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# Location Notebook: TVA Hitching Its Wagon to the Auto Industry

TVA is driving to make automotive manufacturing the cornerstone of the region.

Cynthia Kincaid , Kincaid Strategic Partners (Q3 2015)



**W**hen the subject of automobile manufacturing comes up, most think immediately of Detroit. But few may know that the Tennessee Valley is the second-largest automobile manufacturing region in the country, and it's gaining on Motor City.

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early '80s, so we are relatively young relative to automotive manufacturing."

This focus has resulted in 90,000 jobs for the sector and a slew of

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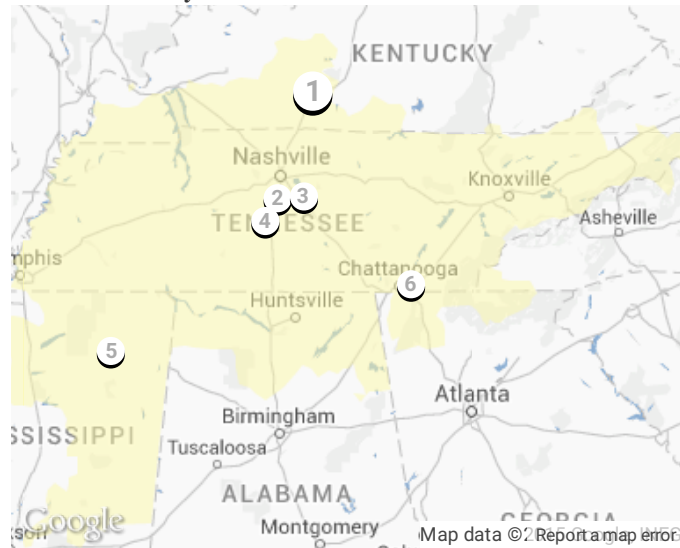
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original equipment manufacturers (OEMs) that have located to and expanded within the region. For automobile suppliers and manufacturers like Toyota, Nissan, Volkswagen, and General Motors, the TVA region is the place to do business.

"When GM planted their flag in Bowling Green, Kentucky as the first OEM plant to arrive in the southeast U.S., it became a snowballing effect paving the way for other OEMs both foreign and domestic to follow suit," says Berryman. "We now have five (5) OEM plants in the TVA territory: two (2) GM plants, one building the Corvette in Bowling Green, Kentucky, and the other the Equinox in Springhill, Tennessee; the Nissan facility in Smyrna, Tennessee; the Volkswagen facility in Chattanooga, Tennessee; and the Toyota facility in Blue Springs, Mississippi, which builds the Corolla." At this time, Nissan, GM, and Volkswagen are expanding their current OEM facilities in Tennessee as they move into designing and manufacturing the newest generation of crossover vehicles, which are becoming more and more popular with the car-buying public.

**Tennessee Valley Automotive OEMs**

 Automotive Suppliers

- 1 **General Motors LLC**  
Bowling Green, KY
- 2 **Nissan North America, Inc. (headquarters)**  
Franklin, Williamson County, TN
- 3 **Nissan North America Inc**  
Smyrna, TN
- 4 **General Motors LLC**  
Spring Hill, TN
- 5 **Toyota Motor Manufacturing, Mississippi, Inc. - Tupelo**  
Blue Springs, MS
- 6 **Volkswagen Group of America**  
Chattanooga, TN

**Incentives & Workforce Training**

To attract more OEMs and suppliers, states in the TVA region and TVA offer incentive packages that encompass tax breaks, infrastructure grants, and training dollars. TVA also adds incentives around power needs and economic development. "We offer companies a unique and attractive incentive package based on both economic development performance and power usage," Berryman notes.

To remain competitive, the region is developing plans to link high schools and technical schools to assist the automotive industry create a future pipeline of well-educated and trained employees capable of

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working in what is becoming a more high-tech industry. "The vehicle of today and tomorrow is nothing like the vehicle of 10 years ago," Berryman explains. "We need to integrate more STEM (science, technology, engineering, and math) education into our local workforce development training plans to help our young people acclimate to the new automotive workforce environment that includes lots more technology — computers and robotics. I think you're going to see states get much more aggressive in their workforce training packages to meet this training need in the future."

**History of Aluminum Manufacturing**

One of the factors that make the Tennessee Valley such a strong attraction for OEMs is the automotive industry's desire to manufacture cars and trucks with more lightweight materials, such as aluminum and carbon fiber. TVA has a long history of targeting specific industries for economic development, and aluminum is one of those industries, which started out supplying aerospace and the military. Many of those mills now manufacture "automotive sheet" for the car industry.

"TVA is becoming one of the leading regions in the country for automotive aluminum sheet production," says Berryman. Companies that produce this type of automotive sheet include Sumitomo (Tri-Arrows Aluminum), Constellium, Novelis, and Alcoa. Oak Ridge National Laboratory in Oak Ridge, Tennessee, also has a lead role in the development of low-cost carbon fiber for the automotive industry. "The TVA territory is quickly on its way to becoming one of the nation's leading technological hubs for advanced carbon fiber technology research and composite manufacturing," Berryman claims.

**Acknowledging Risk**

Berryman acknowledges that placing a tremendous emphasis on one industry comes with risks, should an economic downturn hit the area. However, he doesn't see the automotive industry slowing anytime soon.

"Our automotive climate here in the Southeast has become newly acclimated in producing vehicles that are much more relative to what the consumer is wanting for the next 10 years," he says. "Automotive manufacturing is marrying up to what the consumer is wanting for the long-term, and we see a lot of stability in that."

Ultimately, the TVA is driving to make automotive manufacturing the cornerstone of the region and is well on its way to achieving that goal. "We want to provide good-paying jobs and have a stable work environment for people to produce a good income to provide for their families" says Berryman. "We want to be the best automotive manufacturing region in the country."

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**ABOUT THE AUTHOR**



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Cynthia Kincaid is managing director of Kincaid Strategic Partners. She has written for a variety of Fortune 500 corporations, financial institutions, healthcare organizations, universities, associations, non-profits, and consumer and trade publications. She holds a bachelor's degree in Journalism from Arizona State University's Walter Cronkite School of Journalism and a Master's degree in Public Administration from the University of Washington.

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