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Business

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Get paid for what's in your head

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independent IT consultant Blake Ellis came to Savannah from Atlanta in 1994 to work on a Web development program for a scuba magazine.

Once here, he realized many of the work challenges he'd faced in the state capital simply weren't factors in the Hostess City.

"Atlanta is a difficult place for a start up business," he said. "It's expensive, not very friendly, and you're stuck in traffic all the time."

In Savannah, on the other hand, he found not only an improved quality of life, but the right kind of graduate employee.

"Savannah is just quirky or confusing enough to have people who know how to use a computer, but who also slap paint on a canvas now and then," he said.

Since he liked what he saw, Ellis stayed on. In 2000, he formed Color Maria with Nathan Focht. Their company writes software that powers online retail stores.

Color Maria is one of a number of knowledge-based business that have opened in the area.

This sector includes software publishers, data processors, computer systems designers, motion picture and video industries, architecture and engineering firms, lawyers and advertising companies.

This year, Chris Miller, executive director of The Creative Coast, went looking for such companies in the region which use technology in their day-to-day business.

The Creative Coast is a public/private partnership founded by city, technology leaders and the Savannah Economic Development Authority. Its goal is to attract and grow knowledge- or brain-based businesses.

Miller and Economic Analyst Fitz Haile cast a fairly



Color Maria



Paragon



Bluelime Studio, Inc.

wide net in their search. The pair developed a grid using several data sets to look for companies that not only use technology, but also use it to find creative solutions to problems.

The pair's survey turned up almost 350 such companies.

These knowledge-based businesses turn thoughts and ideas into tangible products and services and, in turn, pay an average salary of \$50,137, just short of manufacturing's average salary of \$51,802, according to The Creative Coast's survey.

It's also almost double the Savannah MSA's average salary of \$28,000 as calculated by the Atlanta Federal Reserve.

"This is not just a 'cookie-cutter' approach," Haile said of the survey. "We're making it our own, and in doing so, I believe have more accurately described a new phenomenon in Savannah's growing Knowledge-Based Economy."

SEDA President Rick Winger describes the results of the study as hugely important.

While the economic development authority will always play a sales role for Chatham County, Winger said that even a flawed crystal ball points to a time when there won't be any large tracts of land left for large companies to relocate on.

Teaching innovation

If Savannah has an edge in the knowledge-based field, it's the city's institutions of higher learning.

The kind of creativity Ellis found in staffers who graduated from the Savannah College of Art and Design, Georgia Southern University, Armstrong Atlantic State University and the Georgia Institute of Technology is what Miller believes sets the city apart.

"We're about innovation, and we don't care where it comes from," Miller said.

With just more than 4,200 employees, knowledge-based businesses make up a fairly small sector - 3.4 percent of all the jobs in Chatham County - but contribute 5.3 percent of total payroll.

Michael Toma, director of the Center for Regional Analysis at Armstrong Atlantic, considers The Creative Coast's analysis an innovative way to view the regional economy.

"It highlights the role of the only truly inexhaustible resource," he said, "our ability to think, reason and be creative."

What caught Toma's eye was not so much the number of firms located here, but the high-paying jobs knowledge-based businesses bring.

"If we can develop policies to attract these kinds of businesses, these are jobs that would help shore up the economic losses brought by manufacturing job losses."

Locally, manufacturing's peak employment came in 1998 at about 18,000 workers. Now, manufacturing employes around 13,000 of a total-worker pool of 140,000, he said. That translates to just more than 9 percent.

Human resources

The way to encourage this sort of growth, Joseph Cortright, an economist with

Impresa Inc. in Oregon, believes is turn the city's abundance of quirky talent to our advantage.

Cortright has studied the effects of technology industries and knowledge-based businesses on metropolitan areas around the country.

"For this kind of business, talent and creativity are attractive," he said. "This is very different from how economic development has been performed in the last decades."

Randall Kempner, vice president, regional innovation, for the Council on Competitiveness, an independent think-tank in Washington D.C., agrees the days when economic development meant chasing "smoke stack" industries are over.

"It's about people," he said. "Human capital is now the most important economic development tool."

Cities should be looking to attract innovative and creative people if they're to be competitive, he said.

"What you need are firms in all industries able to apply technology to their business."

Cold question, cold cash

One way to get more knowledge-based businesses is to get the word out.

Winger notes it is an accepted business axiom that clusters of particular types attract more of the same.

For knowledge-based businesses that need to be fast and lean to stay ahead of both advances in technology and the competition, a cluster means two things. First, more opportunities to attract smart, creative workers. These business types also have the ability to form partnerships with complementary companies.

Last spring, Color Maria began working with Paragon, a local print, Web and broadcast design company. The three SCAD students founded the company in 2001 when they decided they wanted to stay in Savannah after graduation.

Paragon designs the Web pages for the companies who use Color Maria's storefront software.

"It's one of the best things that has happened to us," said Paragon co-founder and Managing Director Susan Isaacs.

Getting the word out nationally helps companies get the recognition they need, which in turn helps them attract more customers.

BlueLime Studio, Inc. - formed by three architecturally trained former SCAD professors in 1999 - uses 3D animation to produce virtual walk-throughs of new construction projects. By making models available online, clients can cut travel costs, an important consideration since many of BlueLime Studio's clients are in California, New Jersey, Florida and Alabama, among others.

Ken Elwood estimates that when the architectural illustration company formed, 85 percent of their work came from out of town.

That percentage has since shrunk to around 60 percent.

"There's good, hard growth here," he said, but not at the scale happening in the Sunshine State where one day there are 4,000 undeveloped acres and the next a site leveled for development.

But Color Maria's Ellis also has many more clients outside of Savannah. Businesses in 23 states use his company's software.

The majority of Paragon's work comes from Barbados and out of state - up to 60 percent - though it varies by month, Isaacs said.

As Miller sees it, it's all foreign exchange.

"You can't enrich yourself by pulling food off someone else's plate," he said.

The idea is to pull money in from outside the community, not simply shuffle the pool of local money around.

Then there's also the issue of credibility.

Paragon's Technical Director Phil Joyner said one of the challenges facing locally based firms is the perception they're not as good as those in bigger cities.

"People tend to look outside for great companies," he said.

It's a issue Ellis also faces, but he's come up with a way that stops that line of questioning cold.

"I tell people the work would cost three times as much if I was based in Atlanta," he said.

Necessary innovation

As Miller sees it, the local economy has seen a great deal of progress both generally and specifically with knowledge-based businesses.

The task for city and business leaders now is to fine-tune the economy in a way that plays to the area's strengths.

"Where we think Savannah can be best in the world is in innovation," said Miller of The Creative Coast. And innovation is the key to short-term survival and long-term growth.

To date, the knowledge-based sector has grown with little attention from city or business leaders, but that could all change.

SEDA is already working on a plan to attract more knowledge-based businesses. They're close to the end of developing the marketing tools and will swing into sales-pitch mode soon, Winger said.

"We're looking holistically at the assets in the community and trying to put ourselves in an entrepreneur's shoes to figure out what they'll need," he said. "And there are some holes, but we're filling them."

That's where the innovation comes in.

Three industries of innovation

Color Maria

WHO: Christina Focht, Justin Hollender, Lucas Oman, Blake Ellis, Kristen Keller,

Nathan Focht. (Left to right)

WHAT: Develops web-based software for online storefronts. Their flagship product, CommerceV3, allows users to create, stock, customize, maintain and track usage of their online stores.

WHEN: Formed in 2000

WHERE: <http://www.colormaria.com>

Paragon

WHO: Phil Joyner, Susan Isaacs. Absent is Andrew Davies, satellite partner, based in Jackson, Miss.

WHAT: This visual communications company produces print, web and broadcast design (including motion graphics and 3D animation) for advertising agencies, technology companies and broadcasters.

WHEN: Formed in 2001

WHERE: <http://www.iamparagon.com>

Bluelime Studio, Inc.

WHO: Ken Elwood, Scott Swenson, Chad Warner. (Left to right)

WHAT: Using 3D animation, the firm produces virtual walk-throughs of new construction projects, for architects, engineers and real estate companies throughout the U.S. BlueLime eliminates travel costs by establishing client-specific web sites that enable review online, instead of face-to-face meetings.

WHEN: Formed in 1999

WHERE: <http://www.bluelime.com>

What is a knowledge-based business?

A business that turns thoughts and ideas into tangible products and services.

Those include:

I Newspaper, Periodical, Book, and Directory Publishers

I Software Publishers

I Motion Picture and Video Industries

I Sound Recording Industries

I Radio and Television Broadcasting

I Cable and Other Subscription Programming

I Internet Publishing and Broadcasting

I Internet Service Providers and Web Search Portals

- | Data Processing, Hosting, and Related Services
- | Architectural, Engineering, and Related Services
- | Specialized Design Services
- | Computer Systems Design and Related Services
- | Management, Scientific, and Technical Consulting Services
- | Scientific Research and Development Services
- | Advertising and Related Services

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