



**CABARRUS REGIONAL CHAMBER OF COMMERCE
STRATEGIC PLAN UPDATE
EXECUTIVE SUMMARY
JULY 15, 2009**

INTRODUCTION

As the pace of change in Cabarrus continues to accelerate, the Cabarrus Regional Chamber of Commerce is facing a series of decisions that will shape its future for years to come. The Chamber has made great progress over the last few years and stabilized its position as the “go to” organization in the County. Even though the loss of long time quality jobs has hit the community hard in 2007, the opportunities created by the North Carolina Research Campus hold transformational possibilities. Thus, the challenge for the Chamber is to evolve itself into the organization that the community will need to best leverage these opportunities as the future unfolds. Because of the Chamber’s recent success and the speed of change taking place in the County, there is no time to waste. External pressures and new opportunities will require greater capacity and program enhancement at the Chamber.

The Chamber’s Strategic Planning Work Group has worked closely with Market Street Services to develop these new directions. The research provided to the Work Group was an Organizational Assessment, which included an analysis of the Chamber’s structure and programming compared to other best practice chambers, as well as a SWOT analysis (strengths, weaknesses, opportunities, and threats) that identifies the key issues that need to be addressed.

This Strategic Plan is a starting point for decisions by the Chamber Board to be considered at the upcoming annual retreat. It provides a discussion of the current vision and mission statements, organizational changes, new or enhanced programs, benchmarks and performance measures, and guidelines for implementation. The purpose is to establish a clear framework and action steps for the Chamber’s leadership and operations.

Strategic Planning Work Group

Market Street acknowledges and appreciates the active participation of the Strategic Planning Work Group in guiding this process:

- Garth Alston, Philip Morris USA
- Jeff Austin, The Club at Irish Creek
- Tim Foley, Rowan-Cabarrus Community College
- Catherine Hicks, Charlotte Research Institute, UNC Charlotte
- Diane Honeycutt, Team Honeycutt, Allen Tate Realtors
- Sam Leder, Potter & Company, P.A.
- Carol Lovin, Carolinas HealthCare System

COMMUNITY CONTEXT

The Cabarrus County community is continuing its transition to a more knowledge-based economy. The transition is a result of a number of significant local and regional impacts. The most prominent developments and trends that are affecting the local community and region include:

- Development of the **North Carolina Research Campus**, resulting in growth in population, jobs, and demand for local infrastructure. The Research Campus will bring fundamental changes to the underlying economy; the people it will bring will include different types of residents than are currently in the community.
- Outward **growth of the Charlotte metro area** along the I-85 corridor. With UNC-Charlotte's new research campus and plans to build light rail and bus rapid transit service outside of I-485, growth from Charlotte will continue to extend into Cabarrus County. Already, interest in higher-end housing in Cabarrus is growing.
- Strength of **motorsports and tourism** sectors. The combination of Concord Mills and Lowe's Motor Speedway brings large numbers of visitors to the area. The growing presence of racing teams and other motorsports businesses helps strengthen and diversify the local economy.
NOTE: The motorsports industry experienced significant shrinkage beginning in late 2008, in part due to the collapse of the American automotive sector. Travel and Tourism trends are all down with estimates ranging from 13% - 22% and recovery in that sector to 2008 levels is not expected until 2012.

The changes that these developments and trends will bring are both challenging and exciting for the Cabarrus County area. Since 2007, a number of events and announcements also brought significant impacts on the local economy:

- NorthEast Medical Center's merger with Carolinas HealthCare System. ***NOTE: This merger has been a positive for the local economy. CMS has Capital Projects spread over a ten year period in Cabarrus alone that exceed a half a billion dollars. The timing of those projects, however, has been delayed.***
- ***The acquisition of First Charter Bank by Fifth Third saw the elimination of nearly 300 jobs from the Operation Center. Additionally other financial sector jobs have significantly been impacted by the pounding banks have taken, especially Wachovia and Bank of America.***
- Philip Morris' announcement to close its Concord facility in three years, resulting in a loss of 2,600 jobs—***PMUSA moved its scheduled closing up by twelve months effectively shuttering the plant by July 31, 2009.***
- Windstream's buyout of CT Communications, resulting in a loss of 500 jobs.
- Great Wolf Lodge waterpark/resort's opening in March 2009 in Concord ***was preceded by a job fair attracting more than 8000 job seekers for 500 positions. A subsequent job fair was held in July to fill 80 vacancies. Nearly 400 applicants attended.***
- Progress with the Research Campus
 - \$35 million M.U.R.D.O.C.K. study through Duke has begun.
 - ***County and City of Kannapolis finally reached agreement on TIF bonds, the sales of which have been repeatedly delayed most recently because of the high interest rates for those bonds due to the global financial crisis. The delay of the issuance of those bonds, coupled with the Cabarrus Health Alliance's decision to spend nearly \$600,000.00 on plans for a new facility to be built with TIF dollars, appears to have cost 18 jobs and no new facility is in sight.***

- Research Campus new tenants – Red Hat, Biomarker Group, etc.
- ***The apparent delay or loss of some announced NCRC tenants, i.e. PPD and PepsiCo***
- ***The May 2009 groundbreaking for construction of the 63,000 sq ft Rowan-Cabarrus Community College facility***
- ***The Charlotte Chamber's 2009 InterCity visit traveled to the campus***

Unfortunately Cabarrus County, NC has become the poster child for acquisitions, mergers, buy-outs, plant closures and job losses over much of this decade:

In 2001 Pillowtex emerged from its first bankruptcy but with a greatly reduced labor force.

In 2002 Corning's most technologically-advanced plant in the world closed here leaving more than 800 highly skilled workers without work.

In 2003 Pillowtex went into bankruptcy and more than 5000 of our friends and neighbors lost their jobs.

In 2006 CT Communications was acquired and the 100 year-old local phone company disappeared along with 500 jobs.

Weeks later Philip Morris USA announced it would close its manufacturing facility here by late 2010 displacing 2600 advanced manufacturing professionals.

In 2007 First Charter, a 100 year-old local bank, merged with Fifth Third and hundreds of local jobs disappeared as redundancies were eliminated.

Cabarrus County in-migrates more workers into Charlotte's labor force each day than any other metro county. When jobs at Wachovia and Bank of America began to vanish our unemployment rate grew higher—and news reports this month have detailed that we can expect more job losses in the financial sector soon.

In 2008, as NASCAR's season came to an end, as many as 1500 highly skilled workers in our labor force lost their jobs because race teams were shedding workers due to challenges in the national economy—some of which were sponsor related. As you know, GM pumped millions of dollars annually into NASCAR promotions alone. As an example, one racing organization laid off one driver in the early summer of 2008 and 71 people lost their jobs as a result.

Just weeks ago, in the spring of 2009, Philip Morris USA announced its timetable for closure had been moved up one year—and so in less than 15 days the last of the more than 2600 workers at that plant will be without work.

From February of 2008 through February of 2009 the US unemployment rate increased by more than 72%. During the same period NC's rate grew by more than 112%. But Cabarrus County's unemployment rate swelled by nearly 140%! Today we face increased unemployment and like any community we are doing all within our power to keep good people employed in good jobs.

In May 2009 Cabarrus County's unemployment rate shot up to an unprecedented 11.4% and the Gaston-Charlotte-Concord MSA posted the third highest MSA unemployment rate in the country.

While the actions undertaken in 2007 to create a new strategic plan were effective and while the painstaking research and action plans completed in the areas of Workforce Development and Education and Entrepreneurial Development were and are essential to rebuilding our devastated economy, we have had to REVIEW, REVISE and REFOCUS many of our efforts due to the global collapse of our economy. We have had to find other ways to make significant impacts in each of these previously defined areas because resources and personnel and entire sectors of our economy have changed and are changing still today.

The data shows over the last four years our community has realized more than \$371 million dollars of new capital investment and more than 4800 local jobs have been created or retained. The data for 2008 alone reflects nearly \$40 million dollars in new investment and nearly 600 local jobs created.

Cabarrus County is recognized as one of the top ten wealthiest counties in North Carolina and we are now the 12th most populated county at 170,509 residents. We have approximately 83,000 people in our Labor Force and we have nearly 4500 business units within Cabarrus County. Chamber and EDC staff worked with the County as it hosted the three major Bond Rating Agencies this spring in hopes of presenting the picture of an economy that continues to be sustainable. The result: Unchanged. For GOs AA+ from S and P, AA from Moody's and Fitch. In June the County sold school Certificates Of Participation for a blended rate of 4.56 % which was slightly less than the estimate.

Our problems come from the lingering presence of the Great Recession, in which we have been a most unwilling participant. As previously mentioned, the US unemployment rate has increased more than 72% from February 08 to February 09, and while during the same period NC's rate jumped by more than 112%, the number of unemployed co-workers, friends and families in Cabarrus County has spiked more than 139%.

In addition to creation of new jobs and capital investment we have been structuring an Economic Stimulus Plan of our own. Initiatives to address job loss and stimulate the local economy include:

- September 2008 Cabarrus Job Network <http://www.nationjob.com/cabarrus-north-carolina-jobs>
168,000 unique visits and 12,000 resumes sent
- October 2008 www.InnovatorMagnet.com which just this month had more than 120 unique visits
- October 2008 State of the Region Summit with Dr. John Connaughton
- November 2008 Shop Cabarrus Shop Here Shop Now <http://www.cabarruschamber.org>
- December 2008 Surviving and Thriving Seminar—completely free and completely sold out
- January 2009 Young Professionals Network launched
- February 2009 LifeJacket Business Survival Kit <http://www.cabarrusedc.com/lifejacket.html>
with 49 unique visits this month
- February 2009 Social Networking (EDC 300 Fans; YPN 188 fans; Chamber 209 Fans)
- March 2009 2M12@46 a second Monday lunch each month designed to bring local business people together with people who work on the NCRC campus

March 2009	Cabarrus Roots—60 visits in last year; dozens of other business visits
April 2009	Sustainability Council
April 2009	Marketing Stimulus Package Seminar—completely free and completely sold out
May 2009	Job ONE: Opportunities for New Employment, began Monday, May 11, 2009 and has met weekly since

Additionally the amount of time we are spending assisting job seekers with networking, resume submission and job placement continues to impact our limited resources especially operations, staff availability and time. We're also working with companies impacted as industries, e.g. automotive industry related companies which are significant employment centers here; contractor/developer professionals/real estate companies; and those in the banking industry. From June 1, 2008 through May 31, 2009 the number of businesses in Cabarrus County that closed totaled 218—more than four businesses per week. Two Charlotte economists were quoted last month as saying that while they each believe the recession either has or will end by the end of 2009, this economy will suffer from continued job loss and less than full employment for at least two more years. Many economists are now predicting a double-dip recession, meaning that before we realize this recession is over a new recession will have already begun.

And while my job is to do my job and not worry about keeping my job, I have to admit it is very difficult to perform optimally in these times. The number of Chamber memberships has just slipped below 1000 (935 as of 6/30/09) for the first time since the merger of the two Chambers in 2001. For those small businesses still in business the choice is between paying its obligations to its employees, suppliers and vendors or paying its annual dues to the Chamber.

In the fall of 2006, Market Street completed an Impact Analysis and SWOT Analysis of anticipated effects of the North Carolina Research Campus. Just this development alone is expected to attract about 26,000 new residents and 13,000 jobs to Cabarrus County by 2032. In order to prepare for this growth, the community must focus on the following key issues:

- Improving K-12 education and preparing the workforce for new job opportunities
- Creating an entrepreneurial culture and the services to support new firms
- Preparing for growth and improving quality of life in terms of infrastructure, amenities, and government services
- Embracing the diversity of the new residents who will come to the community to work

The community is expected to add many jobs and new residents; the key will be managing this growth and capitalizing on opportunities. Keeping ahead of growth in terms of roads, schools, water and sewer infrastructure, and housing options are investments that need to be planned well in advance. The Research Campus and the outward growth of Charlotte are going to bring new types of residents, many of whom will be educated, diverse, and seek top quality schools for their children. To take full advantage of developing opportunities, the Cabarrus County community must be prepared to welcome these new residents and meet their needs.

Such community changes mean great opportunities for the Cabarrus Regional Chamber, in terms of bringing new and current community members together, shaping dialogue, and influencing public

policy. ***The key issues the business community has been actively engaged with over the last two years have been and/or are:***

Annexation Laws

Speedway Issues

Transportation Issues (I-85, Yadkin River Bridge, Morehead Road Area, Exit 49, Kannapolis Parkway-George Liles Extension)

Clean Air/Federal Non-attainment laws

North Carolina Research Campus (State/Fed funding; TIF, Tenants)

Philip Morris (Plant Closing, Property Disposition)

Staggering loss of local jobs

Inter-basin Water Transfers/Drought Issues

Sustainability Practices

Recruiting new industry/expanding existing industry/capital investment

Employee Free Choice Act/Card Check Legislation

REVIEW OF KEY FINDINGS

The Organizational Assessment identified the Cabarrus Regional Chamber's strengths, weaknesses, opportunities, and threats, based on the research conducted (stakeholder input and comparison to other chambers). Strengths and weaknesses refer to the characteristics of the organization itself (internal factors), while opportunities and threats identify external factors that can impact the organization. This analysis helps clarify the key issues that need to be addressed in the Chamber's Strategic Plan.

Strengths

The Chamber is doing a good or excellent job in the following areas:

- Proactive and aggressive approach to carrying out its mission
- Community leadership, business advocacy, public policy, membership growth, volunteer & membership participation, and member services
 - Networking events (particularly Business Before/After Hours), Leadership Cabarrus, Business Councils, Business Showcase, economic development, and public policy provide greatest value to members
 - Involvement in public policy issues, identifying the business issues that matter, and seeking dialogue and partnerships to address these issues
- Communicating information (especially to members), connecting people and businesses, and being a community leader
- Leadership development opportunities for members
 - Although need to bring in more diversity and engage Leadership Cabarrus graduates
- Quality of staff – both John Cox's leadership and the responsiveness of the rest of the staff
- Ability of Chamber, Convention and Visitor's Bureau (CVB), and Economic Development Corporation (EDC) to work together

Weaknesses

The Chamber should seek to improve or enhance the following areas:

- Staff capacity/size
 - **Potential need for "number two" person, and/or potential for more staff for governmental affairs**
 - **We have increased Deb Carter's responsibilities in the area of Public Policy with the anticipated positive results.**
 - Potential need for more workforce development and education staff, and membership/marketing staff
 - **UPDATE: I advised the Chamber Board in December of 2008 that it was doubtful that any additional staff would be hired for any function. In fact, in December of 2008 we eliminated two positions: an outside sales representative and a part-time admin position.**
- Potential to more effectively use the Chamber Foundation to raise private dollars for community initiatives
 - **UPDATE: The ability to raise additional private dollars is questionable given the acquisitions./mergers/closings/layoffs and the global financial situation**

- ***This plan anticipated a larger role play by the Alliance For Tomorrow and funding from a dedicated source. A number of factors conspired in such a way that neither outcome has been achieved.***
 - Potential to increase membership base and revenue from membership dues and programs/services
 - ***UPDATE: As previously noted membership accounts are at the lowest level since the merger of the two chambers. From May 08-May 09 we are down 49 accounts. However, as of close of business June 30, 2009 were down only \$139 in membership dues. We have budgeted to be down 20% for the year. We have seen a number of accounts shift from higher member tiers to lower tiers, we've established payment plans for members who request it and we've discounted (with Board approval) some member accounts for one year to reflect what those members are experiencing in their own businesses.***
 - ***The 2009 Total Resource Campaign was successfully led by Gwynn McCombs. The established goal was 30% lower than 2008 actual. The 2009 Goal was reached although with fewer companies participating and fewer volunteers able to serve.***
- Potential to expand program offerings to better serve members and the community
 - Greater focus on education and workforce development issues and activities
 - Greater focus on minority and women-owned business development
 - ***Potential for lead-generation programs***
 - ***We began the "professionally unemployed" group in May to augment other resources we're providing to assist people in transition***
 - ***Networking opportunities for specific groups, such as young professionals or biotechnology-oriented businesses***
 - ***The Young Professional Group has been meeting monthly since January 2009 generally attracting more than 50 attendees***
 - ***In March 2009 we began the 2nd Monday at Noon at 46 lunches to blend the biotech campus workers with local business people. Monthly attendance exceeds 40.***
 - ***Expansion of types of offerings within the Leadership Cabarrus program***
 - ***The 2009-2010 registration process is nearly complete and potential enrollments are down 30%***
 - ***Member-to-member mentoring***
 - ***We have expanded our "Chamber Link" page in the Independent Tribune from once a month to once a week and have featured over eighty business members telling their stories to other members through the newspaper.***
 - ***Through the Business Dialogue program, efforts are underway to pair Young Professionals with members wanting to learn how to utilize social media as another marketing tool***
 - Greater awareness of international trade issues and opportunities
 - ***More formalized government affairs programs***
 - ***Significant progress has been made in this area by Deb Carter.***
- Potential to have a stronger impact on public policy, especially in terms of "grooming" politicians and encouraging individuals to run for public office

Opportunities

The following trends or situations present opportunities that the Chamber can capitalize on:

- The Chamber has the confidence/trust of the business community and has their backing to take a significant role in community issues
- The growth of Cabarrus County and the development of the Research Campus will bring new businesses, new jobs, and many opportunities for the Chamber to 1) attract new members and provide improved services, 2) influence the public policies and government actions taken to manage and prepare for this growth, and 3) position itself as a community leader and clear business advocate
- The Research Campus also brings the opportunity for the Cabarrus County area to establish itself as a hotbed for entrepreneurship – and the networks and resources to support such activity
- The Chamber is well-positioned to be the leader for improvements in education and workforce development

Threats

The following trends or situations present a potential threat to the ongoing success of the Chamber:

- The success of the Chamber is largely dependent on one individual (John Cox)
- The larger community is not always aware of what issues the Chamber is working on to improve the business climate and quality of life. Sometimes smaller members are also not aware of the Chamber's efforts in these areas
- Cabarrus County has few large employers of the type that often help lead and finance key Chamber and economic development activities in other similar-sized communities
- The growth of Cabarrus County and the development of the Research Campus bring to the community significant challenges that have long term consequences if not handled well. Key issues include improving K-12 education, improving the quality of the local workforce, managing growth in an attractive and sustainable way, and creating a culture that welcomes newcomers and their diversity
- Newcomers may not automatically be aware of or interested in Chamber membership, even though the work that the Chamber does is likely to benefit them