck represents a momentum to be capitalized upon. The medical device community already prevalent in Broward County, together with pharmaceuticals and the medical supplies distribution network can bring the theoretical bio technology research into proof-of-concept and pilot manufacturing of new products and devices within the County. A partnership with the regional research leaders is recommended that doesn't attempt to duplicate pure research, but takes advantage of new advances and assists new pioneers to bring products to the market.

(10) **Marine** is the combination of many industries that support the wonderful recreation boating and yachting lifestyle. From this study, only the quantifiable industries such as ship and boat building and electronics repair can be directly



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supported with data. This does not mean that all of the other industries from boat insurance through interior yacht design are not affected. But, by actively promoting leadership sector, all support industries flourish as well. Special attention should be given to mega-yacht support and the securing of available waterfront lands for active marine use before the real estate community absorbs them.

In total, this program envisions the creation of over 73,000 new jobs by yr. 2016. Not all employment will be considered as high skill/high wage, but from this new total, we expect at least 55,000 new skilled positions that will be above the mean County wage levels. These are considered as direct employment gains, without any employment multiple applied.

The study concluded that the industry in most need of incentive and political support is the Alternative Energy and Renewable Resources cluster. Alternative energy represents a milestone opportunity for Florida, and the need for new investment has never been stronger. Venture capital is fighting to gain a foothold in the most promising area for green energy investment, but progress seems to be thwarted. What is needed is action from Tallahassee and Washington to make alternative energy production a priority for the state.

The study proposes the innovative concept of a new Alternative Energy Exchange, where credits can be bought and sold for renewable energy technologies that are in development or for others that may need to be retired. This is akin to commodities exchanges that operate in Chicago, Kansas City, Minneapolis or New York. The changing environment of incentives for renewable energy and the uncertainty of which technology to fund may offer the possibility for new financial vehicles that are offered by government but traded in the private sector. New financial instruments may be helpful in securitizing these credits or providing capital for new technical development. The venture capital market will also be attracted to the new exchange for the opportunity to be immersed in cutting edge technology evolution.