

# Regional Economic Strategy: The South Carolina Competitiveness Initiative

## Client Situation

For the last few decades, South Carolina's economic strategy had been to offer companies a low-cost, business friendly location, with good transportation infrastructure, and effective workforce training programs. While this model proved successful in creating jobs and attracting capital investment, it did not raise wages and it was becoming increasingly obsolete in an ever globalizing economy. Companies seeking low-costs and minimal regulations were far more likely to locate in Mexico or China than in South Carolina. Recognizing that the state's per capita income was only 80% of the US average, and that pressure from low-cost manufacturers abroad was only going to increase, a coalition of business, government, and academic leaders engaged Monitor to help develop and implement a new strategy to transform South Carolina's economy.

## What We Did

Monitor conducted extensive research and analysis to assess South Carolina's economic performance, cluster composition, and strengths and weaknesses in the drivers of competitiveness. The analysis showed that relatively low levels of innovation were resulting in low productivity growth, and hence low wage growth. It also prioritized a number of competitiveness drivers in which South Carolina needed to focus its resources in order to upgrade the business environment, and help companies boost innovation and productivity. These included: cluster activation, PK-12 education, research and knowledge commercialization, entrepreneurship, internal attitudes, distressed areas, new economic development institutions, and execution and tracking progress. Monitor then helped the coalition of business, government, and academic leaders create a new organization—the South Carolina Council on Competitiveness—to take action on our findings and recommendations. Working groups were formed for each of the key clusters and prioritized drivers, and were charged with affecting on-the-ground change in South Carolina to improve in those areas. We advised our clients on: 1) the Council's appropriate role; 2) its organizational structure; 3) the missions, objectives, and activities of its numerous working groups; and 4) the day-to-day operation and management of the new organization.

## Results

The Council now consists of over 150 business, government, academic, and economic development leaders from around the state, and is South Carolina's first and only state-wide, private sector led organization responsible for articulating and driving a long-term vision and strategy for the state. In its first year, the Council proved instrumental in effecting what the state Chamber of Commerce termed the most successful legislative session in the last 80 years. Probably more importantly, the Council is changing the perceptions of business executives and economic developers about how to compete in a global economy; shifting the emphasis from lowering costs of operations, to increasing the value of outputs.

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