

Section 3. Strengths, Weaknesses, Opportunities and Threats

This analysis of strengths, weaknesses, opportunities and threats associated with the economic development environment in Campbell County is based on demographic and economic data on the County and the region, interviews with community leaders and a survey of the business community. The elements of the SWOT are interrelated. Some strengths, for example, seen in a different way, are also weaknesses. The workforce is an example. Exhibit 3-1 summarizes these categories.

3.1 Strengths

Workforce

According to local business leaders, the County's workforce is its top asset. As an example, the largest employer in the County describes their workforce as "solid and dependable," and makes only the qualification, discussed below, that it is difficult to attract younger technical workers. Moreover, from the perspective of marketing the County, there is a pool of potentially available workers from Campbell and adjacent counties made up of people who worked in the Lane and Thomasville Plants and who remain in the area, unemployed or marginally employed and available for a better job.

Strong Economy

The County's economy is sound and fairly diverse, with reservations noted below. There are significant national companies in strong industry sectors with good growth prospects. There is a range of companies by size from small entrepreneurs to large manufacturers in multinational corporations. Most firms are American but there is some foreign investment. In spite of job losses in Campbell County in the 1990's its unemployment rate early this year (4.9%) was less than the comparable regional (5%) and national (5.7%) figures.

Utility Network and Capacity

The County has a network of utility services and systems in place. The Campbell County Utilities and Service Authority has a 3 MGD water treatment plant, eight wells, two water booster pump stations, two elevated water storage tanks, six ground water storage tanks, a .2 MGD wastewater plant and seven sewage pump stations. The County also has a wastewater service agreement with the City of Lynchburg that was amended to provide 840,000 gallons per day peak flow capacity in the City's Fishing Creek interceptor. The Towns of Altavista and Brookneal possess their own collection and treatment facilities. Some portion of this capacity represents an opportunity to market the County, as discussed below.

Regional Marketing Effort

The County contributes \$51,078 yearly, or 85% of its marketing budget, to the Region 2000 Economic Development Partnership to conduct an ongoing national marketing program. Campbell County and the Town of Altavista are members of this Partnership which includes five other government jurisdictions within a 2,000 square mile area:

Amherst, Appomattox and Bedford Counties and the cities of Bedford and Lynchburg. In 2002, the organization completed an economic study and strategy. While regional marketing has limitations, it has important advantages for smaller jurisdictions like Campbell County.

Exhibit 3-1

Strengths, Weaknesses, Opportunities, Threats

Strengths	Weaknesses
Workforce	Industrial Sites
Strong Economy	Workforce
Utility Network and Capacity	Lack of Infrastructure at Key Locations
Regional Marketing Effort	Manufacturing Sector
Favorable Government Environment	Declining Towns
Economic Development Programs	Demographic Changes
School System	Limited Road Network
Available Buildings	Limited Air Service
Quality of Life	Limited Historic/Cultural Attractions
Opportunities	Threats
Available Land	Globalization
Corridor Development	Suburbanization
Regional Market	Decline of Manufacturing
Main Street	Competitive Environment
Communications	
Water/Sewer Capacity	
Major Employers	

Source: Thomas Point Associates, Inc.

Favorable Government Environment

A good reference point for determining the impact of local government on the economic development process is the overall evaluation that the business community makes, since it makes a judgment based on many transactions and interactions. Local business leaders give high marks to government services provided by Campbell County and the Towns of Altavista and Brookneal. A significant number ranked local government as one of the top positive factors associated with doing business in the County. Moreover, the County government uses sound management approaches, notably the Capital Improvement Plan (CIP) process, to implement capital expenditures for infrastructure development.

Economic Development Programs

Campbell County has in place a strong support system to direct the economic development process. The County’s Community Development Department & Economic Development Department manages planning and economic development functions. It works with the Community & Economic Development Committee, the Economic Development Commission and the Industrial Development Authority to review County proposals, make recommendations on projects and assist with implementation. These groups meet regularly and among other functions, facilitate communications between

County government and the business community on economic development issues and projects. In addition to the County's internal economic development activity, it is active in the region and participates in the Region 2000 Economic Development Partnership planning and marketing program.

School System

The business community gives high marks to the public school system, rating it significantly better than school systems in comparable places. The County has been investing in its schools, building several new facilities in the last ten years. Students rate highly in the new "standards of learning" tests, according to regional figures. Besides its public school system, there is a strong community college with presence in Altavista and Brookneal, and an impressive regional array of colleges.

Available Buildings

Industrial development centers around the Towns of Brookneal and Altavista, the Mt. Athos area, and areas adjacent to Lynchburg. There are six industrial parks located in the County, with a total of 202 acres of industrial land. There are significant industrial buildings vacant and available for tenants, large and small. Some are relatively modern industrial structures, like the A.O. Smith Building in Altavista and the AmeriSource Building on Timberlake Road near Lynchburg. Most buildings, however, are older structures designed for industry processes that have already left the US. In any case, the available buildings represent marketable opportunities for the right tenant and opportunity.

Quality of Life

The quality of life appeals to many of the business leaders in the community. Many express the view that Campbell County exceeds comparable locations in this feature. There is no objective indicator to verify this representation but the lack of complaints and criticism of the elements that usually make up "quality of life"---quality of government, recreational opportunity, schools, cost of living---indicates a positive feeling that is widespread. Citizens in interviews and discussion forums express pride and satisfaction with life in Campbell County.

3.2 Weaknesses

Lack of Infrastructure at Key Locations

It is a major problem that water and sewer services are available generally in the northern part of the County and in the Towns of Altavista and Brookneal but not along the Route 29 Corridor that constitutes the primary artery for traffic in and through the area. There is also no sewer and water infrastructure on other major corridors. The County is taking steps to remedy this situation beginning with extension of sewer farther south on Route 29. The costs associated with infrastructure development are significant and the process will be lengthy.

Industrial Sites

While there are industrial properties and buildings in the County, as noted above under “strengths,” commercial brokers maintain that there are few competitive properties and buildings that companies seeking sites in the region find of interest. The buildings that are available have low ceilings, limited docking and obsolete layouts. This means that the inventory of available properties does not offer attractive sites relative to the needs of companies seeking locations. It will be a challenge, and it may take a long time, to find new uses for these properties. Section 2 of this memo addresses the types of commercial/industrial properties that would be successful in Campbell County.

Workforce

While many businesses rate the workforce highly and see it as a strength, there is some ambivalence on this subject. There is a pool of available workers, particularly in Brookneal and Altavista, but there is a lack of highly skilled workers (outside the field of machining) throughout the County. Some employers, particularly larger ones with more advanced technical needs, report that it is difficult to recruit and retain highly trained entry-level personnel.

Manufacturing Sector

It is good in most respects that manufacturing jobs account for almost a third of all the jobs in the County, since these jobs tend to pay well and offer good benefits. However, over the past twenty years manufacturing sectors in the US have declined and companies are seeking off-shore locations. Economists expect that this trend will continue, most rapidly in industries that have been important in Campbell County, notably furniture. While most of the damage has already been done, there are a few companies remaining in sectors that seem vulnerable to continuing employment loss, including automotive parts, clothing and shoes.

Declining Towns

Campbell County’s demographic profile makes the County seem very much like the Commonwealth of Virginia and, in many respects, the United States as a whole. However, while the County grew in population in the 1990’s, the most significant trend was the declining population in the two towns. Brookneal lost almost 100 residents and Altavista’s population declined by 250. To some extent Campbell County is increasingly a suburb of the City of Lynchburg, since almost all the growth in the County occurred in the districts that are essentially suburbs to the southeast and southwest of the City of Lynchburg. The decline of the outlying business districts results in a loss of goods and services for residents, vacant properties, losses to the tax base, job losses and other adverse effects. In a healthy state, Town centers are valuable assets.

Demographic Changes

There have been demographic changes in the 1990’s that take the County’s population in the wrong direction. First, median household income in Campbell County in 2000 (\$37,280), approximately 79.9% of the State figure, was below the 1990 figure (81.6%). Second, the County’s median age, 38.3 years, was significantly higher than that of the population statewide, 35.7. This reflects the higher proportion of County residents over

age 55: nearly a fourth of the County population is in this senior and elderly category and there are roughly 2200 more residents in this category than the distribution of the State population would yield. This disparity existed in 1990 but became more prominent in the 2000 Census.

Limited Road Network

The County has an extensive transportation network of primary highways and rail service that provides access to eastern markets. Two major highways run north-south across Campbell County, US Routes 29 and 501, and US 460 runs east-west. However, there is no interstate highway in the County and the nearest interstate is I-81, approximately 50 miles to the west. The U.S. 501 corridor connecting Brookneal and Rustburg is adequate for passenger vehicles but below standard for the significant truck traffic that it carries.

Limited Air Service

There is commercial air service available at Lynchburg Regional Airport where there is Delta and USAir commuter service. However, many travelers use alternate airports such as the Roanoke Airport, since there are more flights available, reduced fares on many flights and more available destinations. This has the most significant impact on large companies and more complex businesses for which travel requirements and supply connections are more complex. Many survey respondents cited these issues and identified them as poor airport services. These factors were identified as some of the most important negative features associated with doing business in the area.

Limited Historic/Cultural Attractions

Campbell County is a place with a long and rich history and with many important sites and structures, including ten “primary” attractions (such as Avoca, the home of Charles Lynch) that are listed on both the National Register of Historic Places and the Virginia Landmarks Register. However, there is no really outstanding site nor any one attraction in the County that commands attention comparable to other places in the region, such as Appomattox Courthouse, or Point of Honor, in Lynchburg. This means that there is no signature draw that brings large numbers of tourists to the County.

3.3 Opportunities

Available Land

The County has ample undeveloped land that is well-located and suitable for industrial/business development, although most of it is unserviced. The development of business centers is possible at key locations. There are topographic issues, particularly in the northwest, but most of the County has moderate slopes.

Corridor Development

The Route 29 Corridor presents a good opportunity to facilitate commercial development in a central location. This road is still largely undeveloped and good planning policies and decisions now will pay off for many years to come. The County’s recent corridor management study (2001) makes important recommendations towards enhancing the part

of this corridor from an economic development perspective and reducing continued degradation in traffic movement.

Regional Market

The County is well located with respect to metro area population and businesses. The City of Lynchburg and key locations in the region are easily accessible via the road network. The southern part of Lynchburg has become one of its major commercial centers, a fact that suggests much greater value associated with development in the northern part of the Campbell County. There are opportunities on Route 29 for retail, office and hotel development in the near term.

Main Street

Redevelopment of Altavista and Brookneal businesses districts will be a challenge but these places have appeal for residents and tourists. In the long run, the old downtowns are assets. Altavista's efforts to create a Main Street program should help to address the economic potential of this area.

Communications

The widespread availability of fiber and satellite communications makes it possible to move complex businesses to relatively remote locations. While businesses in the southeastern part of the County lack high-speed cable access, there is good service in Altavista and the northern sectors. With this feature, satellite plants and corporate outposts can do business far more effectively than was possible just a few years ago. It is also possible for small businesses and back offices to operate in relatively remote locations.

Water/Sewer Capacity

The Towns of Brookneal and Altavista have water and sewer capacities that Lane and Thomasville left behind. In Altavista, there is half the capacity of the 3.6 MGD treatment plant available to attract a firm to the area.

Major Employers

There are major national and international companies in Campbell County that have extensive corporate networks that include support services, product end users, suppliers and other functions. These networks represent a marketing opportunity to communicate about the County as an excellent business location. The major companies represent stable industries (nuclear, auto) as well as growth sectors (nutraceuticals). Companies with foreign parents may represent particularly good opportunities.

3.4 Threats

Globalization

Most companies see international competition as the leading threat to their ability to do business in Campbell County. A few years ago it was Mexico and the North American Free Trade Agreement. Now and increasingly it is China, perhaps a surrogate term for several countries in Asia where manufacturing firms are expanding and relocating on a

large scale. The lower rungs of the manufacturing sectors are most vulnerable but all manufacturing processes seem increasingly susceptible to competitive global pressures. It is not just competitive countries; it is also multi-national corporations that direct this threat.

Suburbanization

The growth of Campbell County in its northern magisterial districts is probably a good thing in many respects, creating strong residential areas and bringing new citizens who will support good government. However, to the extent that the County increases its residential population and does not increase good jobs, it raises its costs associated with public goods and services, particularly schools, without increasing the commercial tax base that balances public costs and revenues. In most cases, households generate more public sector costs than they contribute through property taxes. This is just one issue associated with the challenge of creating jobs, balancing rural and urban development and preserving the County's identity in the context of regional growth.

Decline of Manufacturing

National and state projections suggest a continuation of the trend toward decreased manufacturing employment that we have seen in the past two decades. This is the result of two factors, increased productivity---fewer workers producing more goods---and a shift to overseas production, particularly in China. The trend has been devastating in relatively uncomplicated manufacturing sectors such as textiles and furniture but it is beginning to affect more complex sectors such as aircraft and auto parts. This means that the County's workforce will need more and sharper skills in order to move into the sectors for which job growth is projected, and not just the lower-paying types of jobs but the better jobs.

Competitive Environment

This competitive threat is related to globalization but is different. Businesses in Campbell County (and elsewhere, of course) often identify the competitive environment as a threat, meaning that cost-cutting and related reductive strategies make it more difficult to operate effectively. This is no illusion or nostalgia based on how much better things were in the past. For the first time in several decades businesses are facing a potential deflationary spiral in which profits and salaries may decline for some time to come. Businesses that refuse to cut costs further or simply can't do so face terminal prospects. The competition in this environment comes from large firms that can reduce marginal costs and undercut smaller competition as well as small businesses that accept reduced profits in order to survive. This competitive environment is the toughest that businesses have faced in generations.

3.5 Conclusion

The economic situation is complex but the County has more positives, on balance, than negatives. It faces all the same threats as most suburban/rural areas but it has some significant advantages. The workforce may be the biggest plus. While far from perfect it gets high marks from most employers and there is a pool of people ready to work. The County's marketing program should feature this strength and opportunity.