



**Northeast Indiana
Economic Development Plan**
*Investing in our Future
Executive Summary*
March 2003

Acknowledgements

The Corporate Council wishes to acknowledge and thank the following organizations and people for their participation, support, and guidance in the preparation of this report and its findings. Their collective willingness to provide time and energy in support of this collaborative effort to establish a single vision for economic development in Northeast Indiana is a testimony for the need for all to come together behind a focused strategy.

Allen County

Ed Rousseau
Mark Royse

City of Fort Wayne

Graham Richard
Mark Becker
Karen Goldner

Indiana Northeast Development

Lincoln Schrock
Mark Royse

Workforce Investment Board

Bill Brown
Patty Weddle

Fort Wayne Allen County Economic Development Alliance

Rob Young
Mick McCollum

Invent Tomorrow

Irene Walters
Marilyn Moran Townsend
Jeanne Shaheen

Northeast Indiana Innovation Center

Karl LaPan
Eric Beier

Greater Fort Wayne Chamber of Commerce

Phil Laux
Tim Hafner

Indiana Department of Commerce

Dan Yamanaka

Specific thanks to John Stafford of Sagamore Associates, Dr. Art DeTore of Parkview Health, and Eileen Wixted of Wixted Pope Nora Thompson & Associates for their assistance in researching, drafting, and writing this report.

The Business Case A Case Statement for Investing in Our Future

The economy in Northeast Indiana continues a steady decline that began more than 20 years ago. An economic transformation across the nation from a production to a knowledge-based economy has severely impacted the manufacturing-dependent Northeast Indiana region. The inability of business, political, and economic development sectors to institute fundamental changes in the region's economic development approach and make-up is threatening the future viability of the area.

The Northeast Indiana Corporate Council is taking a leadership role in facilitating discussions with all economic development organizations in the region. The Corporate Council's goal and objective is to provide funding, leadership, and a strategic approach to economic development so the economy of Northeast Indiana is vibrant and positioned for future growth. The current economic development organizations are making strides, but given the multitude of challenges, the corporate community must come to the table. Unless a significant investment is made today, the entire economic future of Northeast Indiana is in jeopardy.

A current snapshot of the economic landscape in Northeast Indiana paints a bleak picture:

- *Northeast Indiana has been losing jobs at a rate greater than the state and the nation.*
- *Bankruptcy filings in northern Indiana, including Fort Wayne, soared faster last year than almost anywhere in the nation.*
- *The relative value of Northeast Indiana wages earned per worker has been steadily falling for a number of years.*
- *Indiana fails to retain many of its best and brightest and is near the bottom of all states in retention of college graduates.*
- *Population growth in Northeast Indiana lags behind the country as a whole.*
- *The tax base necessary to support public education and local government services is eroding.*

While the statistics paint a bleak picture, it is perhaps even more troubling to realize that the problem has been studied for over a decade with no proposed solutions. In 1990 the Hudson Institute was commissioned to study Fort Wayne in detail and made the following observation:

“Lack of a common vision that its leaders could share and that large numbers of citizens could support is, in Hudson Institute’s judgement, the greatest obstacle that Fort Wayne must overcome if it is ever to be able to take control of its own destiny. Not only has the community lacked a common understanding of the issues facing it, and a willingness to compromise and cooperate in their solution, it has also lacked a means to establish community-wide goals and priorities and then marshal its resources to meet them. Indeed, it has even lacked a mechanism for deciding these most fundamental questions.”

Even traditional economic development strategies are not enough to stem the tide. A new way, new thinking, and new solutions are needed if Northeast Indiana hopes to retain its residents and attract new ones. If another 13 years slip away with no meaningful change in the economic make-up of the region --- the region may not survive.

The Solution

The Northeast Indiana's Corporate Council's recommended solution to the massive economic development challenges is to establish and fund the Northeast Indiana Investment Board. This Investment Board would administer a \$20 million economic development superfund. More important, the Investment Board would work in tandem with current economic development entities to establish a focused, disciplined, and collaborative approach to economic development. In creating the Economic Development Investment Board, the Corporate Council's economic development vision for Northeast Indiana involves not only building on its rich history as a center for innovation, but as a world-class model for achieving community prosperity through creation of an environment that fosters business productivity.

The Vision

The Council envisions that by 2020, the region will boast a set of well-recognized, globally competitive business clusters. The skills of the region's workforce will be well-matched with a knowledge-based economy, and its economic development programs will be world-class—aggressive, focused and in synch with the demands of business. And quality of life in the region will attract and support highly productive and innovative people and companies.

To begin making the vision a reality, the Council proposes focusing resources on existing and emerging clusters of business activity. Such clusters—geographic concentrations of interconnected companies and institutions in a particular field—might include governmental organizations, universities, standards-setting agencies, think tanks, vocational training providers and trade associations. Each would provide important resources to the others.

The Council recommends focusing on three economic clusters:

- Advanced Manufacturing
- Life Sciences
- Aviation/Intermodal Logistics.

Advanced Manufacturing

The first, advanced manufacturing, represents fertile ground for growing jobs and investment—largely because Northeast Indiana has a longstanding and strong core competency in this area. A National Commission on Entrepreneurship study identified the region as one of the top areas for high-growth companies, based on its strength in the manufacturing sector. And while the creation of new businesses will be encouraged, it is critical to preserve current manufacturing business by updating the companies and the supporting infrastructure.

Within the advanced manufacturing cluster, Northeast Indiana should focus on the following subsectors: transportation equipment, rubber and plastics, wire, electrical equipment, metal fabrication, machinery and primary metals.

To support advanced manufacturing, we must strengthen our linkages to Purdue University initiatives; become actively involved in Purdue's Advanced Manufacturing Institute proposal to ensure such a facility is available to Northeast Indiana businesses; and develop programs and methods for bringing federal, state, university and private-sector resources to smaller Northeast Indiana manufacturers.

Life Sciences

The second cluster that deserves focus in Northeast Indiana is Life Sciences. This cluster, concentrated largely in biosciences, is a key targeted industry for 40 states, making it important to recognize that a specific strategy is vital to our region. Life sciences that have potential in Northeast Indiana include orthopedics, health informatics and agri-business.

To support these life science activities, we must create a biomedical research center on the Innovation Center/IPFW campus in northeast Fort Wayne; such a facility would contain a Center for Biomedical Orthopedic Product Development, a Center for Health Informatics (training of health professionals), and a Commercialization Center focusing on accelerating product development. We must also concentrate on building alliances with orthopedic manufacturers, the Indiana School of Medicine and the Central Indiana Life Sciences Initiative with adequate financial and political support.

Aviation and Intermodal Logistics

The third core cluster appropriate for focus in Northeast Indiana is Aviation and Intermodal Logistics. Fort Wayne has invested over \$7 million in upgrading the airport and industrially-zoned acreage surrounding it. A 12,000-foot runway is an asset, as is the airport's access to I-69 via the new Airport Expressway. The Air Trade Center, Foreign Trade Zone #182, and the Airport Development Zone make the area a significant economic development asset.

Three key opportunities arise as a result of this investment: aircraft maintenance, intermodal cargo transfer, and 21st century logistics.

To build on the investment, we must attract additional regional jet maintenance facilities and an aircraft maintenance training facility; attract cargo facilities; construct a 100,000 square foot speculative cargo related facility at the Air Trade Center; market the area around the Fort Wayne International Airport as a location for 21st century logistic firms; and seek completion of the "Fort To Port" highway project from Fort Wayne to Toledo as well as support for the Midwest Regional Rail Initiative and the Fort Wayne International Airport master plan.

The Process: Investing in Our Future

The Northeast Indiana Economic Development Investment Board's goal must be to fundamentally change the economic development approach in the region. The Corporate Council is not interested in conducting economic development efforts but in recommending the creation of an Economic Development Investment Board we will be positioned to provide guidance and funding to economic development initiatives in our region. The recommended process must increase synergies and create a sense of urgency.

The following are recommended guidelines for the process:

- Create economic development group(s) that work collaboratively for the benefit of the region.
- Develop a plan and mindset that instills urgency in all parties to focus and align efforts so that the region is viewed as working together for business.
- Provide corporate assistance via funding, lobbying, and supporting the region so that barriers to growth are eliminated.
- Fund the established economic development entities such as the Fort Wayne - Allen County Economic Development Alliance, the Northeast Indiana Innovation Center and Indiana Northeast Development so each can focus on economic development efforts.

The Funding Process

The Economic Development Investment Board will oversee an initial \$20 million investment superfund designed to breathe life back into the area's economy. The fund is comprised of corporate, professional, foundation and public funds and will be distributed only to those economic development approaches that are focused, disciplined, aligned, and measurable. The Economic Development Investment Board should be prepared to fund initiatives that will help achieve strategic economic development goals outlined below:

- Attract and retain new high-quality jobs to the Northeast Indiana region that fall into one of the previously defined three clusters. This will help stop employment erosion and improve the compensation structure in the region.
- Create a Business and Education Collaborative designed to enhance and improve the skill set of residents within the Northeast Indiana region, and throughout the process create a community where continuous learning is an achievable value.
- Change the region's mindset about economic development so that every person has a keen understanding and insight into what makes an area vibrant and self-sustaining.
- Enhance the region so that it is a desirable place to live, work, and play. *Invent Tomorrow*, *Arts United*, and *Downtown Improvement District* are all valuable aspects to attracting business to the region. These organizations should join together in pursuit of a single well-defined agenda to provide for this environment. The Corporate Council will encourage independent corporate support to these organizations as they pursue this agenda. The Economic Development Investment Board should consider providing grant support for specific projects to this group in support of these objectives.

Measurement

By Year Three:

- Halt Brain Drain
- Halt Erosion of Jobs
- Business and education collaborative formed with defined projects undertaken
- Begin attracting knowledge-based jobs and people
- Increase average wage to 85 percent of U.S. average
- Analysis of workforce competency completed with a specific education plan in place to reduce gaps
- Identify and attract venture capitalists to local entrepreneurial projects
- “Quality of Place” projects agreed upon
- Lobby for job training tax credit advantages
- Increase volume of cargo throughput at Air Trade Center by 25%

By Year Six:

- Net gain in jobs
- Ten percent gain in knowledge-based jobs and skilled people
- Key business and education alliances formed and working to benefit of all
- Increase average wage to 90 percent of U.S. average
- Clearly delineated workforce development program in action
- Six entrepreneurial projects completed via venture capital funding
- “Quality of Place” projects under construction
- Passed job training tax credit legislation
- Increase volume of cargo throughput at Air Trade Center by 50%

By Year Ten:

- Net gain in jobs exceeding U.S. average by 10 percent
- Twenty percent gain in knowledge-based jobs and skilled people
- Business/academic/government alliances result in completed projects
- Increase average wage to 100 percent of U.S. average
- Continuous stream of success stories via workforce development
- Steady supply of venture capital and completed projects
- Completion of “Quality of Place” projects
- Reaping benefits of job training tax credit legislation
- Double volume of cargo throughput at Air Trade Center

Summary

Failure of Northeast Indiana's private and public leaders to act now is a conscious decision to allow the economic infrastructure of the region to continue its slow and steady decline. If the rate of job loss and quality of jobs continue at the current rate, the future of all existing businesses and services is threatened. The problem has been studied and documented well. The time to act in a bold, new way is now. The business and corporate community's commitment to the creation of the Northeast Indiana Economic Development Investment Board is a clear signal of our willingness to *invest in our future*—the future of Northeast Indiana. A vibrant economy with new and diverse employers will guarantee a bright future for our region.