Executive Summary

After a long and thorough study, the research team decided that the following recommendations, if implemented, would be most beneficial to Conway and Faulkner County.

Currently Arkansas ranks 39th out of the 50 US states in international exports and shows relatively slow international export growth rates compared to similar states. Arkansas’ international growth rate of 86.3% since 1993 compared to 121% in Mississippi and 248% in Nevada, which are currently ranked 40th and 41st and are expected to be higher than Arkansas in export volumes by next year. This shows that currently Arkansas and Conway rank under the national average for international growth and show smaller growth rates than other states. This indicates that there seems to be apprehension on behalf of the local businesspeople to expand internationally, but also shows that there is potential for growth generally in Arkansas and in Conway specifically. It also needs to be noted that Arkansas’ exports are currently not diverse enough, with 31% of the sales being exported to Canada. Approximately twenty percent of these export sales consist of manufacturing equipment. (See http://ese.export.gov/ITA2002/Intro_NEW.htm for more Information).

This indicates that a plan promoting collaboration between the existing manufacturers is required in order for manufacturers to be able to expand into international markets. This way, even businesses without the resources allowing them to promote and sell their products in the global markets can be part of a team effort, and thus make their presence felt in places they couldn’t have on their own. This can allow Conway’s businesses to gain access to a much wider market and find buyers for their
products that they never knew existed. At present, 42% of the larger manufacturers in Conway sell their products internationally, while only 21% of medium and 25% of small businesses sell internationally. On top of that, only 13% of manufacturers perceive themselves selling internationally in the future.

This study indicated that even though the majority of local businesses buy their raw materials and components locally (33% in Faulkner County and 35% in Arkansas), the bulk of these transactions are made by service and construction companies that buy their supplies from in-state retailers and suppliers. In terms of service and construction businesses purchasing their supplies, 47% buy them locally and 27% buy their supplies in Arkansas. On the other hand, local manufacturing companies purchase only 17% of their needed materials locally. The manufacturing sector within Conway and Faulkner County should determine what materials and components could be obtained locally in order to promote the local economy and to encourage full employment within the local market. Since only 17% of the local manufacturers buy their components and raw materials locally, the objective of this study, in turn, is to determine which industries Conway should recruit in the near future in order to help supply these manufacturers and vice versa. In order for the manufacturing sector to purchase more of their materials locally, they must know what is available within the immediate area. For this to be achieved, a detailed countywide research study was conducted in order to find out if local manufacturers can buy products or services locally from smaller businesses and manufacturers. By doing this, local businesses can utilize their full capacity to keep the local manufacturers supplied with goods, services and raw materials. When operations are running at full capacity, most of the potential employment base can be utilized.
Additionally, this research identified the local production needs with great accuracy. After exhaustive research, our research team found that the local supply and demand needs were almost matched. This indicates that the local production potential has been maxed out and that further growth can only be achieved by the creation of new manufacturers in the county.

In conjunction with what is determined to be in demand locally, a strategic plan should be created to provide incentives for recruiting a number of business types, especially those that provide products or raw materials which are already heavily used by Conway manufacturers, but currently cannot be purchased locally. Characteristic examples of such supplies in demand are plastics, boxes and chemicals, all of which are heavily used by local manufacturers. The local supply of plastics and boxes are not enough to meet the demand. In fact, no local manufacturers purchase plastics from local suppliers and only 20% of these manufacturers purchase their plastics from in-state suppliers. The problem with this trend is that manufacturers are buying from foreign countries as far away as Europe (20%) and Asia (20%). All in all, the plastics industry in the United States is losing ground to foreign suppliers because at the present time only 60% of the total amount of plastics is being bought from suppliers inside the United States and as much as 40% of all plastics are being bought overseas. This proves to be a major area where out-of-state trade has a negative impact on Conway’s economy. However, this trend can prove to be a huge opportunity for Conway’s economic future. With an addition of a regional plastics supplier, Conway could turn into a major distribution hub for the United States as far as plastics are concerned. This new distribution or production facility would cut the cost of plastic supplies for local
businesses substantially, and encourage local businesses to become more competitive within the global marketplace.

In terms of paper boxes, there is no local supplier of corrugated boxes that meets the specialized needs of many manufacturers in Conway. These manufacturers obtain their boxes from regional suppliers with very few being purchased within Arkansas. A more specialized corrugated box producer should be encouraged to locate a production facility in Conway, or encourage current local box producers to broaden their product line in order to meet the local demands. The chemical industry has many facilities within Arkansas. Therefore a chemical distribution center would be feasible in Conway given the fact that Conway has many transportation and logistical advantages over other communities in the state. For that to take place though, it is essential that the required infrastructure be created here in Conway, which will make the relocation of these plants possible. Conway has an incredible advantage over other communities in terms of both transportation and knowledgeable workforce that allows it to cater to businesses with particularly specialized needs. Even though at first glance the cost for some of the improvements may seem high, the potential return through the addition of higher paying jobs and improved business-to-business commerce would far outweigh any initial investment.

The creation and usage of intermodal transport facilities in the area would provide a valuable asset with which to attract large successful manufacturers to move into Conway. An intermodal industrial park is an area that uses more than one form of transportation. It is a fully functioning park in which many modes of transportation are utilized. The goods and materials are stored and transported inside standard freight
containers that are compatible with nearly all modes of transportation including trucks, trains, barges, ships, and cargo airplanes. The use of international freight containers is currently gaining popularity in both international and national markets, and thus it is essential for Conway to join this trend to remain competitive well into the future. Currently less than 12% of local manufacturers utilize these standard freight containers. The belief of the research team is that the lack of intermodal transportation in Conway is due to the lack of vision within the local business community to participate in global trade. If the vision were there, it would include an intermodal industrial park within Conway. The usage of intermodal facilities will allow all businesses in Conway and Faulkner County to utilize the transportation modes best suited for their needs, thus further reducing their transportation costs and providing competitive advantages in both price and speed of delivery. These facilities can also double as warehouses, with the products remaining stored inside the containers further reducing costs for the local businesses.

It is the belief of the research team that if the above recommendations are implemented, then Conway could turn into a hub of manufacturing activity and expand its existing markets internationally; thus increasing sales and leading the county into an era of economic success unparalleled by any time in the past.