



Project Profile: Cambria County, PA

Impact Statement

The OEA-provided Industry Resilience Grant enabled Cambria County to provide market diversification and entrepreneurial assistance services to local defense suppliers and displaced defense workers, respectively. These activities benefitted the resiliency of DoD operations through increased support to sustain defense suppliers, in addition to benefitting the readiness of DoD operations through increased support for entrepreneurs with the potential to provide the DoD with capabilities and services not currently available in the region.

Key Project Takeaways

The Cambria County OEA Team used Industry Resilience funds to develop market diversification strategies, provide entrepreneurial assistance, and strengthen regional partnerships with the potential to sustain, grow, and increase the capabilities of the region's defense industrial base. These programs are now a core component of Cambria County's overall talent development strategies and provide relevant assistance to local businesses facing the same challenges as local defense suppliers. Strategies to support and sustain the Cambria County defense industrial base benefit the resiliency of DoD operations and entrepreneurial assistance benefits DoD readiness by increasing the number and capacity of potential local suppliers to support DoD missions.

Project Overview

Rationale

Cambria County, and its county seat, Johnstown, were historic centers of the American Industrial Revolution. Coal and steel dominated the local economy until a major downturn began in the 1980s. Seeking new economic engines, the region embraced defense contracting, capitalizing on the Congressional leadership role of then-Representative John Murtha. This effort spurred a major uptick in defense contracting activity, as new firms moved to the region or started up to capture new opportunities. Cambria County became one of the largest centers of defense contracting activity in Pennsylvania. A local downturn that began in 2010 and accelerated after 2013 caught defense firms unaware, leading to layoffs of workers as defense suppliers downsized or folded. Despite this decline, the local defense sector still employs more than 1,600 people in Cambria County. Facing a significant and extended downturn in local defense contracting activities, Cambria County applied for OEA funds to support a set of new initiatives to help retrain displaced defense workers and to help remaining contractors succeed in new markets.

Program Activities

In 2015, Cambria County received an Industry Resilience Grant from the Office of Economic Adjustment to support the Cambria County Defense Transition Study (CCDTS), an analysis designed to better understand the region's current dependency on DOD funding and to devise new strategies to diversify the local economy.



The CCDTS effort identified high potential strategies that have been the foundation of Cambria County's OEA-supported work:

- 1) Supporting growth of the metals manufacturing cluster, especially for local firms working with DoD
- 2) Providing entrepreneurship training and support to displaced defense workers,
- 3) Developing the Creators Square maker space in downtown Johnstown
- 4) Working with local firms to build new business relationships and partnerships with neighboring regions, especially in Pittsburgh's booming technology sectors.

Resiliency Impacts

Commercial Diversification of Defense Companies to Sustain the Industrial Base

The defense sector is recognized as a long-time leading industry cluster for the region. JARI, the area's lead economic development agency, provides specialized programming to promote and support local defense suppliers through its PTAC program. Services offered by the JARI PTAC include business certification assistance and "BidMatch," which matches contractors with government contracting opportunities. The Defense Business Council, a partnership of local defense suppliers, leads support for defense suppliers in the region.

OEA funds supported several programs that seek to strengthen local defense suppliers and to help them enter new markets. As part of Cambria County's metals manufacturing cluster strategy, over twenty (20) firms received an assessment to determine their technical needs. These assessments resulted in the creation of market diversification strategies for three area defense firms that emphasized the commercialization of existing products. Despite this program, participating firms have not yet made major investments in market diversification or in new strategies to upgrade current operations. If these firms were to enter commercial markets, it would decrease their dependency on the DoD and enable these businesses to continue operating in the face of any changes in defense procurement. Increasing the resiliency of defense suppliers also increases the resiliency of the DoD, by raising the certainty that key suppliers remain able to support the DoD mission and the warfighter.

Readiness Impacts

Training and People Support

Like many regions facing largescale layoffs of defense workers, Cambria County embraced entrepreneurship as one means to re-employ and re-engage displaced workers. With the support of the IR program, the County developed the Cambria County Entrepreneurial Development Program, which provided training and workshops to help over 100 displaced defense workers seeking to start their own companies. While any regional start-up may not necessarily directly support the DoD, the cluster of defense suppliers in the region means any start-up will likely support the Cambria County defense industrial base. Increased entrepreneurship in Cambria County can support the defense industrial base by providing new suppliers with new capabilities that increase the capabilities of defense suppliers. This in turn benefits DoD readiness by increasing the number of DoD missions local suppliers can support.



Entrepreneurial assistance efforts supported by the IR Grant align with a major regional push to expand entrepreneurial opportunities in Cambria County and the wider Alleghenies region. The Startup Alleghenies program, supported via funds from the Appalachian Regional Commission, is a three county strategy to develop a stronger ecosystem for new and growing businesses. The program provides coaching and other services, and seeks to connect local entrepreneur hubs, like Creator Square, around the wider region. OEA IR funds were used to develop the initial business plan for Creator Square, which is now under construction.

Other Community Benefits

Ongoing regional strategies such as the Startup Alleghenies program subsumed many of the OEA-backed projects. “Bridge to Pittsburgh,” another part of the original planning efforts, emerged as one of the core economic development strategies for Johnstown and Cambria County. This effort emerged from early project work that sought to link Cambria County defense contractors—as suppliers and partners—to new business opportunities outside of the region. Johnstown and Cambria County officials developed relationships with colleagues based at the Pittsburgh Technology Council (PTC) and with senior officials in Allegheny County government as a result of initial outreach and marketing efforts supported by the OEA grant. PTC members faced extensive challenges in sourcing skilled talent and became interested in County officials’ plans to connect Cambria County’s businesses and workers with the Greater Pittsburgh Region. These efforts resulted in the development of the “Bridge to Pittsburgh” strategy to open new markets for local firms and to provide better job opportunities to local residents via connections to Pittsburgh’s booming technology economy.

To date, 125 Cambria County firms have engaged in this process, and a number of these companies are pursuing partnership opportunities with Pittsburgh-based firms. The current strategy now has three core components:

- Talent: Connecting Cambria County talent—at local colleges and among displaced defense workers—to career opportunities in Pittsburgh.
- Industry: Building connections between firms in both region, especially in hot sectors such as software development, health care and metalworking.
- Recreation: Marketing the tremendous recreation assets in Cambria County for more active use by Pittsburgh residents and others.

Lessons Learned

Most Important Lessons Learned

The Cambria County Defense Diversification project offers several important lessons learned for other OEA-IR projects and for other defense-dependent communities.

Cambria County and the City of Johnstown faced a level of defense job cutbacks and overall economic decline seen by few communities, inspiring the project team to opt to not simply “do another project.” The project team used IR funds as seed investments for a wider strategy to transform the local economy. This project is a high-visibility and high-priority initiative for Cambria County, and it is not only



intended to directly aid local defense firms. By building a more robust economic base and opening up new market connections, these firms will grow and prosper. Along the way, they will become strong suppliers to DoD but also more important economic engines for Cambria County.

Company managers did little work to identify new markets or to replace lost contracts after local downturns in 2010 and 2013 impacted Cambria County defense suppliers. As such, they needed extensive levels of technical assistance to prepare for market diversification. This experience yields two important lessons. First, program managers should expect that company technical assistance may be more time-consuming and costly. Firms need extensive support and coaching before they are able to pursue aggressive market diversification efforts. Second, economic developers need to improve their capacities to track industry trends and assess whether local companies employ current technology and management practices. By tracking local business practices, developers can better support companies before a crisis occurs.

The Cambria County team conducted extensive research and analysis to understand the feasibility of specific tactics and strategies related to their projects. This preparation was key in growing programs like the “Bridge to Pittsburgh”. Previous organizations’ efforts to partner with PTC failed because these organizations failed to make a compelling case for closer linkages. By understanding the local economy and the capacities of Cambria County’s contractors, the Cambria County team was able to present a strong case for how and why their County’s capabilities aligned well with the needs of Pittsburgh-based technology firms.

Changes to the Work Plan

Cambria County experimented with new approaches and strategies to develop the local economy. Some of these experiments, such as an early plan to link local firms to the shale gas industry, did not bear fruit and were quickly shut down. Other efforts enjoyed moderate success and were transitioned to other partners. Entrepreneurship programming fits this pattern. In areas that gained traction and a strong interest, such as Bridge to Pittsburgh, the Cambria team moved aggressively to expand programs and to build on early success.