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A Plan for Propelling Alabama's Economic Growth

MADE IN ALABAMA

ALABAMA DEPARTMENT OF COMMERCE

WHY DID WE NEED A NEW PLAN?

Governor Ivey wants an updated strategic plan that will energize Alabama's economic development efforts well into the next decade. She said: "This new strategic plan will keep us competitive for the kind of game-changing corporate growth projects that invigorate communities and families. We must have an economic development strategy that prepares us for the 2030s today."

WHAT IS THE NEW PLAN REPLACING?

The inclusive plan replaces Accelerate Alabama, the state's first-ever economic development strategic plan that was adopted in 2012 and last updated in 2016. Since Accelerate Alabama was implemented, the state has attracted over $67 billion in new capital investment through projects involving nearly 170,000 job commitments. Still, Alabama's overall economic performance has trailed regional peers and the national average.

HOW DID WE GET HERE?

As Ellen McNair was preparing to assume the role of Alabama's Commerce Secretary on Jan. 1, 2024, Governor Kay Ivey gave her a task — spearhead the development of a new economic development strategic plan. A high-level task force including representatives from the Economic Development Partnership of Alabama, Innovate Alabama and Retirement Systems of Alabama, was formed to speed the plan's development. International consulting firm McKinsey & Company was hired to provide analysis, and teams from Troy University and Alabama A&M University were engaged to support the project. The work had to proceed quickly, because Governor Ivey set an Oct. 1 deadline for delivery.

SO, WHAT IS DIFFERENT IN THIS PLAN?

The next-generation strategic plan includes a broader focus than Accelerate Alabama and incorporates new elements such as elevating human capital, spurring entrepreneurship, promoting rural development, and energizing talent attraction. It also concentrates on quality placemaking, which includes leveraging the state's outdoor recreation infrastructure, a key pillar of Innovate Alabama's mission.

HOW WAS THE PLAN DEVELOPED?

McKinsey & Company conducted a quantitative analysis of economic development target sectors and developed strategies for each of these sectors spanning the range of innovation and entrepreneurship, business retention/expansion and business attraction. The firm also engaged with industry leaders outside of Alabama for a qualitative analysis. Collaboration was an important part of the process, involving input from over 400 economic developers and community leaders and over 17 regional workshops and focus groups led by a team from Alabama A&M and Troy Universities.

WHAT ARE THE PRIORITY SECTORS IDENTIFIED IN THE PLAN?

The sectors were selected after an analysis that examined how they align with Alabama's strategic economic development priorities and performance. In addition, so-called "enablers" were selected based on their ability to catalyze growth.

These are:

- **Mobility (automotive, aerospace, air mobility)**
- **Defense**
- **Metal and Advanced Materials**
- **Chemical Manufacturing**
- **Forestry and Wood Products**
- **Agriculture and Food**
- **Bioscience**
- **Technology**
- **Business Services (Enabler)**
- **Logistics and Distribution (Enabler)**

Across these priority sectors, industry trends will inform potential opportunities for Alabama and existing strengths can sustain growth.

WHAT'S NEXT?

The delivery of the new plan coincides with the launch of the Alabama Growth Alliance, a key initiative that brings public and private leadership together to coordinate and strengthen the state's ability to bring about economic development success. In addition, a comprehensive review of Commerce's structure and operations is underway to optimize the department's performance. McKinsey will continue to support Commerce and its allies through the implementation phase of the new strategic plan.