

## Prosperity Requires Both Diversification and Specialization

**B**ill Workman, a former Mayor of Greenville and first Chairman of the Greenville Area Development Corporation (GADC), used that quote penned by noted urban planner Jane Jacobs frequently to describe his philosophy on economic development. Since the GADC's founding in 2001, we've been working hard to ensure Greenville County's continued prosperity.

Reflecting on Jacobs' works, she focused on the importance of cities and their impact on economic development. She postulated that diversification of the economic base was critical to continued growth and development, and that too much specialization in or focus on any particular industry would lead to decline.

In her 1969 book "The Economy of Cities," Jacobs noted as historical examples the United Kingdom cities of Manchester (specialty-focused) and Birmingham (a diversified economy). Countering expectations of the time, Manchester dwindled while Birmingham thrived. She also cited Detroit, which for much its history had been very diversified until the 1920s, when it narrowed its focus to the automotive industry. That decision subsequently led to a much lower rate of growth and development, and Jacobs virtually predicted today's downfall of the city.

Fortunately for this area, it was in the 1960s that Greenville's leaders anticipated the decline of the traditional textile industry and began diversifying our economy.

I think we could argue today that a balance of both diversification of



industries and specialization within an industry are critical to continued economic success. That strategy is a key reason that Greenville has fared better than other parts of the country during the recent economic downturn. Depth in an industry such as automotive, where coupling the attraction of a range of industry suppliers with a major initiative like CU-ICAR, is critical to its long-term growth. At the same time, having breadth (i.e. multiple industry-groups such as aviation, advanced materials, biosciences, information technology, textiles, and chemicals) is vital to ensuring that “all of our eggs aren’t in one basket.” This hopefully means that all of our industry sectors will not be in a down economic cycle simultaneously.

Another advantage of our local diversification is that Greenville’s dissimilar industries share benefits of being located together — what economists call agglomeration economies. For instance, some of our advanced material companies draw on our textile and chemicals heritage as far as processes and personnel. They supply today’s aviation industry with light-weight carbon fiber parts, and are positioning themselves to play a key role in the vehicles of the future which will need lighter weight to meet upcoming federal fuel economy requirements.

While diversification is central to our ongoing core mission of recruiting companies to Greenville and helping existing organizations expand, the GADC values our specialty industry niches and we vigorously support them; they mean

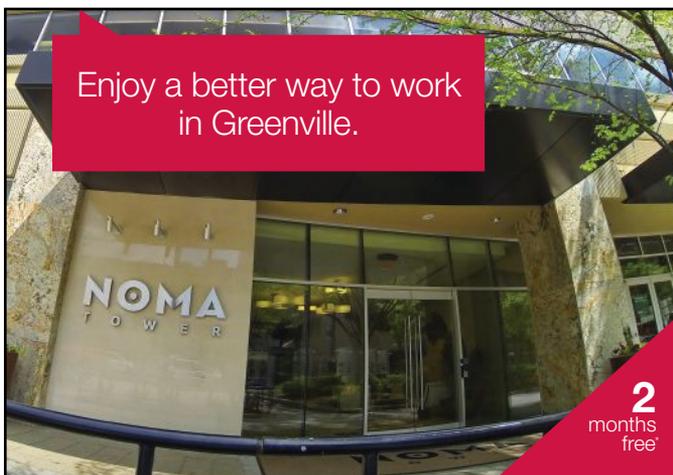
life-giving and sustaining innovation. In fact, we never pass up an opportunity to leverage them as a unique part of Greenville’s value proposition in the recruiting process. Again, specialization has its benefits.

The GADC, with its narrowly-defined mission, can best ensure Greenville’s continued prosperity by attracting different companies from a variety of economic sectors. While we target high-growth, high-paying sectors like automotive and bioscience, we work diligently each day to recruit a range of companies including food processing, distribution, and call centers in addition to our targets. Beyond risk mitigation, we recognize that this diversity provides jobs of varying skill levels — delivering better opportunities for all the citizens of Greenville County.

The GADC Board and Staff are passionately committed to bringing economic opportunity. Since 2001, we have announced \$2.8 billion in new capital investment and over 16,500 new jobs — with more announcements on the way. We envision a bright future ahead despite stiff competition — competition that grows stronger each day.

Former Mayor Workman had it right: prosperity does take work. Rest assured that we will keep “working at it.” ■

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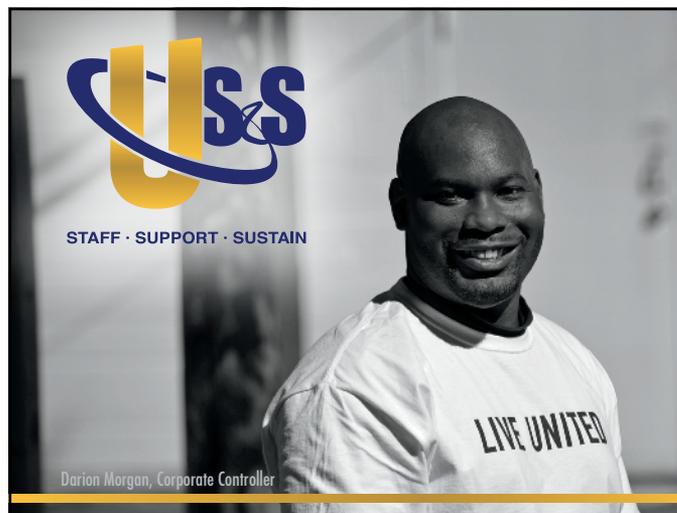
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