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The Making and Marketing of a Competitive Tullahoma Airport Business Airpark

Executive Summary

Tullahoma sought to leverage its Regional Airport to expand beyond general aviation and to create a center of economic activity. This development has a long history, and has reached a mile-stone in its development. In October of 2015, the Tullahoma Airport Business Airpark earned the Select Tennessee Site Certification. This designation signals a turn from preparing ready-sites to beginning to plan for the marketing of these sites.

The process of site development has been challenging and rewarding. This Capstone project will explore the challenges of this development and explain the benefits of Participation in Select Tennessee and outline a strategic marketing plan. The goal is to attract four to five new businesses in the next five years with a strategic marketing plan.

In order to attract new aerospace/aviation to the Tullahoma Airport Business Airpark, the Tullahoma Area Economic Development Corporation (TAEDC) partnered with the Tullahoma Airport Authority (TAA) to develop a 114 acre air park at the Tullahoma Regional Airport.

Tullahoma Overview

Tullahoma, Tennessee boasts that it is a city as unique as its name. Unlike similar Tennessee cities, Tullahoma is not a typical rural, agricultural community. Tullahoma is an intellectual and

urban oasis with a southern rural pace and lifestyle. The Tullahoma City School system is considered one of the city's greatest assets and is known throughout the state for its achievements in academic excellence and leadership in innovative technology. The area is also home to Arnold Engineering Development Complex (AEDC), the largest, most advanced complex of flight simulation test facilities in the world, employing close to 1,800 local residents, making it the largest employer. Other aerospace/aviation related facilities in and near Tullahoma includes the University of Tennessee Space Institute (UTSI), UTC Aerospace, Micro Craft, Inc., Jacobs Engineering, Schmiede and other high precision companies. Together, these create a robust cluster.

The City of Tullahoma is located in Coffee County. The 2010 census indicated a county population of 52,796 and a City of Tullahoma population of 18,655. The city's corporate limits extend into two counties, Coffee and Franklin. The approximate population of Tullahoma's 20 minute drive time is 50,681 (Shopping Center Group, 2013). It has been named the top Micropolitan Statistical Area (McrSA) in the state in 2015.

Economic Development Organization

The Tullahoma Area Economic Development Corporation (TAEDC) was authorized by the Board of Mayor and Alderman to drive economic development in the greater Tullahoma region by focusing on several core areas: aerospace/aviation, medical services, technology and retail development.

The Board and its Executive Director work closely with its allies, the Tennessee Economic and Community Development Department (ECD), the Coffee County Industrial Development Board,

Tennessee Valley Authority (TVA), Middle Tennessee Industrial Development Association (MTIDA), South Central Tennessee Development District (SCTDD), the Southern Middle Tennessee Entrepreneurship Center, and other agencies to enhance economic development in Tullahoma. These agencies help TAEDC identify prospects, prepare RFIs, apply for grants and help us market available sites.

The economic trend over the last three years shows Tullahoma has a growing retail sector. The city introduced a new Tax Increment Financing plan that is helping to fund a \$15 million renovation and expansion of Northgate Mall. Investment in the medical sector is also trending upward with investment in two new medical facilities being constructed near the hospital.

On the down side, the area has also seen the loss of long-time stalwarts that provided jobs in textiles and paper and packaging manufacturing. But countering some of these losses has been the renewal and upgrade of several key programs at AEDC, and new research programs in Hypersonics jointly being developed by AEDC and UTSI. With this new research, approximately sixty new employees will be locating to the area. Additionally, recent contract changes at AEDC have increased the number of contractors from one to seven, with hopes that these new firms locating to Tullahoma will hire more employees.

Regional creation of new jobs by industrial growth in the neighboring Manchester Area, as well as that of the Moore County regional employer Jack Daniel's, has helped keep the County and Micropolitan Area's unemployment lower than the national average. Yet, the need to be able to attract higher-paying manufacturing and light-manufacturing industries and businesses is still

very much needed. The information from Workforce Solutions outlines key characteristics of the current labor market for Aerospace Product and Parts Manufacturing in LWIA 6, Tennessee as low and in decline (<http://www.jobs4tn.gov>).

Opportunity Background: Summary of Airport Strategic Visioning Process

The airport strategic vision process indentified the lack of ready industrial sites and identified the aerospace/aviation as the greatest potential for economic development because of the existing aerospace/aviation related business and resources located in the area. Based on these recommendations, the Tullahoma Airport Authority (TAA) began identifying site availability to grow the aerospace/aviation cluster. The land located on the Northwest side of the airport was level and had an old taxiway that could be rehabilitated to create new sites located on this taxiway.

In 2000, the TAA commissioned Barge Waggoner Summer & Cannon (BWS&C) to conduct a Tullahoma Regional Airport Area Development Study. From this report, it was advised that the airport should undergo a series of upgrades to accommodate jet aircraft and an area for targeted aviation/aerospace commercial development. “There is little doubt that a city such as Tullahoma, without adequate aviation facilities, would be seriously limited in its capacity for economic growth” (Barge, 1-1). The TAA has been diligently working to accomplish this goal. A similar study conducted by Angelou Economics in 2005 stated, the most important issues for Tullahoma is to addresses the lack of “ready” sites and infrastructure for high-growth businesses, noting a strong potential at the Tullahoma Airport. Tullahoma’s lack of sites and infrastructure for target industries was a primary reason for being overlooked by companies looking at the region and choosing another market (Angelou Economics).

The Tullahoma Airport Business Airpark Select Tennessee Certification addresses the need for suitable sites. This process has been a slow work in progress from the strategic visioning through the rigorous Select Tennessee certification. With the newly earned certification, it is time to develop a strategic marketing plan that takes advantage of the site and local aerospace/aviation resources.

Tullahoma Regional Airport Area Development Study (2000)

Originally constructed in 1941 to function as an Army Air Force Field, the Airport has been an important asset for the region. The Tullahoma Regional Airport is one of the top five general aviation airports in the state of Tennessee. Without the vision of city leaders in 2000, the current leaders would not have been able to earn the Select Tennessee certification in 2015, the next step to making Tullahoma's airport competitive in today's global business environment.

From this BWS&C Development Study, the City of Tullahoma realized that with these recommendations would allow the Tullahoma Regional Airport to continue to be an economic asset. To meet this complex challenge outlined in the BWS&C report, the TAA began a strategic visioning process in 2007 called, Vision 2015. This outlined the steps needed to update the airport facility to become an asset that would set Tullahoma apart when recruiting aerospace/aviation industry to Tullahoma.

With the most recent activity focused on the development of the airport business park, TAEDC expects to locate additional commercial businesses, industries, and private aircraft hangars to the

facility.

These strategic master plans were created to realize the potential of the Airport, and create pride in the community with its growth. This will also facilitate the recruitment of quality companies, and increase the revenue stream from hangar rentals and jet fuel sales. The City has put some very positive plans in place that will help make the Tullahoma Airpark an attractive industrial site. This success and growth at the airport is exemplified in the comment from Jon Glass, the Airport Director: “We are growing. In late 2014, seven new business aircraft located to the Airport because of our superior hangar facilities. Our based aircraft are now providing consistent and increased fuel sales.”

Airport Vision 2015 (2007): Aligning Airport Goals with State ECD Goals

The strategic visioning started by city leaders sixteen years ago has led to the improvements and certification that the airport has now earned. When an organization begins to look at a vision for what they want their community to be, it must not be curtailed by a vision that seems too large. This has been a multi-million dollar process, survived different elected officials and changes in department leadership positions, and it is designed for the common goal of improving the economic conditions in the region.

City officials took their cue from State Officials who were leading an effort to build out the aviation assets across the state, including Tullahoma (Baltz). For Tullahoma, the first step was to begin acquiring the land for the future airpark. In 2015 when ECD Commissioner Randy Boyd visited the Tullahoma Airport, City Administrator Jody Baltz explained to Boyd that the TAA

acted on the state's message to leverage local airport resources for economic development, and through partnering with the state, the TAA has been able to take advantage of Aeronautical grants. Boyd said he was impressed with Team Tullahoma. Commissioner Boyd noted the many improvements that had been made in Tullahoma and stated that the TAA was well prepared.

Summary of Airport Upgrades

The above visioning resulted in the implementation of many upgrades. "We have one of the top 5 general-aviation airports in the state," said former Airport Authority Chairman, Sam Crimm. "It's a facility we are extremely proud of, and gives the city an edge in recruiting businesses."

A few of the major improvement upgrades include a new terminal, infrastructure (utilities, fiber and roads), a 5,500' runway, and a new hangar built along the taxiway to house the first industry that located in the park, XP Services. All of these improvements have been possible because of relationships with the State ECD, TDOT Aeronautics Division and TVA.

Summary of Select Tennessee Certification

The Select Tennessee process began in June 2012 and was completed in October 2015. The Phase Two portion of the process was completed more quickly than Phase One, with one of the most difficult challenges an environmental study of possible bat livability in the affected area, and the research on the titles due to a land swap that occurred in 1987. Despite the challenges and rigors, the achievement of the Select Tennessee certification gives Tullahoma an improved supply of industrial sites to market, and gives potential prospects confidence knowing that the necessary due diligence is complete.

Industry Trend

As Heidi Smith, TVA Global Business Manager, explained in a TCED class, it is vital to understand industry trends. From this recommendation, research shows mixed results. According to a leading industry publication, there has been a 10 percent drop in aerospace/aviation employees over twenty years. In contrast, the average earnings have increased 57 percent in thirteen years (AIA). Additionally, Boeing moved to the South because of favorable weather and economic conditions. Tri-City Regional Airport staff perceives a benefit in that many aviation companies with longstanding facilities in northern states are relocating to the South strictly due to the unique constraints that very cold temperatures place on flying (Canty). Another optimistic development that may continue to trend in this region's favor is that the aerospace/aviation industry is expected to return to growth in 2016 at a rate of 3.0 percent (Deloitte Global).

Set Marketing Goals and Objectives for Marketing Tullahoma Airpark

As learned from the Tennessee Certified Economic Developer (TCED) Marketing and Attraction Class, marketing outcomes need to attract business and investment, develop a competitive workforce, enhance the communities' image and promote the community's viability. In preparing the airpark for the Select Tennessee certification, Tullahoma has now met the challenge of providing available sites, and is better prepared to implement a marketing strategy to meet these outcomes. The anticipated timeframe is nine months to develop a strategic marketing plan and one to three years to attract the next business.

To meet the above marketing outcomes, the following marketing strategy is presented as a roadmap for TAEDC and TAA to successfully attract new aerospace/aviation light manufacturing

and engineering to the park. The following strategies will be used to create positive outcomes for the airpark. To gain strong internal support from both TAEDC and TAA, it is recommended to start by forming a marketing advisory committee to coordinate marketing strategies between both agencies. Secondly, this group should then develop an external campaign to earn the strong support of the community and the Board of Mayor and Aldermen. From this position, the best effort can be made to attract business investment from target industries with the assistance of allies from various EDO partner agencies.

Based on the current aerospace/aviation industry located in Tullahoma, some of the best target industries should include:

- products and systems for commercial aeronautics,
- space markets and the military,
- aircraft and aircraft parts manufacturing,
- aerospace/aviation instruments,
- missile systems,
- defense communications and detection systems, and
- materials and component suppliers to other manufacturers.

Clearly aerospace/aviation has a presence in Tullahoma. And it will be critical for on-going economic development efforts in the growing of this industry segment for the community to have a large enough skilled workforce to recruit large companies. Tullahoma should focus on building

the aerospace/aviation cluster through the targeting and development of these suppliers and downstream manufacturers to attract smaller light manufacturing and engineering firms.

Best Fit Industries

One example of a supplier locating to the Airpark is Sarasota Avionics, who will soon locate at the Tullahoma Airpark. Two of the reasons they chose the site was because of the proximity to their customer base and a contractor was currently located at the park.

Other samples of these suppliers and sub-contractors that can make good targets include the approximate twenty one new sub-contractors that support the base and research at UTSI.

Relationships

There are tremendous resources for job creation, business expansion and business recruitment through the state ECD offices and TVA, and it will be important to access these resources with the State, as well as TVA in its on-going economic development efforts.

To take advantage of all state-level activity and offerings relative to economic development, particularly for help in identifying potential expansion & relocations, and funding, TAEDC will continue to build relationships built on trust and credibility. Actions to help build these relationships include the following: attend functions promoted by these entities; create functions for these entities to attend, and/or present; create a calendar for quarterly meetings.

Using the leadership of AEDC (Colonel Rodney Todaro and Glen Liston), UTSI (Dr. John Schmisser and Dr. Ahmad Vakili) and TVA (John Bradley and Roxann Fry), synchronicities can

be identified in the supply chain. Creating a list of suppliers will provide direct marketing opportunity. Some suppliers may have enough local business in the area to locate a local presence in the airpark.

The local marketing Team plans to host a TVA Quarterly “Off-Site” visit and will invite all sixty marketing specialists and ECD leadership and marketing staff to spend the day with the AEDC and UTSI leadership. This will give TVA and ECD the knowledge to discuss the local airpark resources with site consultants and industries.

TAEDC will take part in mission trips with State and TVA partners. These trips could be to corporate headquarters or tradeshows. The TAEDC will evaluate the best-fit industries and tradeshows and select which ones to choose.

Of the trade shows to evaluate, these are the recommended ones from other Airport Managers: HAI Heli expo; MRO America; National Business Aviation Association Expo; National Aerospace Foreign Direct Investment; and Aircraft Owners Pilot Association (AOPA). Bi-annual international shows in Paris, the United Kingdom and Frankfurt will also be considered.

Workforce Pipeline

This workforce pipeline is available because of the local presence of AEDC and UTSI. The opportunity grow this existing human infrastructure is great and it will important to work with the local school system and colleges. President and CEO of Micro Craft, Inc., Jim Herron, states, “We have lots of talent that is highly educated in mainly aerospace and science fields resulting

from AEDC. It is a hub for aerospace development. You have approximately 2,000 people located here that do nothing but test next generation aircraft. We have built a lot of hardware for NASA. We built moon scoops and just about every component on the space station was built here. Tullahoma and AEDC just became home to the latest Air Force research lab branch, and it is going to be in hypersonic, Mach 5 or higher. The sky is the limit.”

In addition to the AEDC pool of suppliers and the engineers graduating from UTSI, Motlow College leads the nation with a robust mechatronics department providing a steady supply of skilled workers.

Other Marketing

Print marketing will be used sparingly because of the expense. Best practices include a marketing piece that has been developed for use at local and regional events and to include in information packages when requested. Other examples of effective marketing campaigns that need to be evaluated include ads in the MRO conference guide or a sponsorship of the conference which cost approximately \$10,000. Additionally, articles regarding the new airpark and the associated resources will be written and sent to aerospace/aviation publications, as well as to press outlets when there is a noteworthy accomplishment. An ad in a publication such as Aviation Maintenance Technology (AMT) is approximately \$12,000.

The TAEDC and the TAA will also be networking with organizations and at regional and national conventions, especially in the aviation and aerospace/aviation economic sectors to alert colleagues across the nation as to the new availability. Special e-mails and correspondence will

be sent to national developers to alert them to the new airpark, especially with regard to aviation of aeronautic prospects with which they might be working.

In addition to relationship building, press releases and paid sponsorships, internet and social media is critical for digital economic marketing. TAEDC will also develop a digital economic development strategy to take advantage of the ThinkTulahoma.com and @ThinkTulahoma twitter account. These types of social media will be used to provide regular updates on the economic development environment and the quality of place in Tullahoma. One of the most important components of this strategy is to direct them to SelectTennessee.com.

The importance of this media cannot be underrated as consultants and companies use these tools for initial research.

Lessons Learned

It can be suggested that the development of the Tullahoma Regional Airpark is in its third decade. This type of work speaks to the importance of developing relationships, collaborating with your allies and sticking to your plans through several administrations at both the local and state level. And this is an important concept emphasized in the TCED classes. ED organizations need a united region to best facilitate the most successful economic activity.

Committing to the process and finding all resources to get the certification completed must be a top priority. Changes in key personnel delayed the process and this extended timeline caused some re-work. For example, exhibits from phase one needed to be updated during phase two of the certification process.

Results

The residual benefits of the Select Tennessee certification includes marketing assistance from the region's ECD representatives (such as the Southern Tennessee Regional Director) and a promotional video at the SelectTennessee.com. This includes a short list of certified sites, and the airpark will gain visibility by being on this web site. One of the greatest benefits is the opportunity for continued infrastructure investment from grant money to help further develop the site. Engineers and economic developers have identified areas for improvements that include the clearing of approximately twenty four acres of wooded area in the front portion of the park, drainage upgrades, taxiway repairs, park entrance sign and site street lighting. To complete these, TAEDC has applied to the Tennessee ECD Select Tennessee Certified Site program for grant funding.

The first business to locate in the Tullahoma Business Airpark chose to locate partly because of the lack of congested air traffic. One of the suppliers for his business also has decided to locate at the Park, Sarasota Avionics. One of the reasons they chose Tullahoma was because of the proximity to customers. Developing regular communications with the existing industry will also be critical to learning of other potential prospects.

It is the goal of the TAEDC and the TAA to continue to develop property at the Tullahoma Business Airpark as an aerospace/aviation focused airpark. This project has the support of local and state officials, and the strategic plan is to recruit these and related businesses which need convenient access to airport facilities, AEDC and UTSI. This is a significant location advantage for Tullahoma. This airpark will be attractive to entrepreneurial businesses and/or expanding

companies that need easy access to the aerospace/aviation resources available in Tullahoma. The creation of this airpark is an innovative way to recruit and develop new business that will result in high wage employment opportunities because clusters can help drive wages up and provide a global competitive advantage (Younger).

Resources

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