

COLORADO BUSINESS REVIEW

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Inside: “Colorado’s Economic Opportunities: Today, Tomorrow, and the Future;” study overview on this page; **summary of industry analyses** begin on page 2; **highlights of county analysis section** on page 4; **how to use study data** on back page.

Economic developers at the “Colorado Economic Opportunities” press conference in January. From left, S. Darren Hollingsworth, City of Englewood; Preston Gibson, Jefferson Economic Council; Rocky Scott, The Greater Colorado Springs Economic Development Corporation; Don Dunshee, Broomfield Economic Development Corporation; and Bill Becker, Adams County Economic Development, Inc.



Long-Term Economic Opportunities Analysis Unveiled

A new strategic economic development tool aimed at helping local communities understand their present economic base and identify possible future growth sectors was designed by the University of Colorado at Boulder Leeds School of Business. The genesis of “Colorado’s Economic Opportunities: Today, Tomorrow, and the Future” was a desire on the part of several entities to develop an economic development report that would look at Colorado today and posit possibilities for tomorrow and the longer run future. The study was commissioned as a collaborative effort between the State of Colorado (through the Economic Development Commission) and the Economic Developers Council of Colorado. The purpose was not only to

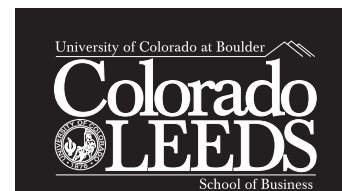
research potential target and emerging industries for the state, but also to perform a detailed economic base analysis of Colorado’s 64 counties. This combined approach gives an industry perspective that can be used as an economic tool.

The research results are reported in two sections, and a summary of each section is featured in this newsletter. (For complete results, visit http://leeds.colorado.edu/brd/publications/COEO_report/.) The first section includes highlights of the 13 industries studied; see page 2. The second section, starting on page 4, reviews profiles of the state’s 64 counties, including an economic base analysis, a targeted industry study, and an emerging industry analysis for each county.

Multifaceted Methodology

This project was conducted using a multifaceted approach, driven by the realization that there was more than one objective to the study. The short- and long-term potential for growth in various industry sectors clearly needed to be determined. However, the

CONTINUED ON PAGE 2



Think Broadly.
Act Boldly.



From the Editor

This issue focuses on a report recently completed by the Business Research Division entitled “Colorado’s Economic Opportunities: Today, Tomorrow, and the Future.” This research was conducted for the Colorado Office of Economic Development and International Trade and the Economic Developers Council of Colorado. The study examines industries and local economies, and the relationship between the two, both today and in the future. After reading the articles in this issue, you may visit our web site for more details http://leeds.colorado.edu/brd/publications/COEO_report/ or call me at 303-492-1147.

—Richard L. Wobbekind

Colorado’s Economic Opportunities **Industry Sector Analysis:** **Laying the Foundation**

The industry section of the “Colorado’s Economic Opportunities: Today, Tomorrow, and the Future” study began with a process of identifying a list of potential target and emerging industries for the state. This list is not meant to be exhaustive and tends to exclude many industries that would not be considered “primary” job generators. The lack of discussion of these industries does not mean that they are not essential or important to the state economy. Simply stated, industries that are more primary in nature lead to greater overall employment growth and greater economic diversity.

The following industries were studied:


- Food and Agriculture
- General Manufacturing
- Computer Hardware and Storage Manufacturing
- Photonics Manufacturing
- Energy and Environmental
- Transportation
- Aerospace
- Defense and Homeland Security
- Telecommunications
- Bioscience
- Nanotechnology
- Services
- Software
- Tourism and Hospitality
- Film

Methodology

The industry studies began with extensive background research. This information was augmented by surveys and focus group discussions and put together in a preliminary examination of the trends, strengths, weaknesses, opportunities, challenges, and location requirements for the industry. These preliminary reports were reviewed by several industry experts for completeness. The reports were then edited and crafted into the final industry reports.

Industry Reports

The table on page 3 displays a sample of the summaries for 8 of the 15 industries studied. These succinct summaries are available for all 15 industries. In addition, the report includes a brief synopsis of the individual industry analyses using the following format. The international and national trends for that industry are examined, followed by an exploration of the location requirements. Then, Colorado’s competitive position and growth opportunities are discussed. The industry section of the study concludes with an extensive review of trends, strengths, weaknesses, opportunities, challenges, and location requirements.

The industry analyses, combined with the county profiles, can be used to explore economic development possibilities for the counties and regions of the state. 


LONG-TERM ECONOMIC OPPORTUNITIES

CONTINUED FROM PAGE 1

economic base of the individual counties also needed to be categorized and understood. Ultimately, both pieces of information would be used to explore economic development possibilities for the counties and regions of the state.

Economic Development Tool

This report is one of many tools that local leaders can use to help move their county and regional economies, and ultimately the state economy, forward. This tool should help community economic developers and their

constituencies better understand the challenges and opportunities they face. Economic development means something different to each county. For some counties it may mean balancing growth with quality of life, while for others it may mean diversifying the economic base. Local leadership and interest will always be the most important part of the process. This tool is designed to help all counties, no matter how they define their economic development future. 

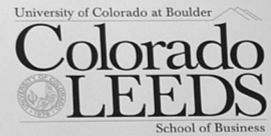
Colorado's Economic Opportunities

Today, Tomorrow & the Future



EDCC

ECONOMIC DEVELOPERS' COUNCIL
OF COLORADO



Sample Summary of Industry Analyses

Colorado's Industries

Success Factors

Manufacturing

Strengths in aerospace/defense; high-tech industries, particularly photonics; and computer and storage devices.

Large, qualified workforce; transportation infrastructure; proximity to research; high-tech industry clusters; strong industry associations. Available funding.

Transportation

Strengths in air transportation and potential to become a transportation hub for all sectors.

Skilled workforce; central location; strong highway, air, and rail infrastructure. Proximity to manufacturers and distribution centers, low taxes and licensing fees for air and trucking, collaboration between all industry sectors.

Aerospace

Well positioned in both communications and defense.

Highly educated workforce, proximity to other high-tech industries, and proximity to military and higher education. Strong government support, and collaboration between public, private, and government.

Defense and Homeland Security

Strong presence of industry leaders. Well positioned in related aerospace and communications fields.

Strong military presence, key strategic location, high-tech clusters, and strong telecom and information infrastructures. Aggressive representation in the fight for federal dollars and the offering of financial incentives.

Telecommunications

Recognized as a national telecom hub, recent struggles should not affect the state's long-term position.

Highly educated workforce and strong communications infrastructure. Overcoming financial and legal problems, and regaining investor confidence

Nanotechnology

Small but growing cluster that presents strong opportunities.

Highly educated workforce, presence of other high-tech industries that will use this technology, dry climate, and proximity to research facilities.

Services

Colorado serves primarily as the regional center for both financial and health-care services. The state's R&D industry is very strong.

R&D—Cluster of high-tech companies, a highly educated workforce. Availability of funding.
Health—Aging population, strength in biotech. Controlling rising costs and increasing consumer satisfaction.

Financial—Growth of alternative investment strategies and mutual funds. Improved technologies and increased consolidation makes it harder for local firms to successfully compete with "super regionals."

Tourism and Hospitality

Strong tourism industry, but depends heavily on overall economy performance and state budget.

Variety of attractions including casinos, national and state parks, ski areas, and other scenic locations; affordable accommodations. Consistent funding for state tourism marketing.

County Level Analysis: Bringing It Together

THE INDUSTRIES ARE EVALUATED BY ANALYZING INDUSTRY NEEDS AND REQUIREMENTS AGAINST COUNTY AND REGIONAL ASSETS TO DETERMINE THE CURRENT, TARGET, AND GROWTH INDUSTRIES.

In an effort to discover current economic bases and future opportunities throughout the state, and give local policymakers in both metro and rural areas a useful tool for economic development, the study includes a detailed report on each of the state's 64 counties. Each report consists of five pages of data and one "overlay" page in which the research on the emerging industries (discussed on pages 2 and 3 of this issue) is combined with the research conducted on the counties in order to identify the current, target, and possible growth industries for the county.

Basic Resources and Demographics

The first page of the county section includes a state map highlighting the location of the county and a table describing some of the county's current resources (transportation infrastructure, higher education facilities, federal or state facilities, tourist attractions, and natural resources).

The second page provides an overview of the county. This information highlights basic population demographics and geographic

information, along with data regarding household income, worker class, occupation type, and company size.

County Assets

The next page provides a visual summary of the county's assets. The chart includes some resources and other assets that may facilitate economic development. It indicates which of these assets can be found in the county and which can be found in the surrounding area. Page three also includes a table summarizing the highlights of the data found on the previous two pages. A sample of this table, taken from the Larimer County report, can be seen below.


Employment Data

The next two pages of the report deal with employment data. Page four summarizes the employment and income data for the nine major Standard Industrial Classification industry sectors. The analysis examines both historical trends and industry concentration relative to the state as a whole. The page that

follows looks at data from the Minnesota Implan Group, and provides a more in-depth look at the industry makeup of the local economy. This information includes employment, production, and exports from 528 industries. The table looks at the county's top sectors by employment and by production, along with the top primary industries.

Overlay

The final "overlay" page aims at reconciling the county data with the industry research. The industries identified in this report are evaluated by analyzing needs and requirements against county and regional assets to determine the current, target, and growth industries appropriate to the area's economy. A sample of this final page, taken from the Mesa County report, can be seen on page 5.

For a look at the complete report, please visit http://leeds.colorado.edu/brd/publications/COEO_report/. 

Sample Table I—Larimer County Highlights

POPULATION

- Larimer has the seventh largest population in Colorado, and is one of the fastest-growing counties in the country. Population grew 35% over the past decade and 3.2% from 2000-2001.

INCOME AND HOUSING

- Incomes in Larimer are slightly higher than the state and national averages, and they are high compared to the cost of living.
- Housing prices are slightly higher than the state average, but lower than other Front Range counties.

OCCUPATION, CLASS OF WORK, ESTABLISHMENT SIZE

- Occupation is mixed. Academics, engineering, high-technology, and farming are major occupations. There are many large employers with 100+ employees.

TRANSPORTATION INFRASTRUCTURE

- I-25 runs through the county, and there is a major airport.

STATE, FEDERAL, OR MILITARY FACILITIES

- There are several federal research facilities related to agriculture, ecology, and wildlife.

EDUCATION

- Colorado State University is located in Fort Collins. Enrollment totals about 24,000 students.

ATTRACTIONS

- The Poudre Canyon and Rocky Mountain National Park are both in Larimer County, plus several recreation attractions.

NATURAL RESOURCES

- Significant fossil resources exist and are being exploited. In addition, significant forests, lakes, and rivers also exist.

**Sample Table II
Mesa County Overlay Matrix and Comments**

	Current	Target	Growth
Agriculture			
Animals	x	x	
Crops	x	x	x
Dairy	x		
Manufacturing			
General	x	x	
Computer Hardware/Storage	x	x	
Photonics	x	x	x
Energy and Environmental			
Minerals, Gas/Petroleum	x	x	x
Renewable Energy			
Environmental Industries			
Transportation			
Air			
Trucking			
Rail			
General			
Aerospace/Space			
Defense/Homeland Security			
Telecommunications			
Biotechnology			
Nanotechnology			
Services			
Call Centers	x	x	
Financial			
Healthcare	x	x	x
Research and Development	x	x	
Software			
Tourism	x	x	x
Film			

Mesa County produces corn, dry beans, hay, winter wheat, and cattle. Market value from crops sold in 1997 was \$20,146,000; market value of livestock and products sold was \$30,304,000. The county has 42 fruit orchards providing growth opportunities from increased production of value-added foods and wines. The area has developed 20 farmers' markets providing specialty crop growers with higher revenues by selling fruits, wines, and vegetables direct to consumers. Three markets offer certified organic products to meet increasing consumer demand. According to the DOLA base industry study, 6% of the basic jobs in the county are in agribusiness. This area may be able to compete in the future bio-pharmaceutical industry with higher value corn crops as well as a production facility.

Photonics has a minor presence in Mesa County; currently about 2% of the state's photonics firms are located in the county.

Roughly 7.6% of the county's basic jobs are in manufacturing, according to the DOLA base industry study. The largest sectors are nonmetallic mineral products, fabricated metal products, computer and electronic products, and machinery manufacturing. There are several large manufacturing companies in the county, and the area could attract several more. However, as manufacturers continue to struggle nationally, counting on the sector to drive economic growth could be risky.

The area currently produces some crude oil and a significant amount of natural gas. Gas production is expected to increase with

development of the Western Colorado Piceance Basin, estimated at 31 trillion cubic feet in Mesa and Rio Blanco Counties.

Currently, call centers have a significant presence in Mesa County, generating close to 1,000 jobs. This could be a continuing source of jobs in the county. The area has relatively low wages, and the presence of a large university provides a major pool of inexpensive labor. The opportunity here lies in telephone answering services as opposed to telemarketing.

Mesa County is the regional hub for health-care services, with almost 14% of the county's employment in this sector. A growing population and a large retirement community should provide impetus for growth over the coming decade.

Some R&D is occurring in Mesa County, and could foster growth to the extent that it is commercialized in the local community.

The county's two largest attractions, Colorado National Monument and Powderhorn ski area, draw a large number of visitors to the area. Numerous other outdoor recreational opportunities can be found in the county. The city of Fruita offers world-class mountain biking, and has the potential to become a very popular destination.

There have been five film projects done in Mesa County.

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Beyond the Data

Donna Smith

One of the focuses of the Economic Developers' Council of Colorado (EDCC) is to assist local economic practitioners in the day-to-day business of economic development. EDCC knows that the "Colorado's Economic Opportunities—Today, Tomorrow, and the Future" report is a valuable tool for our membership. It's loaded with detailed data, analysis, and trends. (To view the complete report, please visit http://leeds.colorado.edu/brd/publications/COEO_report/.) But what happens next?

Will communities and regions review the data and put it in a place of honor on the shelf? That is certainly not the intention of EDCC! The board of directors wants the report to be a useful and valuable tool.

To ensure that the report is used by practitioners, EDCC has designed its spring conference in Colorado Springs to focus on the report and how to use it within your community. The conference committee has designed a stepped approach to evaluating the report and providing tools for its utilization.

This first step is to understand the data. It's difficult to proceed in developing a marketing

program if you truly don't understand all the insights that the data have afforded. Gary Horvath with the CU Leeds School of Business will be presenting a session that details the data provided in the report, discusses how the data was obtained, and explains what the data sets suggest.

The second step is determining if the community is ready to market. Once a community has the data in hand and understands its meaning, an evaluation is needed to determine if a community has the assets and infrastructure to support proposed targeted or emerging industries. Patty Silverstein with Research Development Partners will present a conference session titled "Is Your Community There Yet?" Topics will include researching the needs of specific industries, identifying competitors, and analyzing community assets.

The final step is to develop an effective target marketing plan. Once the data are understood and the community is ready, sorting out an effective marketing plan can be a challenge. Ben Wright with CCIIntellect will present "Effective Targeted Marketing." This session will cover successful methods used in targeted marketing and unique promotional

ideas. Additionally, guidance will be offered on researching industries and business contacts.

Once the underlying foundation has been presented during the EDCC Spring Conference, members will be able to develop marketing plans specific to the needs of their individual community or region. It is the goal of EDCC to provide educational opportunities to our members that assist them in carrying out their economic development missions.

The EDCC would like to thank the Colorado Economic Development Commission, the Colorado Office of Economic Development and International Trade and the local economic development agencies that financially supported the Colorado's Economic Opportunities study. Leveraging resources within the state through joint collaborations like this strongly supports the ultimate goal of creating jobs for Colorado residents.

Information on the EDCC Spring Conference to be held at the Wyndham Hotel in Colorado Springs, April 14-16, may be obtained by e-mailing Donna Smith, president of Economic Developers' Council of Colorado, at smithd@ci.loveland.co.us. 