

**BUILDING A TWENTY-FIRST
CENTURY ECONOMY IN
NORTHEAST INDIANA**

**A STRATEGIC ECONOMIC DEVELOPMENT PLAN
PREPARED FOR THE NORTHEAST INDIANA
REGIONAL PARTNERSHIP**

**OBSERVATIONS AND RECOMMENDATIONS
UPDATED: JUNE 19, 2007**

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CHAPTER 1: FRAMING THE PROCESS

OBSERVATIONS

Focusing on the region as the key geographic unit for economic development purposes has been a growing trend. **Today the sub-state region is generally regarded as the most logical level at which strategic economic development planning should occur:** “Hoosiers need to think, plan and act regionally. There is a clear consensus among economic development experts that economic growth and competitive advantage occur at the regional level, rather than at the state or local levels. Being competitive today requires the ability to develop networks that bridge organizational and political boundaries. To compete globally, Indiana leaders must collaborate regionally.”¹

Economic development planning is an integrated process not one or a series of products. We have had numerous products prepared over the past decade; but no true all-inclusive, ongoing process.

Each of the prior regional economic development planning efforts resulted in a final document which lacked clear organizational responsibility for marshalling the recommended implementation measures. As we build a more complex and substantive system of regional economic development organizations, the need for coordination and collaboration will only increase. **We must move from planning initiatives that result in end state document preparation to a continuous planning process supporting an ever-evolving or “living” document that is frequently updated.**

Ownership of a strategic plan is critical to the successful implementation of the action steps arising from the planning process. This document has been prepared at the request of and under contract to the Northeast Indiana Regional Partnership (RP). That organization has, in turn, identified the LEDO Council as the primary client for the strategic plan. The approval of the plan by the Council and its respective LEDO members on the recommendations in this plan is critical. However, it is also recognized that LEDOs are, by virtue of their project focus, more tactical than strategic in nature. Secondly, it was identified early on that the Regional Partnership was not necessarily the organization to serve as the strategic planning arm for the region: “The regional marketing organization will be expected to be a partner, but not necessarily the leader, in the development of a more sophisticated regional economic development planning process”² **Therefore, the longer-range components of this plan will necessarily involve the active participation, cooperation and ownership from the full range of economic development-related organizations serving northeast Indiana.**

¹ *Accelerating Growth, Indiana’s Strategic Economic Development Plan*; Indiana Economic Development Corporation; April, 2006; p. 32.

² “Purpose and Initial Understandings for the Northeast Indiana Marketing Partnership”; prepared for the Regional Marketing Organization Advisory Committee; November, 2005; p. 3.

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Recommendation: The Northeast Indiana Foundation should work with Region III-A and the Northeast Indiana Regional Coordinating Council (NIRCC) to consolidate the non-profit sector strategic planning efforts (such as that producing this plan) and the annual Comprehensive Economic Development Strategy process now being jointly undertaken by the two regional planning organizations.

We must undertake regional economic development planning from both the Bottom-Up and the Top-Down. In April 2006, the RP made a commitment to the LEDOs that the preparation of this economic development strategy would involve an abbreviated strategic planning process in each county in a format designed individually for each. That initial work is being completed in all eleven counties. Several LEDO organizations have expressed an interest in continuing on with a more in depth process.

Recommendation: The Northeast Indiana Foundation should provide financial support to those LEDOs which wish to continue their respective county-level strategic planning process in more detail.

CHAPTER 2: EMBRACING A COMMON VISION WHILE PRESERVING INDIVIDUAL COMMUNITY IDENTITY

OBSERVATIONS

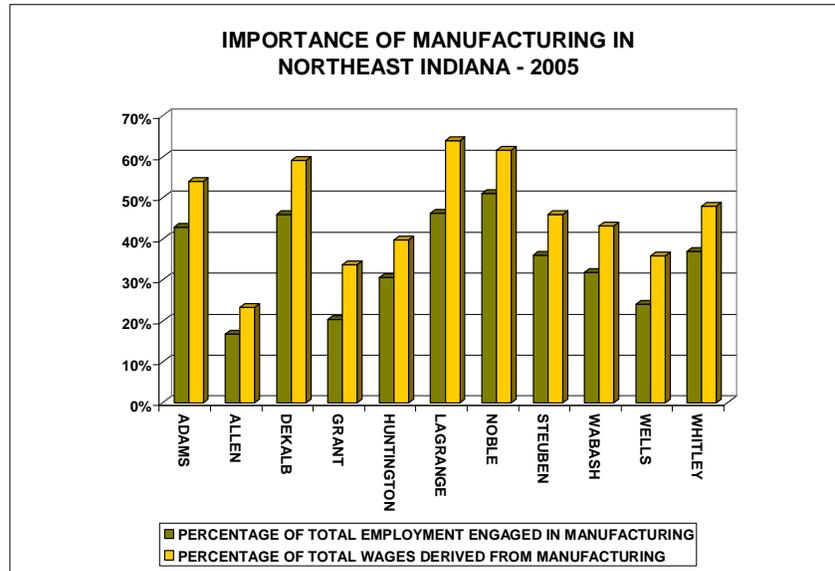
Manufacturing has traditionally been, and remains today, the foundation of the northeast Indiana economy. 13 of the 20 three-digit NAICS employment categories which exhibit a locational quotient in excess of 1.19 are manufacturing categories – manufacturing provides much of the economic base (exported goods and services) in our region. Our manufacturing jobs provide higher average annual wages than most other categories of employment which have a significant presence in northeast Indiana. Manufacturing is the sector where we have core competencies in engineering and design and well as in production techniques.

There are two broad, but competing philosophies regarding the role manufacturing should play in shaping our regional economy development policy moving forward. The first of these competing philosophies suggests that manufacturing is the segment which has been driving the overall economy of this region for many years. It is what brought us to our economic zenith in the late 1960s and early 1970s in Allen County and in the mid -1980s through the mid-1990s for the remainder of the northeast Indiana – the “glory days”.

Manufacturing is the sector where we have core competencies in engineering and design and well as in production techniques. An examination of the employment data certainly suggests that manufacturing remains the dominant driver of the regional economy today. 13 of the 20 three-digit NAICS employment categories which exhibit a locational quotient in excess of 1.19 are manufacturing categories – manufacturing provides much of the economic base (exported goods and services) in our region.

Our manufacturing jobs provide higher average annual wages than most other categories of employment which have a significant presence in northeast Indiana. The average annual wages in manufacturing is at least 120% that of all employment in every county in the region. Manufacturing is the dominate industry sector, as defined by both employment and wages, in many northeast Indiana counties.

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Clearly, a vision heavily dependant on manufacturing would need to emphasize support for continuous innovation in and of retooling of industry practices, techniques, and markets; constantly striving to produce higher value-added commodities. However, under this alternative, an emphasis on the production of goods rather than services would continue to define our basic-sector economic drivers.

The second basic philosophy holds that given the twin overriding factors of ever-advancing productivity improvements in industry and the competitive influence of globalization, the manufacturing sector will never again be the source of significant net new employment. Between 1995 and 2005, the United States lost more than 3 million manufacturing jobs, with nearly all of those losses coming in the last five years. More than one-third of those manufacturing job losses occurred in seven Great Lakes states: Illinois, Indiana, Michigan, New York, Ohio, Pennsylvania, and Wisconsin.

“In light of the current structure and growth of the area economy, economic base diversification must be treated as a top long-term priority. Area leaders should promote and assist the creation of a new local industry mix over time that includes increased representation by faster-growing manufacturing and service industries.”³

“Then it turns to a broader economic development transition in which, for the first time in our lifetime, manufacturing competitiveness does not lead to manufacturing job growth of 90 percent of the countries of the world – including the U.S. **This emerging break between competitive-ness and**

³ “Creating Competitive Community Economic Foundations”; draft document prepared by Donald T. Iannone and Associates for the Allen County Department of Planning Services and the City of Fort Wayne Department of Community Development; Richmond Heights, Ohio; August 15, 2005; p. 9.

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job creation represents the most immediate strategic challenge facing economic developers worldwide.”⁴

This issue – finding the common ground between the economic development visions of continuing to be a globally competitive manufacturing center and rebuilding the regional economy around a series of both manufacturing and non-manufacturing clusters – is fundamental to shaping nearly every one of our economic development strategies moving forward. It is also one of the two issues that have the ability to undo the cooperative spirit that is the foundation upon which the Regional Partnership has been built. Exclusively following the first vision flies in the face of all we understand about job creation in the 21st Century. Exclusively following the second takes us into some very uncharted waters for northeast Indiana:

“Finally, do not downplay those who argue that the world is changed and that you will need vastly different strategies for dealing with new challenges. For the most part, these chroniclers of revolution will not be able to tell you specifically what you need to do to prosper in the future. Why? Well, precisely because the environment is now different, and the next generation of conventional wisdom about economic development is only now being worked out. What the analysts and the chroniclers can tell you for sure, however, is that previously-reliable strategies of buffalo hunting for job-creating manufacturing behemoths have moved beyond passé.”⁵

THE UNDERLYING PRINCIPLES OF THIS ECONOMIC DEVELOPMENT STRATEGY

Any strategic plan is based on a series of underlying principles. However, too frequently these remain unstated in the process. Failure to recognize such foundational points often causes later difficulty in the acceptance and implementation of the strategy. There are six such points that are necessary to state related to this plan:

1. This strategy recognizes the need to diversify the northeast Indiana economy to one less dependent on manufacturing but that such transition is a very long-term process. Therefore, short-term strategies to support existing manufacturing operations in the region; and to expend a limited portion of available resources to attract new manufacturing operations to the region; are both economically and politically imperative.

⁴ “Manufacturing Jobs 2005-2010”; William Ward, Director of the Center for International Trade, College of Business and Behavioral Science at Clemson University; Economic Development Journal, Winter 2006; p. 7.

⁵ “Manufacturing Jobs 2005-2010”; William Ward, Director of the Center for International Trade, College of Business and Behavioral Science at Clemson University; Economic Development Journal, Winter 2006; p. 14.

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2. This strategy envisions the public, private and non-profit sectors taking a strong, pro-active approach to economic development. Our relative decline in per capita income and average wages does not lead to an acceptable future for the region and requires pro-active intervention from the normal course of economic events. Some would suggest that such efforts either should not be undertaken for philosophical reasons or that they do not believe they can successfully alter current trends. Others believe that such collective efforts can, if done in a thoughtful and meaningful manner, make a difference. This economic development strategy is predicated on the later belief. Much of northeast Indiana has not always had to resort to such a pro-active approach to achieve economic prosperity – but we are now in a different time and face a different set of external circumstances.
3. For northeast Indiana to see significant benefit from this strategy, it will have to engage in a long-term, sustained effort. It will take years, perhaps decades, for some of these efforts to result in substantial wealth-creating results. No region can successfully turn the switch on and off as short-term economic fortunes change. The effort must be sustained to have impact. If the approach is “let’s try some things for a couple of years then judge the results”, this strategy is likely doomed. A sustained effort, with detailed benchmarks and the willingness to make mid-course corrections (rather than wholesale change or a cyclical reduction of effort) is imperative.
4. This strategy relies in great measure on an integrated economic development effort. Organizations at the local, regional and state levels will align and coordinate activities, resources and initiatives. No “master” economic development organization is proposed, but true organizational collaboration is absolutely essential. We simply do not enjoy the wealth of resources to support any other approach. This coordination must be both vertical and horizontal in nature.
5. This strategy supports and extends the region’s initial willingness to embrace a focused, cluster-based approach to economic development. While this is the current trend in economic development, it is not without its skeptics. Aligning substantial resources around a select number of economic clusters certainly presents very real risks – what if we select poorly, what if our assets are not as strong in supporting selected clusters as we think, will we have the courage not to jump on every unaligned opportunity that appears? Cluster-based economic development is at the heart of this strategy – but we should recognize that is not the only path we could take.
6. This strategy is based upon the belief that local economic development organizations (LEDOs) are at the heart of the regional economic development system. If communities are not willing to provide long-term support for their respective LEDOs, then this strategy has no legs. Significant additional responsibility will be placed upon each LEDO if this strategy is implemented. If they do not have the financial, political, community and business support required to keep them as viable organizations, that implementation will likely fail.

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CRAFTING AN ECONOMIC DEVELOPMENT VISION FOR NORTHEAST INDIANA

Creating an economic development vision of northeast Indiana is not a new undertaking. We have had several over the past thirty years:

-from *Investing in Our Future – Northeast Indiana Economic Development Plan*, prepared by the Northeast Indiana Corporate Council in 2003:

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 sync with the demands of business. And quality of life in the region will attract and support highly productive and innovative people and companies.

Success in achieving this vision can be gained by realizing three economic development imperatives:

*Quality jobs create community prosperity. The average wages and salaries of Northeast Indiana workers should exceed the national average by 2015.

*Job opportunities and quality-of-life are the primary factors for success in retaining and attracting productive people. Northeast Indiana companies should create jobs at a rate necessary to support population growth and employment rates above state and national averages.

Workforce skills are the critical component of production in a knowledge-based economy. The percentage of Northeast Indiana residents with a college degree should be equal to or exceed the national average by 2015; the retention of Northeast Indiana students obtaining a college degree should equal or exceed the national average by 2015; and the percentage of Northeast Indiana residents with post-high school technical training should equal or exceed the national average.

-from the *Region 3 Strategic Plan for Economic Development – A New Path to Progress*; prepared by the Indiana Department of Commerce in 2005:

Region 3 will develop a strong regional identity, through regional collaborations, to better develop, retain, and attract a skilled and creative workforce for business development and continued community development.

The plan included seven primary goals:

1. Position all businesses in the region to compete in the global marketplace;

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2. Recognize the needs of the region and promote collaborative solutions;
3. Promote business innovation through region-wide cooperation, diversification, and enhanced venture capital opportunities;
4. Collaborate with higher education organizations to provide leadership in workforce training and economic development;
5. Promote cooperation among communities in order to capitalize on regional economic assets;
6. Utilize and enhance regional infrastructure assets to progress regional economic development;
7. Promote a high quality of life throughout the region.

-from *The Fort Wayne and Northeast Indiana Economic Development Action Plan 2005 Update*:

In 2015 the many high-wage, high-growth companies that have located and or expanded here form the foundation of our regional innovation economy. The high skill levels and educational attainment rates of our workforce continue to draw businesses to the region. The Fort Wayne region is a model for quality, community-based economic development.

-from *Accelerating Growth: Indiana's Strategic Economic Development Plan*; prepared in 2006 by the Indiana Economic Development Corporation:

The vision goal is “to meet the national average in per capita income and average annual wages by 2020”.

The three core strategies for achieving the vision are:

- *Make Indiana a national leader for innovation and entrepreneurship in the global economy
- *A Hoosier workforce whose capability, productivity and flexibility are globally competitive and nationally superior
- *Make Indiana one of the most investment friendly states in the nation

RECOMMENDATIONS

RECOMMENDED VISION STATEMENT FOR THE NORTHEAST INDIANA ECONOMIC DEVELOPMENT STRATEGY

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 sync with the demands of business. Quality of life in the region will attract and support highly productive and innovative people and companies. Northeast Indiana will have an overarching regional identity as a place where forward-looking businesses thrive.

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RECOMMENDED MISSION STATEMENT AND SUPPORTING OBJECTIVES FOR AN ECONOMIC DEVELOPMENT SYSTEM IN NORTHEAST INDIANA

Northeast Indiana has a vigorous economic development system that supports a strong business sector capable of creating and sustaining wealth at levels which enables the participating communities to reach their self-established quality-of-place objectives while retaining their local identity. This system both builds upon the region's core strengths in manufacturing and promotes the long-term diversification of the region's economy. This economic development system possesses the following attributes:

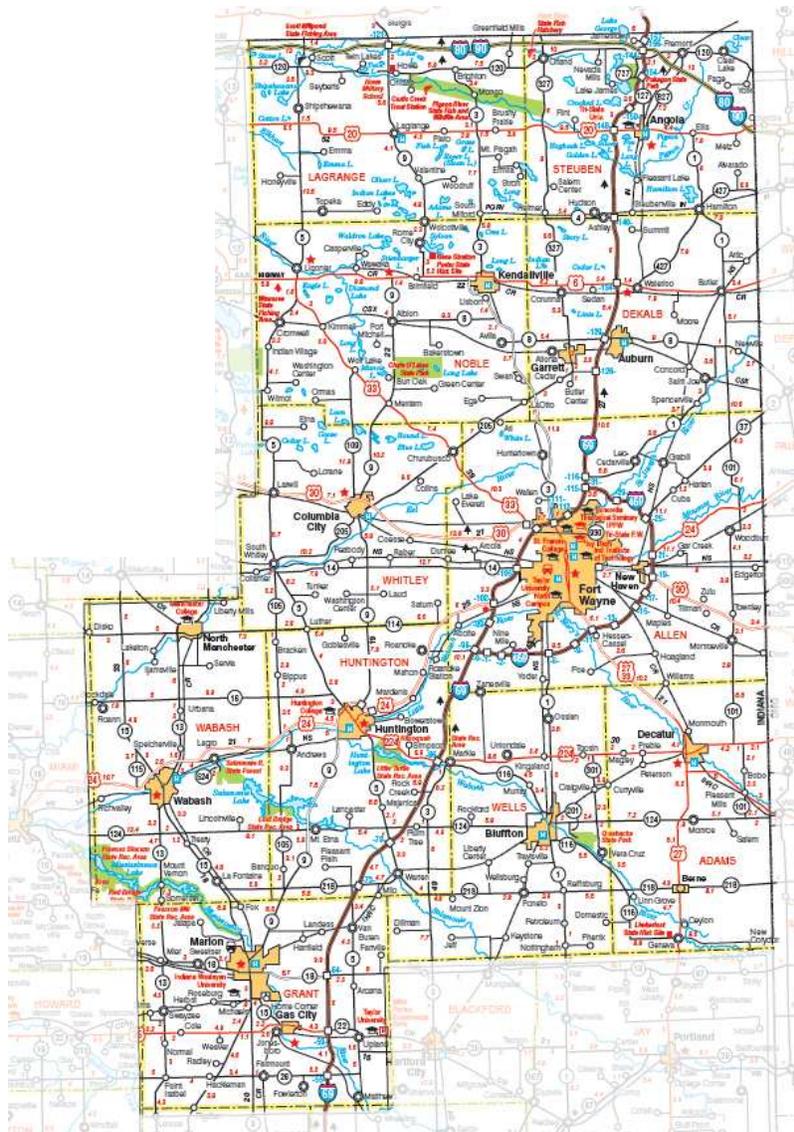
- a strong K-12 system and higher education institutions producing an emerging workforce ready to succeed in a 21st Century economy
 - a strong workforce training system which is closely aligned with local and regional economic development organizations and targeted industry clusters
 - aggressive work for the elimination of regional infrastructure gaps and develops pro-active intermodal infrastructure designed to capitalize on the region's locational assets
 - aggressive marketing for external prospects
 - a series of LEDOs which have the capacity to turn prospects into projects and provides strong support for retention and expansion opportunities
 - a strong entrepreneurial support system that complements the targeted industry clusters
 - quality project-ready sites meeting a variety of development needs located throughout the region
 - private sector-led active industry clusters well connected to the regional economic development system
 - aggressive assistance to local businesses to connect to and compete in the global marketplace
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CHAPTER 3: APPRAISING THE CURRENT SITUATION – PROFILING THE REGION

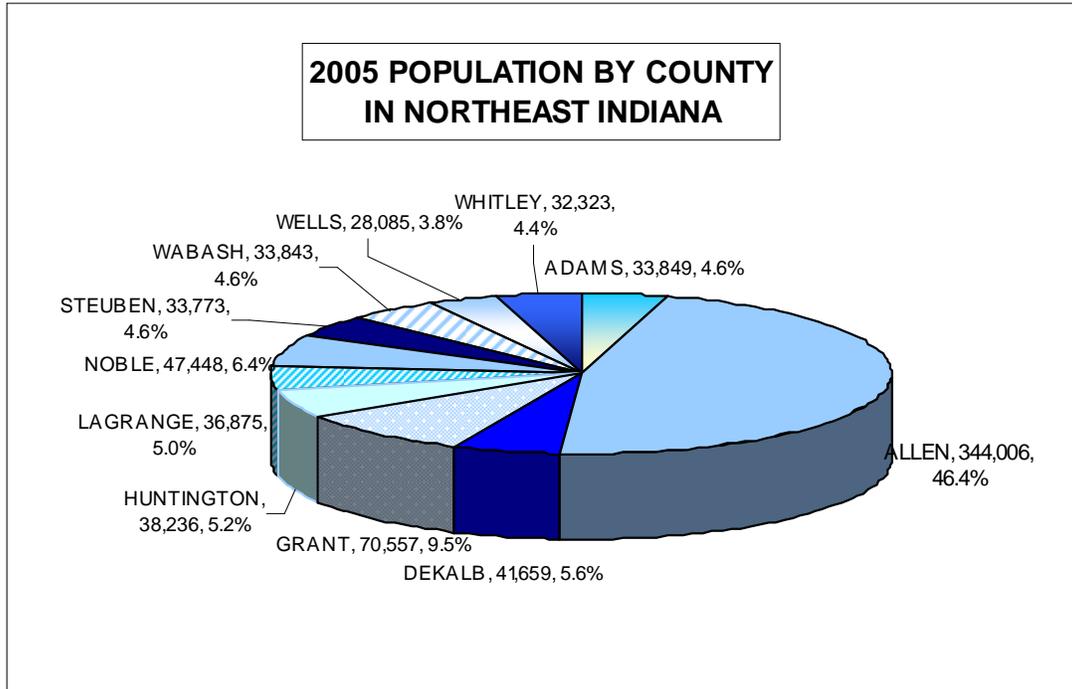
OBSERVATIONS

Northeast Indiana (NEI), as defined by the Northeast Indiana Regional Partnership, contains Adams, Allen, De Kalb, Grant, Huntington, LaGrange, Noble, Steuben, Wabash, Wells and Whitley counties. This eleven county area has also been defined as Economic Growth Region 3 by the Indiana Department of Workforce Development. The total estimated 2005 population of the region is 740,654. This is approximately 11.8% of Indiana's total population.



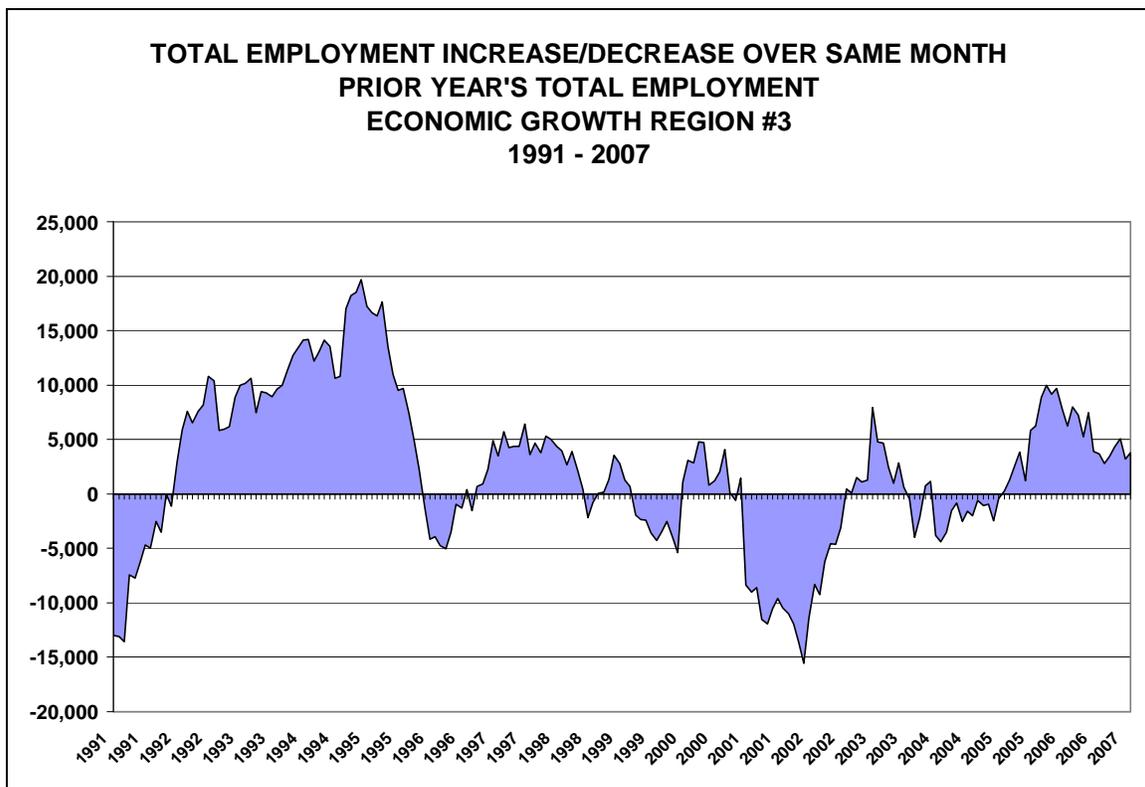
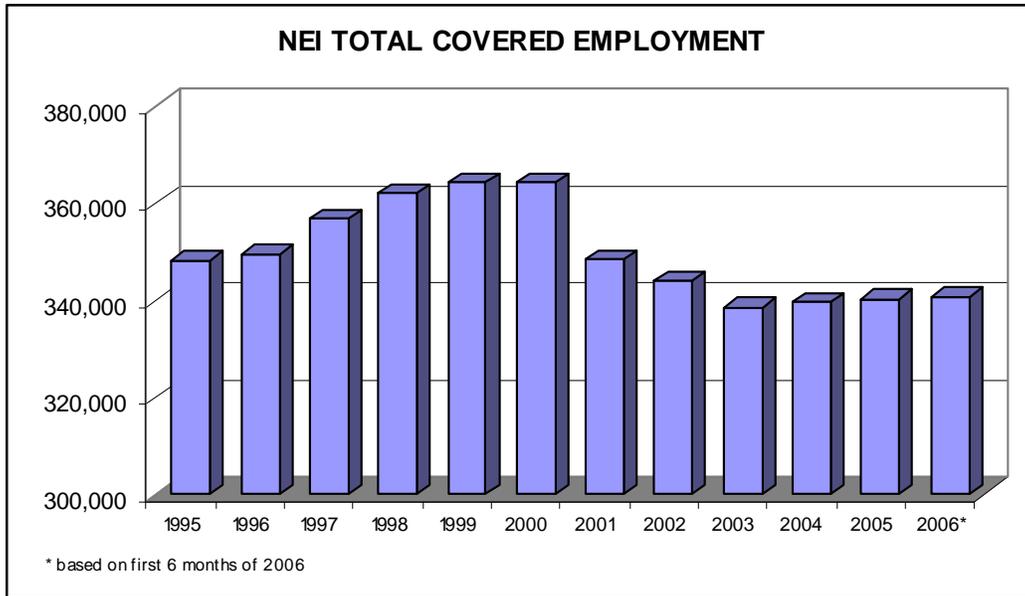
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Population projections prepared by the Indiana Business Research Center suggest that by 2020 NEI will have a total population of 787,118 or approximately 11.7% of the state's projected population in 2020. It is expected that this population will be geographically distributed across the region in a manner generally similar to that found today. Steuben County's projected growth would place it as the 7th largest county, moving it up from 9th place. Lagrange is projected to have the largest percentage change, with an increase in population that is second only to Allen County.

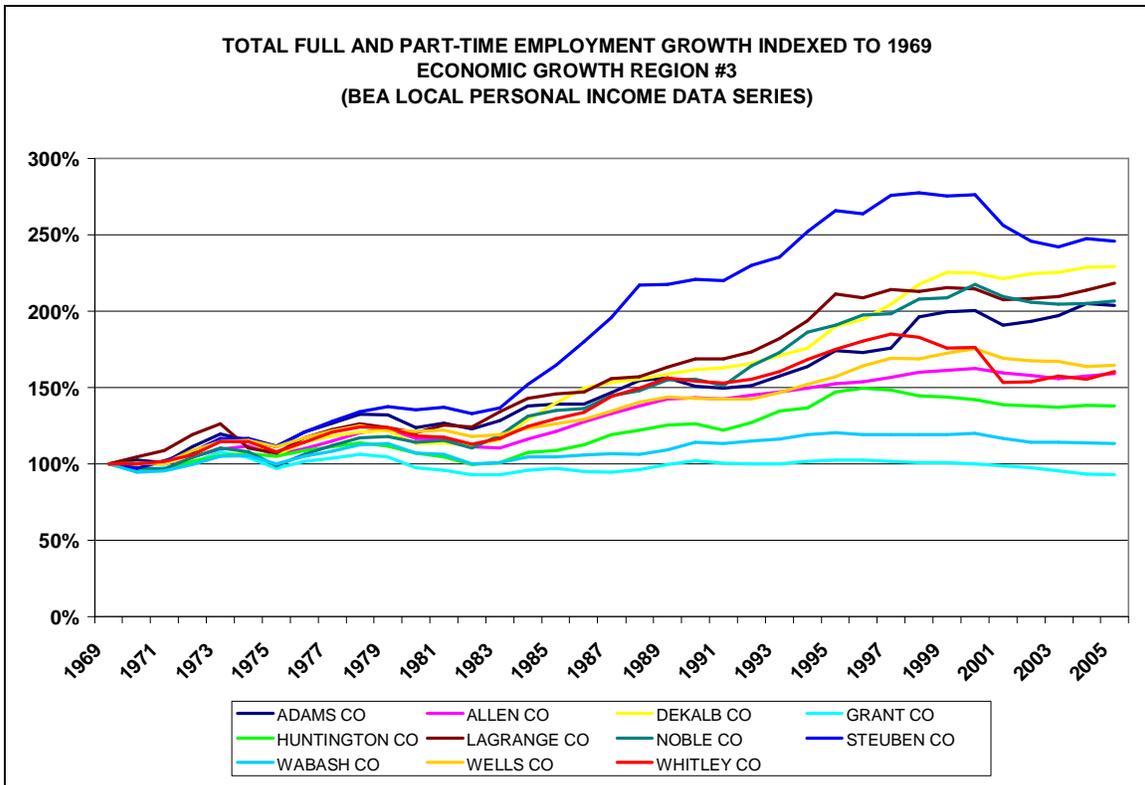
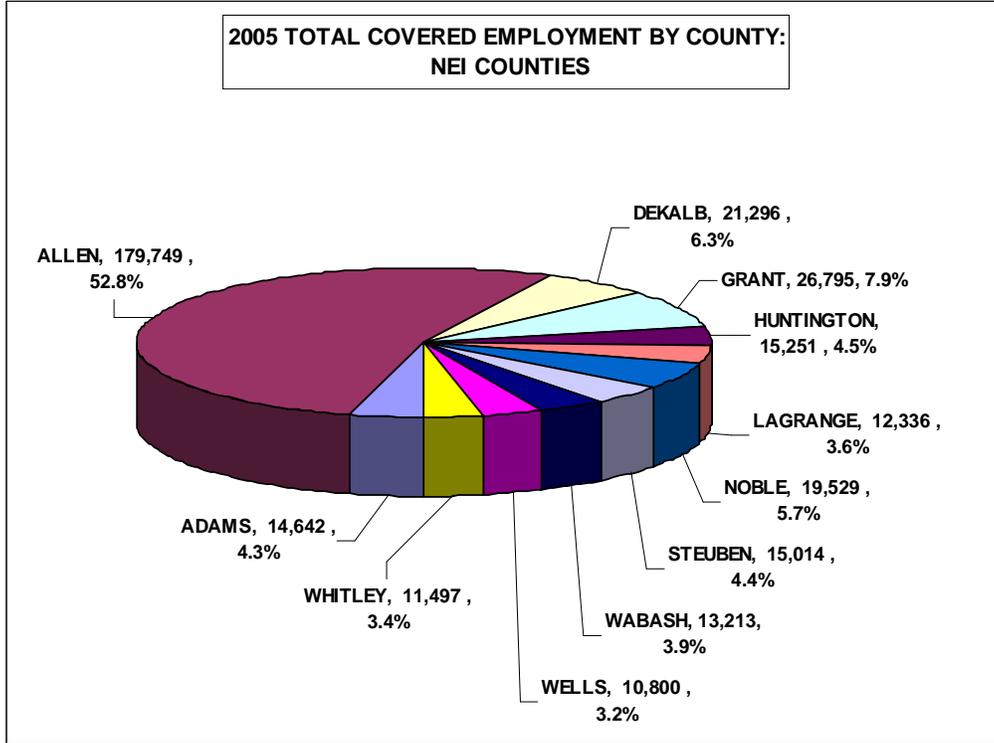


Total employment in northeast Indiana reached a peak of 364,117 in 1999 but dropped to 338,551 in 2003. Employment has been increasing steadily at a very modest rate since 2003, less than 0.5 percent per year.

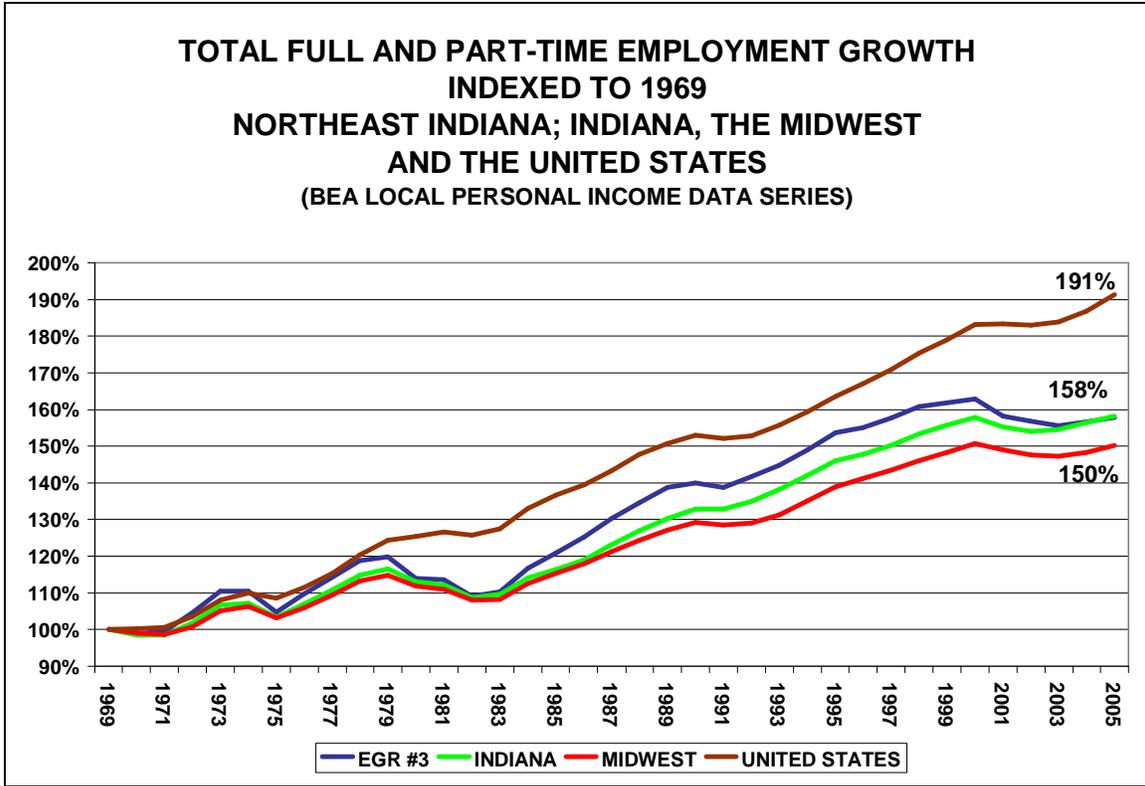
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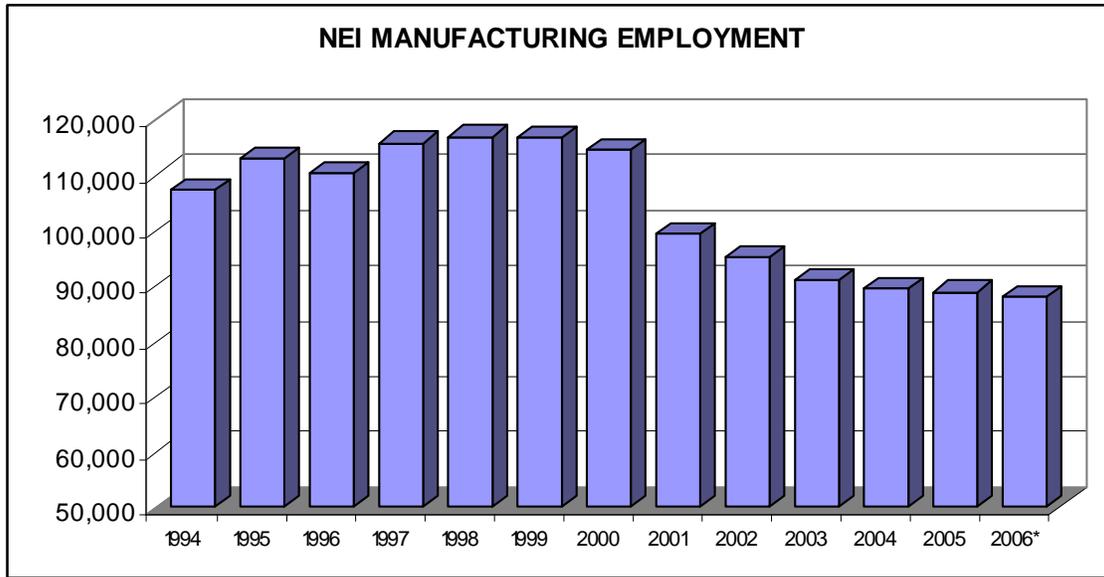


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Manufacturing employment, the historic base of the Northeast Indiana economy, has continued to lose jobs every year since 1998. During the 1997 to mid-2006 timeframe, manufacturing employment in the 11-county NEI peaked at 116,872 in 1998 and has fallen every year since. The 2006 projected average annual employment in manufacturing represents a drop of 29,039 jobs (24.8 percent) since 1998. Within Allen County, there were 9,700 fewer employed in manufacturing in (mid) 2006 than in 1997. Within the other ten counties in NEI, there were 18,179 fewer employed in manufacturing in (mid) 2006 than in 1997.

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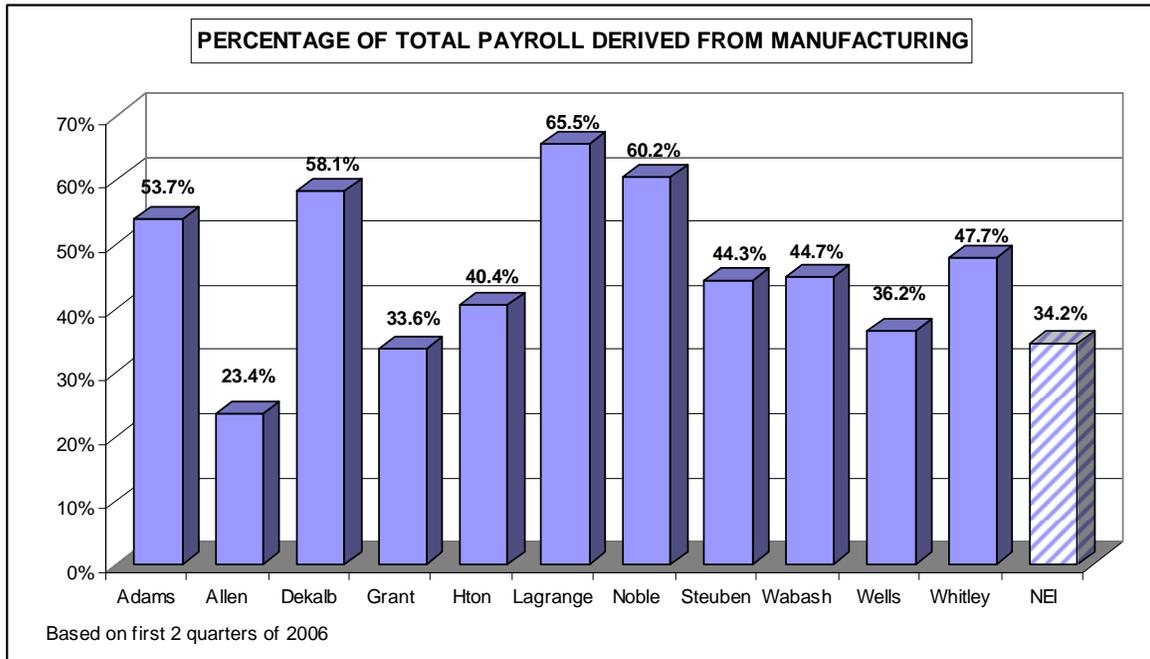
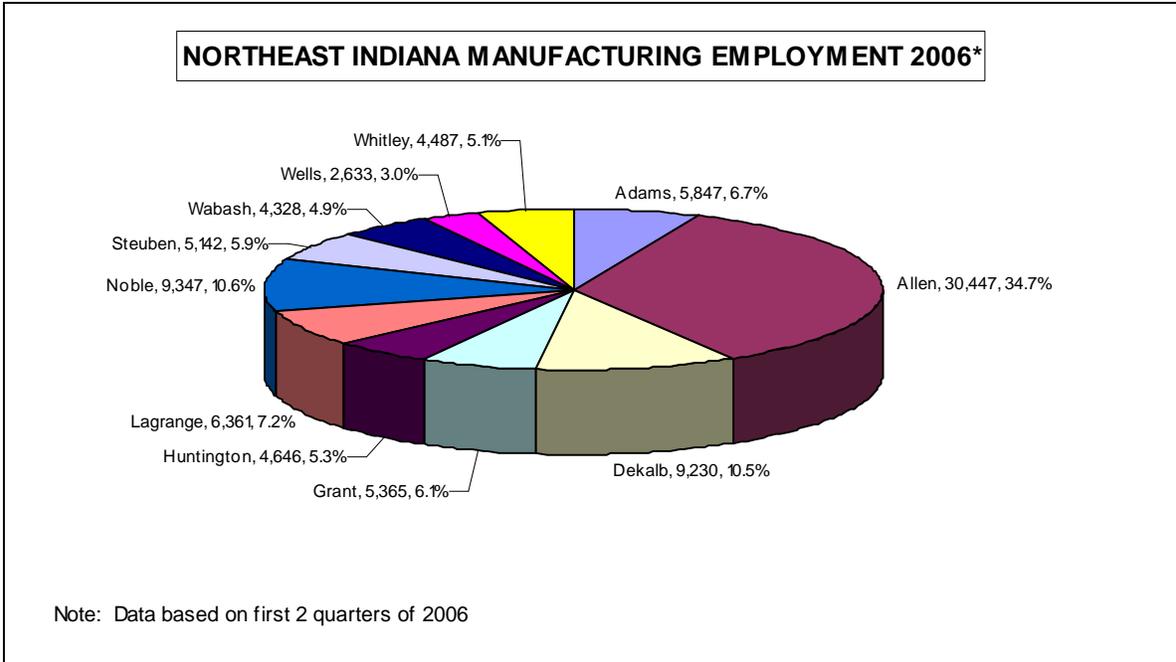


The economy of Northeast Indiana has long been dominated by the manufacturing sector. The concentration of employment and wealth creation associated with this sector has historically been very good to the region. “Northeast Indiana’s dependence on manufacturing is reflected in its low industrial diversity. Industrial Diversity is a measure of the extent to which an area is insulated from a sharp downturn in one of its top industries. The measure looks at 14 different industrial sectors, separates the top three based on total employment, and then calculates the total employment distribution of the remaining sectors.” The Industrial Diversity Index for Northeast Indiana (Wabash County was not included in this calculation) was 24.1 percent; Indiana’s 25.5 percent and the United States was 28.4 percent.⁶

In 2005, NEI’s concentration of employment engaged in manufacturing was 26 percent. Indiana, in total, has 20 percent of its total employment directly tied to manufacturing. Nationally, in 2005, manufacturing represented 10.8 percent of total employment. In 2005, 16.8 percent of Allen County employment was in manufacturing. 36.6 percent of employment in the remaining ten counties in NEI was engaged in manufacturing. *Noble County is one of the top 15 counties in the nation for percentage engaged in manufacturing with over 51 percent of the workforce engaged directly in manufacturing.*

⁶ “Northeast Indiana: Preparing for the Future,” Jan. 2005, p. 3.

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Using the average of the first two quarters of 2006, NEI had seven three-digit NAICS code industry categories that employed at least 10,000 workers within the region⁷:

⁷ there is some non-disclosed data for one or more counties, and therefore, the number shown is smaller than the actual number. For example, Food Services and Drinking Places employment was the largest sector in 2004. This was a year in which practically all the data was disclosable at the 11-county level.

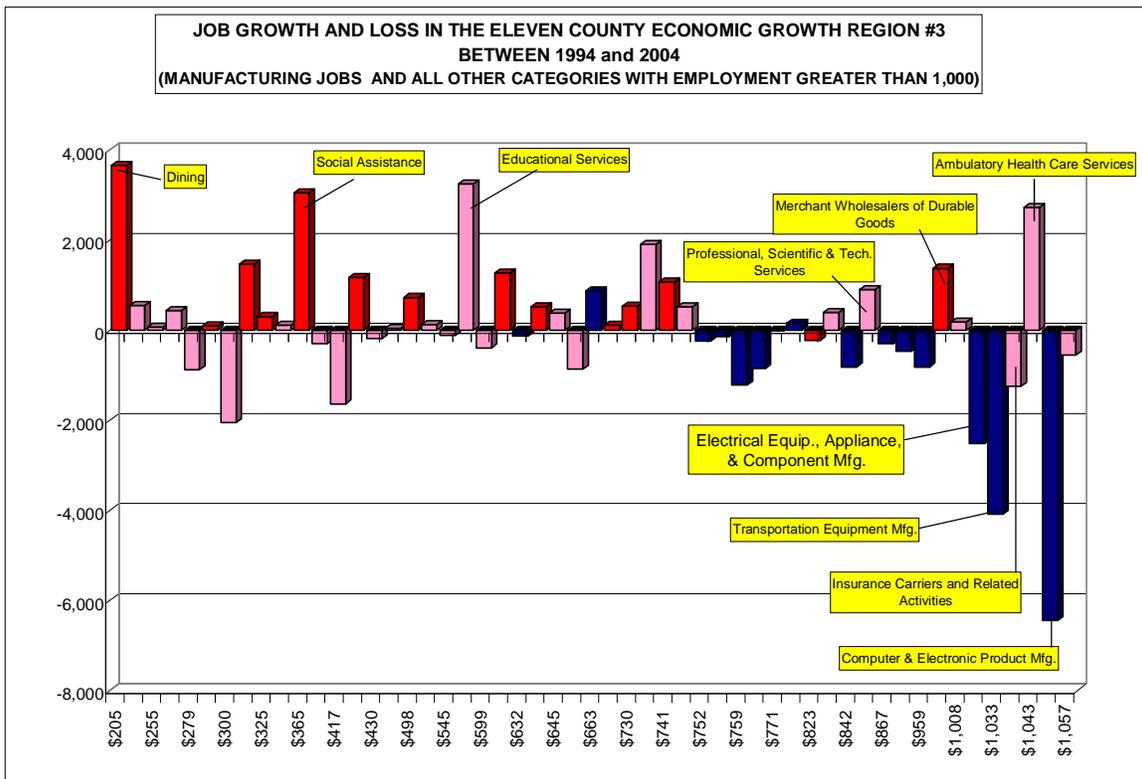
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Educational Services 26,258
 Food Services and Drinking Places 23,677
 Transportation Equipment Manufacturing 19,479
 Administrative and Support Services 13,238
 Hospitals 12,694
 Ambulatory Health Care Services 12,557
 Fabricated Metal Product Manufacturing 11,780

In 1994 three additional industry categories also employed over 10,000 workers but have dropped from that threshold in the past ten years:

Merchant Wholesalers, Nondurable Goods
 Plastics and Rubber Products
 Computer and Electronic Product Manufacturing

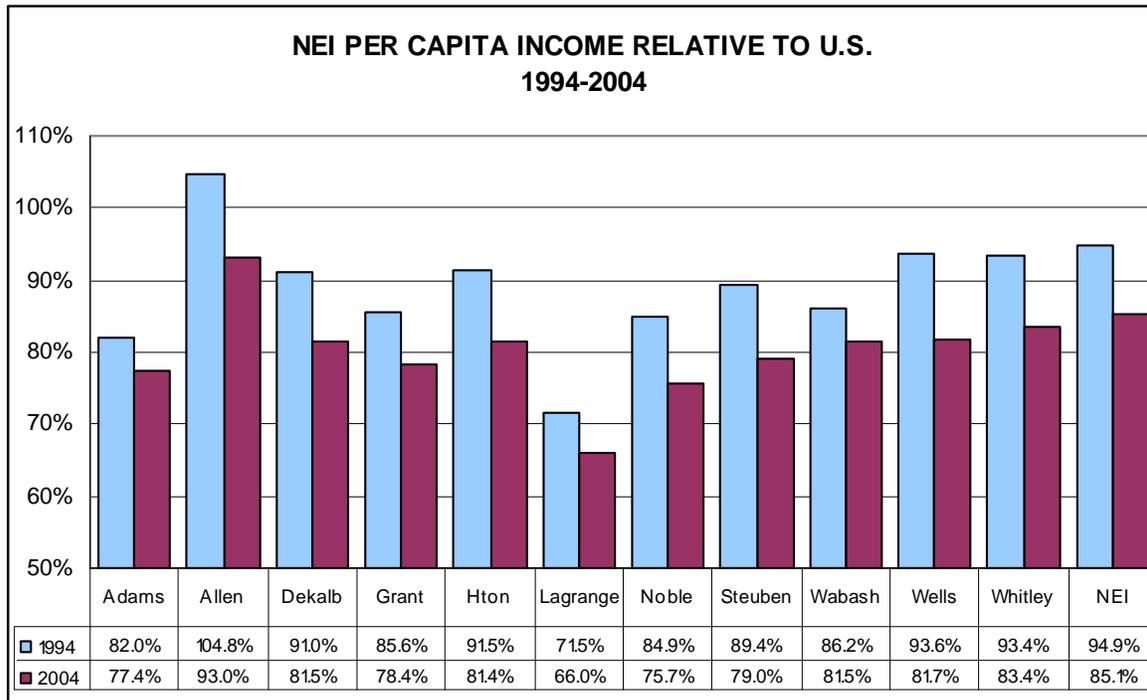
Two health care categories, Ambulatory Health Care Services and Hospitals, did grow into the 10,000-employee category over that 1994-2004 time period. Specialty Trade Contractors was in the list for 2004, and is currently right below the threshold, with an average of 9,875 employees for the first two quarters of 2006. Nursing and Residential Care Facilities are also poised to enter this list, with an average of 9,913 employees during the first two quarters of 2006. One caveat-these numbers represent jobs, not full-time employment, and in some places, such as hospitals, part time employment could be significant. Also, note that Administrative and Support Services includes the temporary agency employment.



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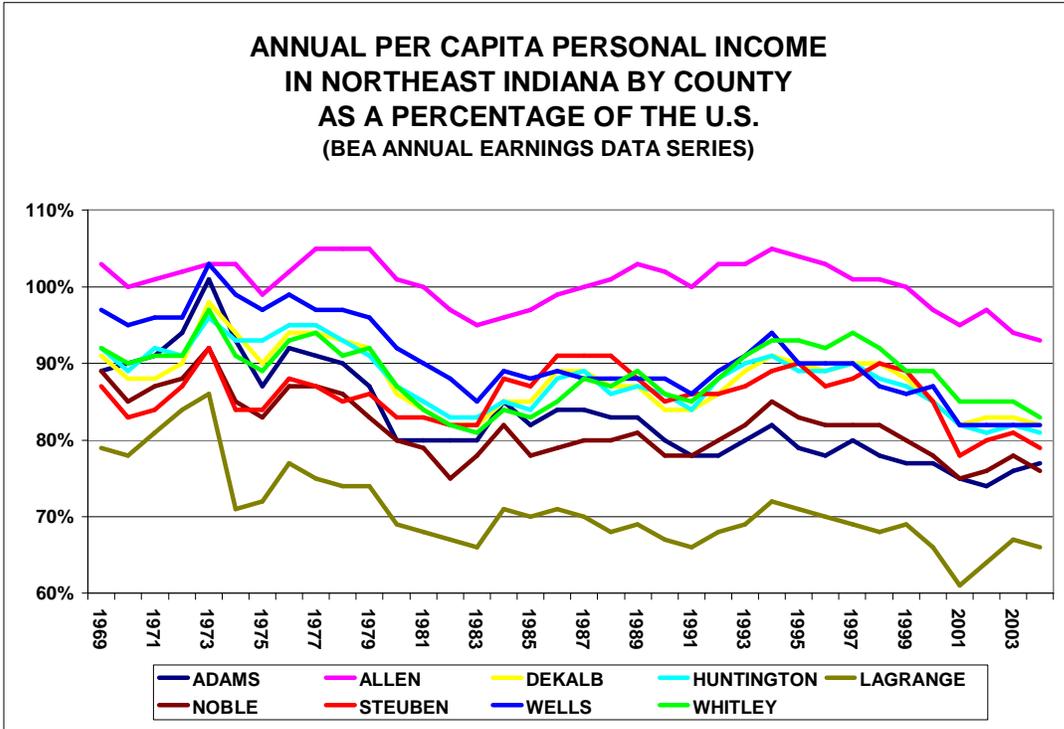
Between 1994 and mid-2006 average annual wages per job in NEI grew by 40.0 percent compared with national growth of 56.5 percent over the same period. In the manufacturing sector average annual wages per job grew by 43.8% in NEI compared with national growth over the 1994 – mid-2006 period of 57.5%.⁸

Per capita personal income is one measure to judge the economic well-being of a given geographic region. Personal income is composed of three elements: (1) earnings; (2) dividends, interest and rent; and (3) transfer payments such as Social Security and unemployment compensation. As the following chart illustrates, in 2004, all counties in NEI fall below the average U.S. per capita income, and this has been a situation that has been worsening relative to the U.S. for at least the last ten years. Recent work undertaken by Morton Marcus, Director Emeritus of the Indiana Business Research Center, suggests that statewide this lag is due primarily to the first of the three above-noted components – the failure of our wages to keep pace with national rates.

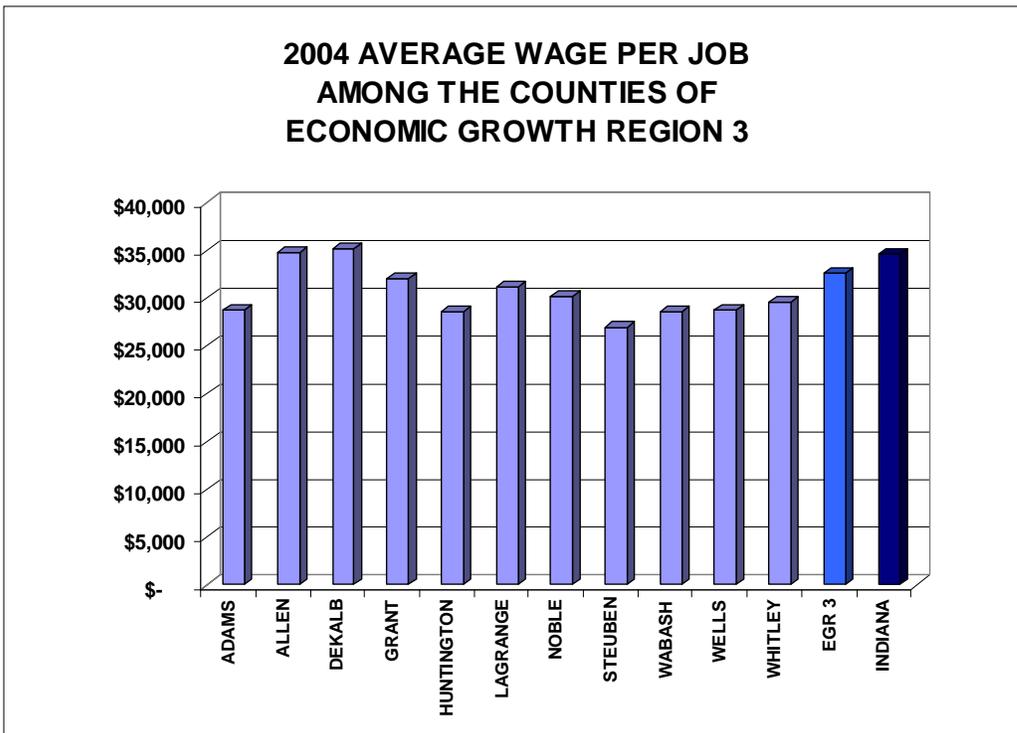


⁸ Note that the 1994 data is based on SIC definitions for both the US and NEI, so an actual measurement in the change of manufacturing wages is not possible at this time (i.e. with the change to NAICS).

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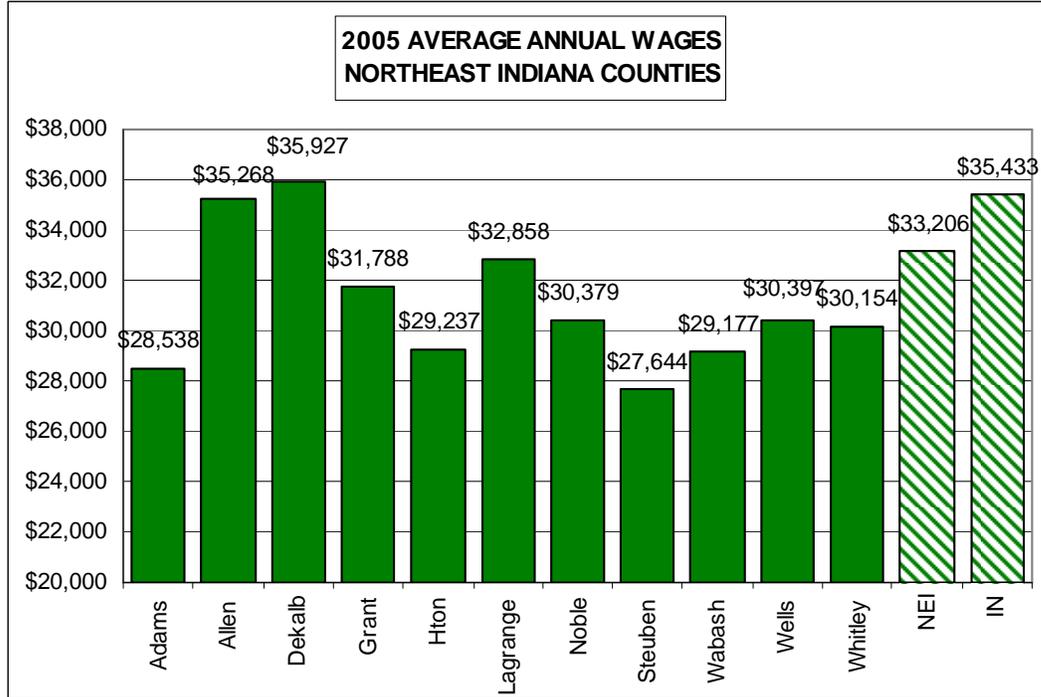


In addition to reviewing per capita income, a review of the portion of income provided by earnings is important. In 1994, average annual wages per job in the 11-county NEI region was 3.2% below the statewide average. By 2005 our average wages were 6.3% below the statewide average.



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There is also some variation in the Average Annual Wage per Job among the counties that comprise NEI. In 2005, De Kalb County had the highest average wages per job at \$35,927; followed closely by Allen County at \$35,268. Wabash County had the lowest average wages per job in 2004 at \$29,177. The average for the NEI area was \$33,206. The Indiana average was \$35,433.



Many factors tie the counties in NEI together, such as commuting patterns for work, shopping, services and entertainment. Using data extracted from tax filers to examine commuting patterns, approximately 60,000 NEI residents commuted from their home county in 2004. Seventy three percent of these commuters remained in the NEI 11-county area. About 50 percent of these “intra-NEI” commuters go to Allen County to work.⁹ The NEI area receives most of its “outside the NEI area” commuters from Ohio, Michigan, and Kosciusko, Jay, and Elkhart Counties. The implied workforce is approximately the same as the resident labor force, around 414,000. This means that the total number commuting in to work in NEI is almost equal to the total number commuting out.

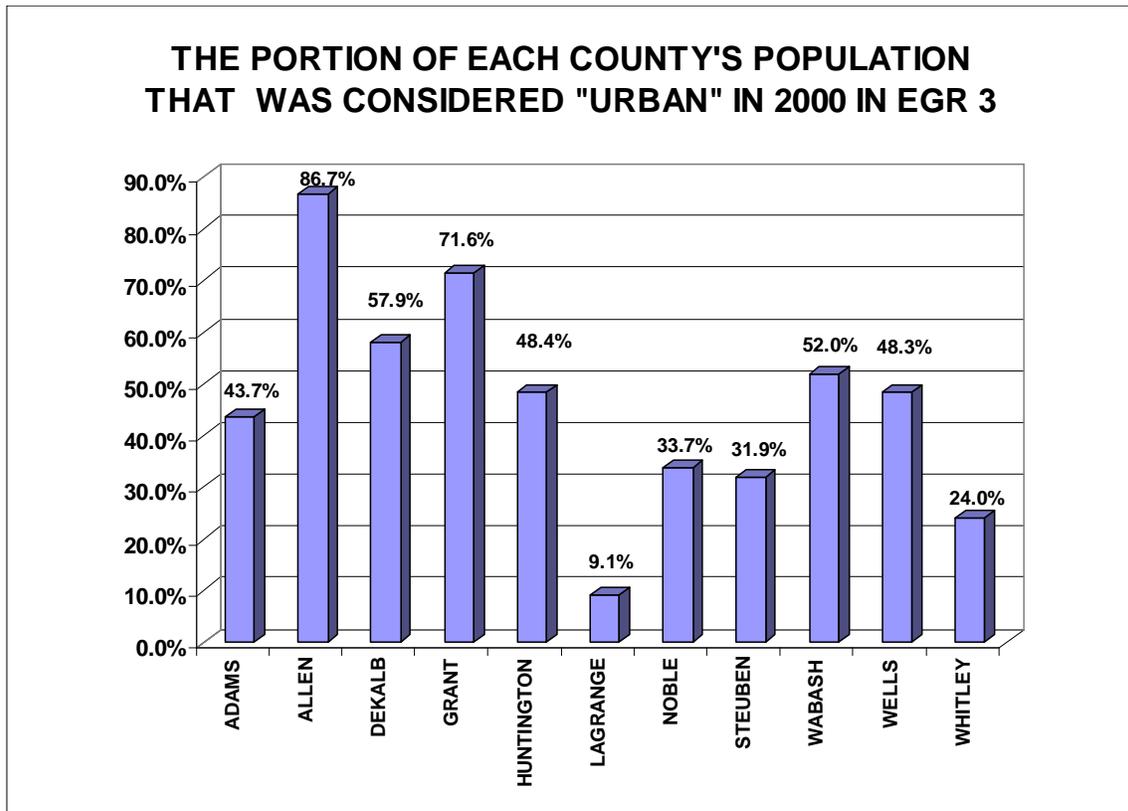
While the majority of commuters stayed in the NEI area to work, those who left NEI went to work in Elkhart and Kosciusko Counties, along with Ohio and Michigan. This balance of out-commuting and in-commuting is not the case for every area. For example, the Evansville 9-county area also had 73 percent of its commuters classified as “intra”

⁹ Over 22,000 of the 27,000 workers coming into Allen County were from the 10 other NEI counties. Over 11,000 Allen County residents left Allen for work, but 8,000 of these commuters stayed in NEI counties.

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commuters, i.e. staying in their 9-county area, but that area had more people commuting in to work and its implied work force was about three percent higher than its resident labor force.

It is also important to note that there are some very significant differences among the eleven counties that comprise the region. Perhaps no other statistic illustrates this variation than the percentage of the population in each county which was considered to be rural or urban in 2000. On one end of the spectrum, LaGrange County was 90.9% rural and at the other end Allen County was 86.7% urban. Such wide disparities have tremendous influence on local public policy and community philosophy.



Current levels of educational attainment among the adult population are important baseline information when attempting to understand and tailor workforce development programs. As noted in the report “Northeast Indiana: Preparing for the Future”, the Corporation for a Skilled Workforce noted:

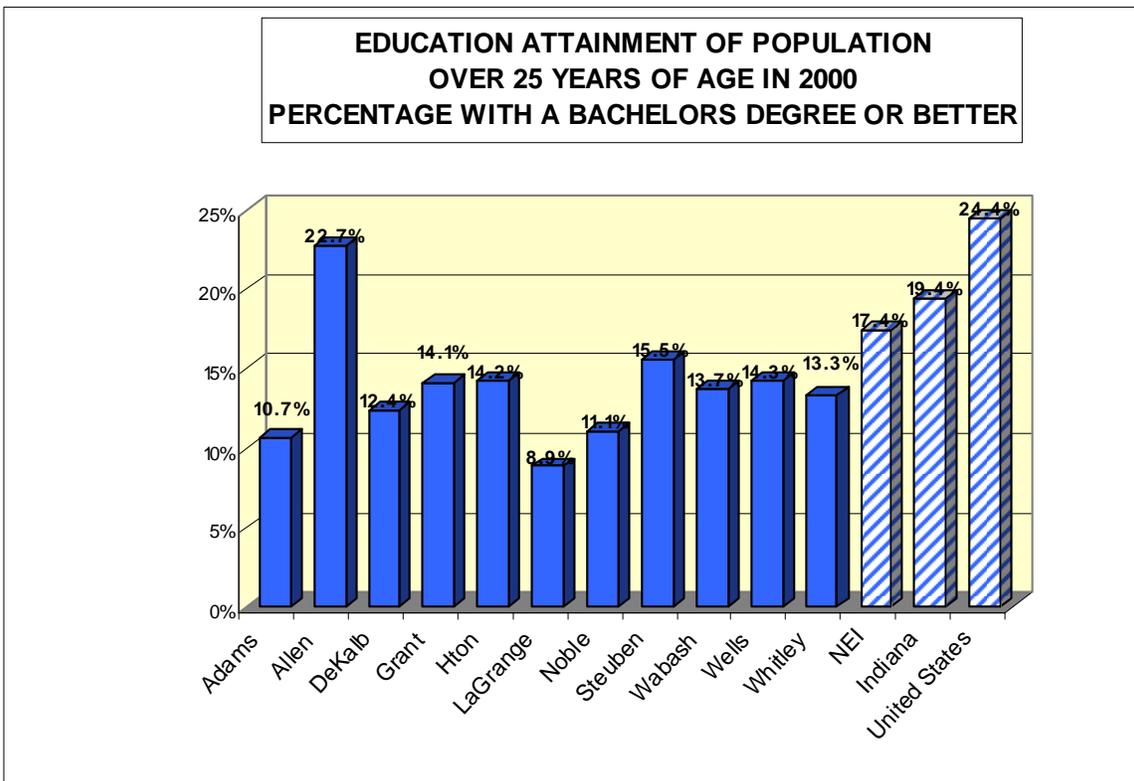
“Employers seeking to locate or expand in an area are concerned with the educational attainment levels of the workforce. While education levels don’t necessarily equate with skills or with having the right degrees or certifications for the kinds of jobs available, they do provide some indicator of whether the capacity exists to help the firm grow and change with the increasing demands of global competition.”¹⁰

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“Northeast Indiana has a lower rate of individuals with bachelor’s degrees or higher, and a lower rate of individuals with associate’s degrees or higher than the state average. Indiana has traditionally been a low educational attainment state, despite its many fine postsecondary institutions. The attainment rates are lowest in LaGrange County, possibly because of its concentration of Amish communities. Allen County is largely responsible for the regional average being as high as it is.”¹¹

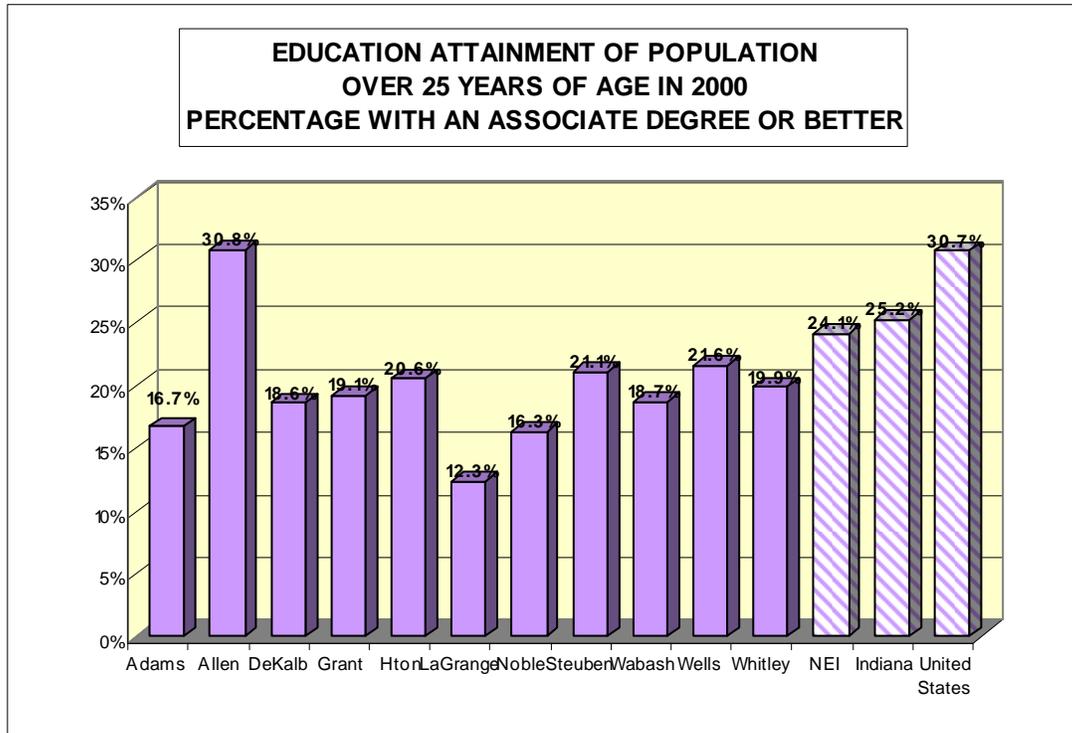
Northeast Indiana historically has had a lower portion of its adult population educated at the Bachelor degree or above level. Based upon information from the 2000 Census, nationally 24.4 percent of the adult population (age 25 or older) had at least a Bachelor’s degree. No county in NEI had reached that level of educational attainment; the highest level was 22.7 percent in Allen County. The Indiana attainment level was 19.4 percent.



Based upon information from the 2000 Census, nationally 30.7 percent of the adult population (age 25 or older) had at least an Associate’s degree. Only Allen County exceeded the national average in NEI in 2000 at 30.8 percent. The Indiana attainment level was 25.2 percent.

¹¹ “Northeast Indiana: Preparing for the Future”

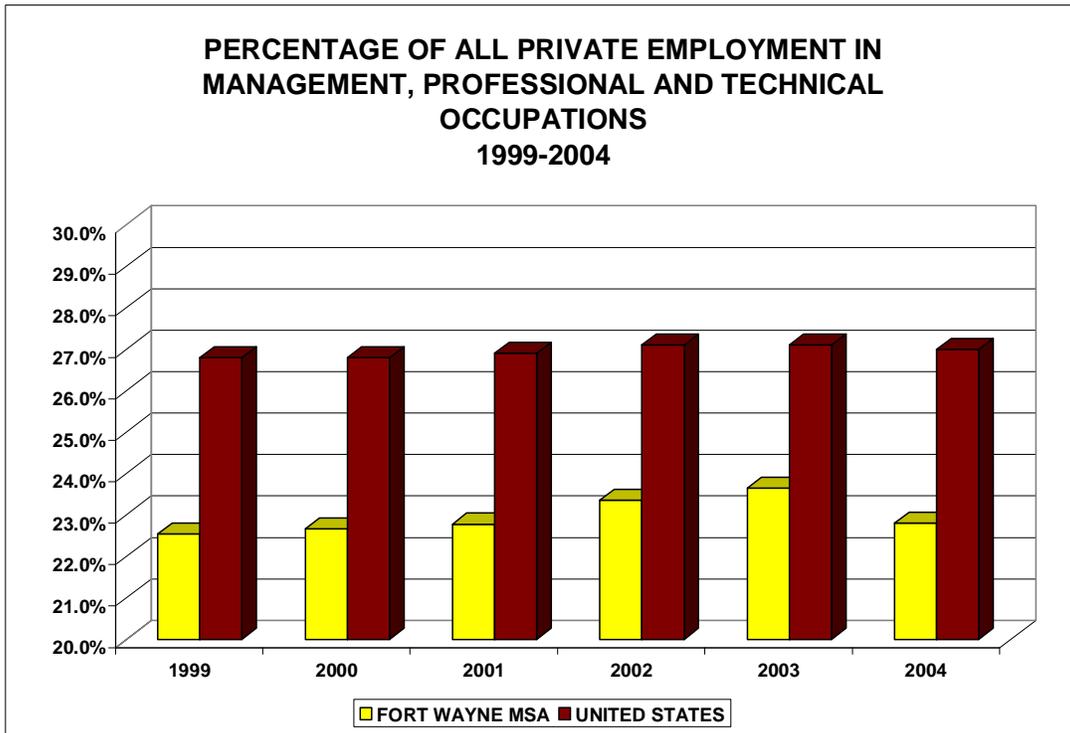
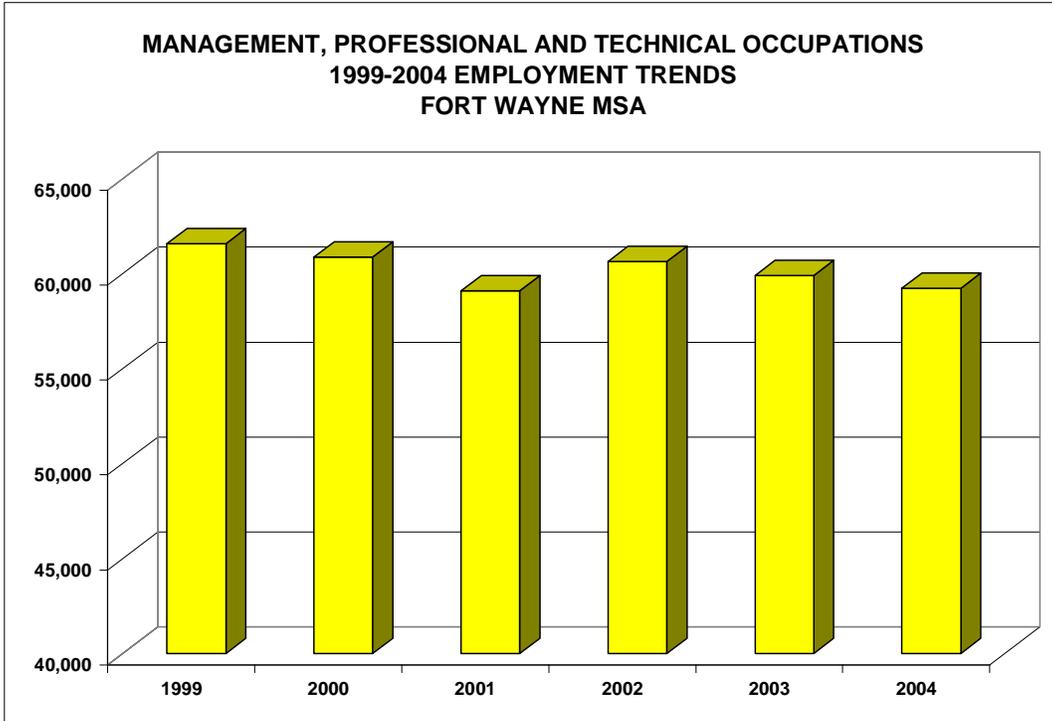
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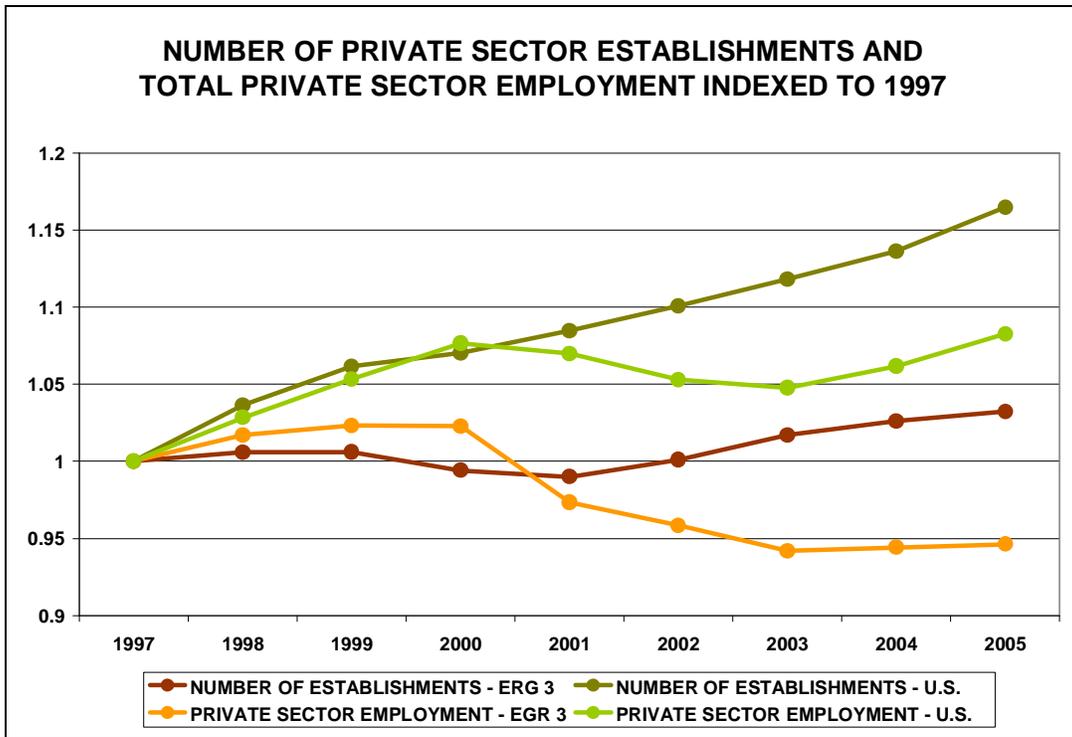
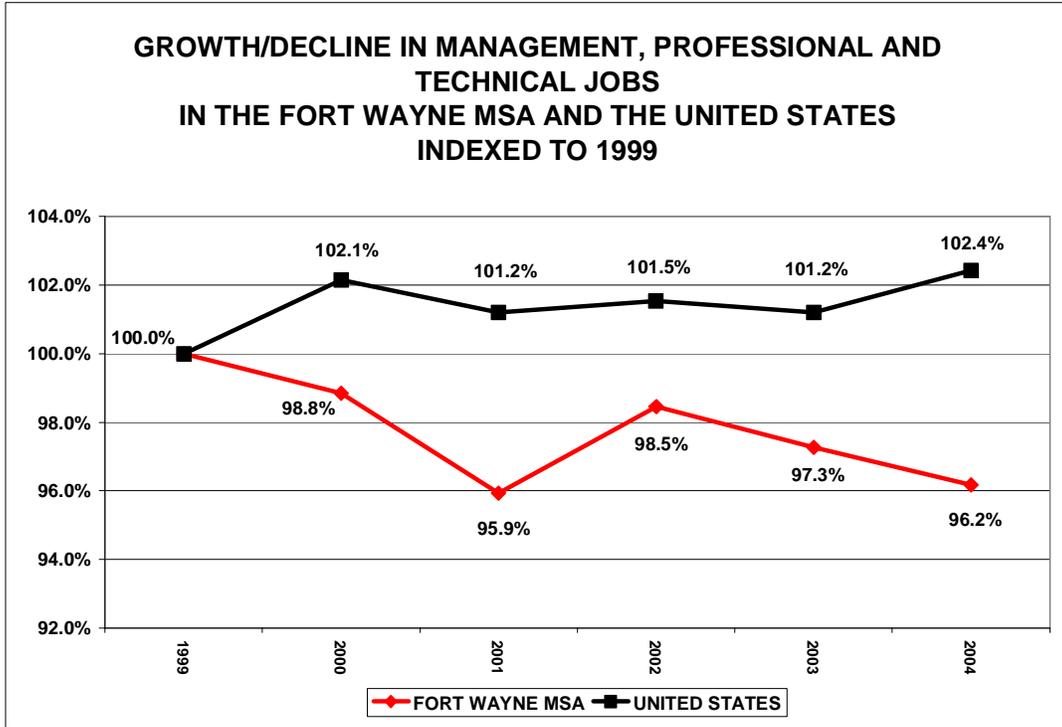
“The growth of knowledge workers and knowledge-based jobs should be a major priority for Fort Wayne/Allen County. Fort Wayne metro level data on knowledge jobs actually declined from 61,600 in 1999 to 60,460 in 2003.”¹²

¹² “Creating Competitive Community Economic Foundations”; draft document prepared by Donald T. Iannone and Associates for the Allen County Department of Planning Services and the City of Fort Wayne Department of Community Development; Richmond Heights, Ohio; August 15, 2005; p. 14.

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CHAPTER 4: APPRAISING OUR CURRENT ASSETS AND LIABILITIES

OBSERVATIONS

Much of what we know about northeast Indiana's economic development assets and liabilities comes from our intuition about and experience in the region. In a very general sense we believe that our assets include:

- general location of northeast Indiana in proximity to markets and production networks
- the I-69 and the I-80/90 highway spines serving the region and connecting us to the Indianapolis highway hub, to the ports at Toledo and Burns Harbor
- the air cargo potential of the Fort Wayne International Airport
- the major rail freight mainlines crossing the region
- our core competencies in manufacturing engineering, tooling and production
- the network of higher education resources in and available to northeast Indiana

Conversely, we know in a very basic sense that our challenges include:

- reversing the relative decline in per capita incomes and average wages compared with the United States
- that we have been losing a significant portion of our better educated young to other areas outside of northeast Indiana for a variety of reasons, not the least of which is a perception that we lack the quality job opportunities these individuals seek
- retaining and attracting the highly educated and motivated talent that, in turn attracts quality jobs to a region
- that while we have some outstanding transportation assets in northeast Indiana, not every community in the region is well-connected to those assets
- that we have not maintained and developed an inventory of quality industrial and business sites and an inventory of quality available buildings adequate to meet many of today's business demands
- the Fort Wayne MSA has lagged behind many other Midwestern communities in its ability to replace the loss of manufacturing employment with new jobs in the Advanced Service Sector (as recently documented in the Brookings Institution report "Bearing the Brunt: Manufacturing Job Loss in the Great Lakes Region" and the Community Research Institute follow-up report "Observations on Employment and Pay in the Midwest")

However, truly very little empirical information on the economic development assets of northeast Indiana is currently contained in either one concise report, or more importantly, in one easily-accessible database. Individual counties and LEDOs have undertaken some aspects of this work for their individual communities (activities such as the Stueben County Economic Development Strategy and the Adams County 4 Community project), but significantly less asset information exists on a regional basis. In a very preliminary manner some of the initial research conducted by Whittaker Associates in preparation of

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Northeast Indiana Regional Marketing Partnership Target Industry Study also provides some of the basic aspects of regional asset identification.

The United States Department of Labor Employment and Training Administration, as part of the WIRED project, has recently prepared a useful guide to help regions better document their respective development-related assets. This report, entitled *Asset Mapping Roadmap: A Guide to Assessing Regional Development Resources*, offers both a process and an outline of documentation needed to properly document regional assets. A similar report, *Measuring Regional Innovation: A Guidebook for Conducting Regional Innovation Assessments*, was released in 2005 by the U.S. Economic Development Administration. Lastly, a substantial amount of the data that will be collected and assembled for the Regional Partnership's website may be useful in mapping the regional assets.

RECOMMENDATIONS

Northeast Indiana should undertake an “asset mapping” project similar to that suggested in the United States Department of Labor Employment and Training Administration’s report entitled *Asset Mapping Roadmap: A Guide to Assessing Regional Development Resources*. This project should provide, at a minimum, a Level 1 Asset Identification database as outlined in the above-referenced guide.

To the extent possible, an asset mapping project should be tailored to ensure that we have depth of information on those assets which are most closely related to the targeted industry groups identified as priorities for northeast Indiana. The ongoing Indiana Defense Asset Study would be one example of a cluster-oriented asset mapping project.

To the extent possible, assembly and maintenance of data for the Regional Partnership’s website should be closely integrated with any asset mapping project conducted for our region.

OBSERVATIONS

The Perception Study undertaken by Ferguson Advertising on behalf of the Regional Partnership earlier this year begins to examine the perception of our regional assets and challenges. It is particularly helpful in providing information regarding how several site selection consultants perceive our region. It also provides a good summary of what a cross-section of existing regional businesses view as our assets and liabilities from their perspective. Key findings from the Perception Study related to the perspective of our region held by site consultants included (note that there is a considerable amount of conflicting perceptions stated by different consultants):

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Strengths

- *location
- *good infrastructure
- *good sites
- *good industrial trade (workforce knows how to make things)
- *good workforce
- *good geography for logistics and distribution
- *good business leadership
- *low cost of doing business
- *good quality of life
- *good state incentives

Weaknesses

- *poor regional cooperation
- *bad communications
- *lack of available properties (not zoned appropriately)
- *infrastructure not in place – sewer and water
- *poor leadership (region has not done what is necessary to attract business)
- *union legacy
- *lack of critical mass (lack of large metro area)

RECOMMENDATIONS

The Northeast Indiana Regional Partnership should revisit undertaking a perception study, particularly seeking feedback from external observers on a biannual basis. This study should attempt to differentiate changes in the perceptions of the region due to (1) enhanced marketing efforts external to the region and (2) product and process improvement within the region.

CHAPTER 5: SHARPENING OUR FOCUS – CLUSTER-BASED ECONOMIC DEVELOPMENT

OBSERVATIONS

“Regional economic growth is dictated by powerful market forces. Appropriate and effective intervention must be based on understanding how to nudge these forces in the direction that the region prefers and how to turn local assets ‘into the wind,’ so to speak, so that market forces can carry the region forward. Attempting to stand against the wind is futile and foolish. Therefore, it is critical that policymakers and economic planners understand which forces drive the regional economy, the direction they are pushing the local economy, and how to use these forces to their advantage.”¹³

“A relatively small number of clusters usually account for a major share of the economy within a geographic area as well as for an overwhelming share of its economic activity that is ‘exported’ to other locations. *Exporting clusters* – those that export products or make investments to compete outside the local area – are the primary source of an area’s economic growth and prosperity over the long run.”¹⁴

Basing a regional economic development strategy on a select number of industry “clusters” upon which to concentrate many long-term efforts involves risk, courage, and commitment. However, few regions have the resources available to create the “product” - the skilled workforce, the infrastructure, the targeted incentives, the educational initiatives – to truly support more than a handful of industry clusters in a pro-active fashion. Northeast Indiana certainly does not have unlimited resources to devote to economic development and, therefore, a targeted approach is essential.

Over the past five to ten years we have given more attention to cluster-based economic development, but we have much collaboration work ahead before we can honestly say we are engaging in meaningful cluster targeting. The work of Whittaker Associates, under contract to the Regional Marketing Partnership to identify industry targets for external marketing, is perhaps the most extensive and objective examination to date in our region to identify our potential industry-related economic development opportunities. We must remember that their task was to identify industry targets, not industry clusters. Whittaker Associates’ primary and secondary industry targets do, however, represent a good basis from which to begin a cluster-based strategy.

¹³ “Dashboard Indicators for the Northeast Ohio Economy”; prepared for the Fund for Our Economic Future by the Federal Reserve Bank of Cleveland and authored by Randall Eberts, George Erickcek and Jack Klienhenz; April, 2006; p. 2.

¹⁴ “Clusters and the New Economy of Competition”; Michael E. Porter; Harvard Business Review; November-December, 1998; p. 82.

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RECOMMENDATION

Recommendation: This economic development strategy should incorporate the fourteen industry targets as identified in the April 10, 2007 Northeast Indiana Regional Partnership Target Industry Study as prepared by Whittaker Associates.

Recommended Primary Target Industries:

Transportation & Logistics

Advanced Materials

Financial Services

Medical Devices/Orthopedic Tools & Devices Coronary Implants

Food Processing

Recommended Secondary Target Industries

Health Care

Tactical Communications

Hospitality/Tourism

Aviation/Aerospace

Production Technology

Motor Vehicle Parts

Recreational Vehicles

Printing and Publishing

Sustainable/Renewable Energy

Wood Products

OBSERVATIONS

“The most time consuming and difficult part of understanding clusters is finding the real interdependencies – the cluster dynamics that produce the flows of ideas and innovations and create the synergies.”¹⁵

We need to select a limited number (four or five) targeted clusters for which we will engage a “cluster specialist” for each. That specialist will focus on:

- *Assisting in identifying specific marketing opportunities
- *Determining the product needs of the given cluster (workforce specialties, unique infrastructure and site needs, entrepreneurial opportunities and networks)
- *Assisting in marshalling private-sector driven collaboration within a given sector

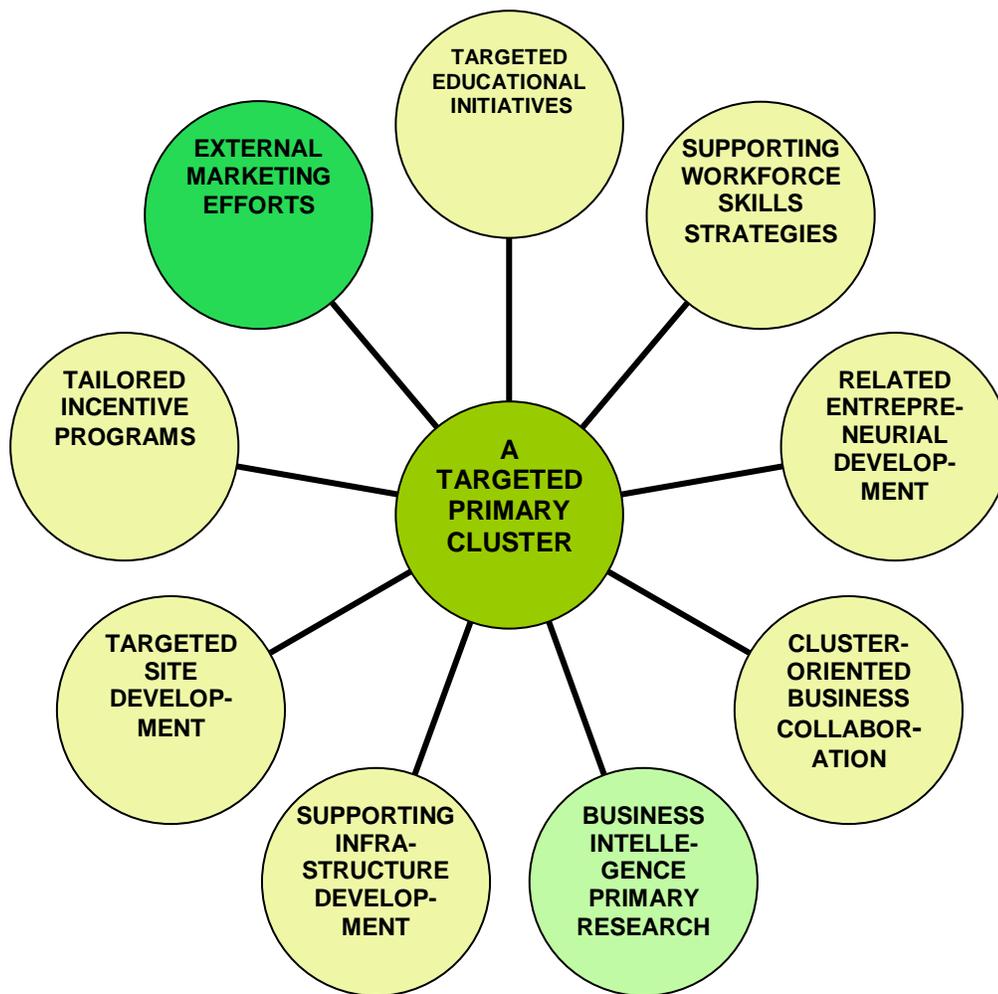
“Leaders of businesses, government, and institutions all have a stake – and a role to play – in the new economics of competition. Clusters reveal the

¹⁵ *A Governor’s Guide to Cluster-Based Economic Development*; prepared for the National Governors Association by Stuart Rosenfeld, Regional Technology Strategies; Washington, D.C.; 2002; p. 19.

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mutual dependence and collective responsibility of all these entities for creating the conditions for productive competition. This task will require fresh thinking on the part of leaders and the willingness to abandon the traditional categories that drive our thinking about who does what in the economy. The lines between public and private investment blur. Companies, no less than governments and universities, have a stake in education. Universities have a stake in the competitiveness of local businesses. By revealing the process by which wealth is actually created in an economy, clusters open new public-private avenues for constructive action.”¹⁶

Implementation of a cluster-based approach to economic development will require the consensus among and the alignment of many economic development-related organizations and programs throughout the region for each selected target cluster, as illustrated in the diagram below:



¹⁶ "Clusters and the New Economy of Competition"; Michael E. Porter; Harvard Business Review; November-December, 1998; p. 78.

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RECOMMENDATIONS

Recommendation: We should accept the five Primary Target Industries as the five industry areas to investigate as industry clusters around which to focus our pro-active product development and external marketing efforts.

Recommendation: We should engage a series of cluster specialists, using ICOR as a model, to assist northeast Indiana in better defining and developing more depth in understanding the targeted clusters; recognizing that these specialists must work “across the grain” with functional-area economic development organizations in northeast Indiana (workforce development; LEDOs; the Regional Partnership; infrastructure planners and financiers; and entrepreneurial support entities). It is this effort which will produce the detailed, targeted strategies that will have the most impact in improving the competitiveness of northeast Indiana.

Recommendation: If, after an approximate two-year trial period, a given cluster strategy and industry collaboration has materialized; then northeast Indiana should jump to the next step with the development of a cluster-related “center of excellence”.

OBSERVATIONS

Cluster-based economic development really works only when the private sector becomes deeply involved in the process:

“To maximize the benefits of cluster involvement, companies must participate actively and establish a significant local presence. They must have a substantial local investment even if the parent company is headquartered elsewhere. And they must foster ongoing relationships with government bodies and local institutions such as utilities, schools, and research groups.”¹⁷

RECOMMENDATION

Recommendation: In addition to using the cluster analysis to assist in pro-active marketing to external firms within the given target cluster; we can use econometric modeling of our clusters (such as the IMPLAN capacity that the Ball State Center for Community and Economic Development brings to northeast Indiana) to identify potential suppliers for our existing businesses (and thereby reduce economic linkage from the region).

¹⁷ “Clusters and the New Economy of Competition”; Michael E. Porter; Harvard Business Review; November-December, 1998; p. 88.

CHAPTER 6: EXPANDING OUR CAPACITY TO IMPLEMENT

OBSERVATIONS

What the LEDOs would like from a regional economic development system:

- prospect leads from the Regional Partnership
- capacity-building support for LEDOs from the Northeast Indiana Foundation, the Regional Partnership and each other
- an entrepreneurial support system that both preserves local identity and provides regional expertise
- a business-driven, responsive and understandable workforce development system
- support for the construction of infrastructure of regional importance in a manner that does not place new financial mandates on counties
- a cooperative economic development system that respects the autonomy and uniqueness of individual counties/communities

The respective LEDOs in each county are the foundation of the economic development delivery system in northeast Indiana. For the first time ever, we have a fully-functioning and staffed organization in each county. Our LEDO organizations currently exhibit a wide range of capacity – in staff size, training, experience, board leadership, and local financial support. Regional efforts are not likely to be successful without strong LEDOs on the ground throughout the entire region. Therefore, a top priority of the regional system should be to ensure the continued growth and strength of each LEDO.

RECOMMENDATIONS

Recommendation: The Regional Partnership and the Northeast Indiana Foundation must play a significant supporting role in continuing to build the capacity of all LEDOs in northeast Indiana. Several potential activities would include:

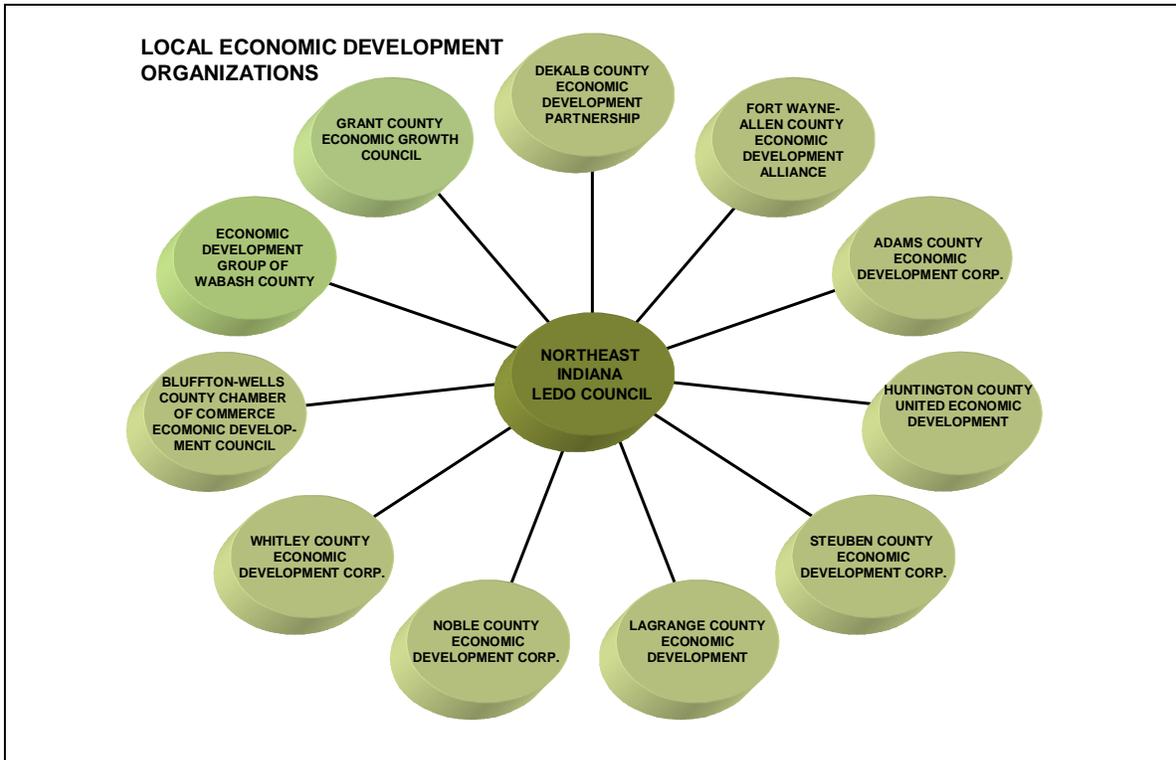
- *Hosting regional forums on economic issues of region-wide interest
- *NIF sponsorship grants to LEDOs allowing each key staff member to receive EDI training and CID certification
- *NIF grants to individual counties in support of building county-wide economic development strategies
- *NIF grants to support LEDO board member participation in the Ball State Economic Development Academy

Recommendation: We should consider initiating a comparable community economic development visitation program with the LEDO executives and some of their board members as the key participants; this could either be done in conjunction with the Invent Tomorrow-supported community visitation program or as a separate initiative supported by the NIF.

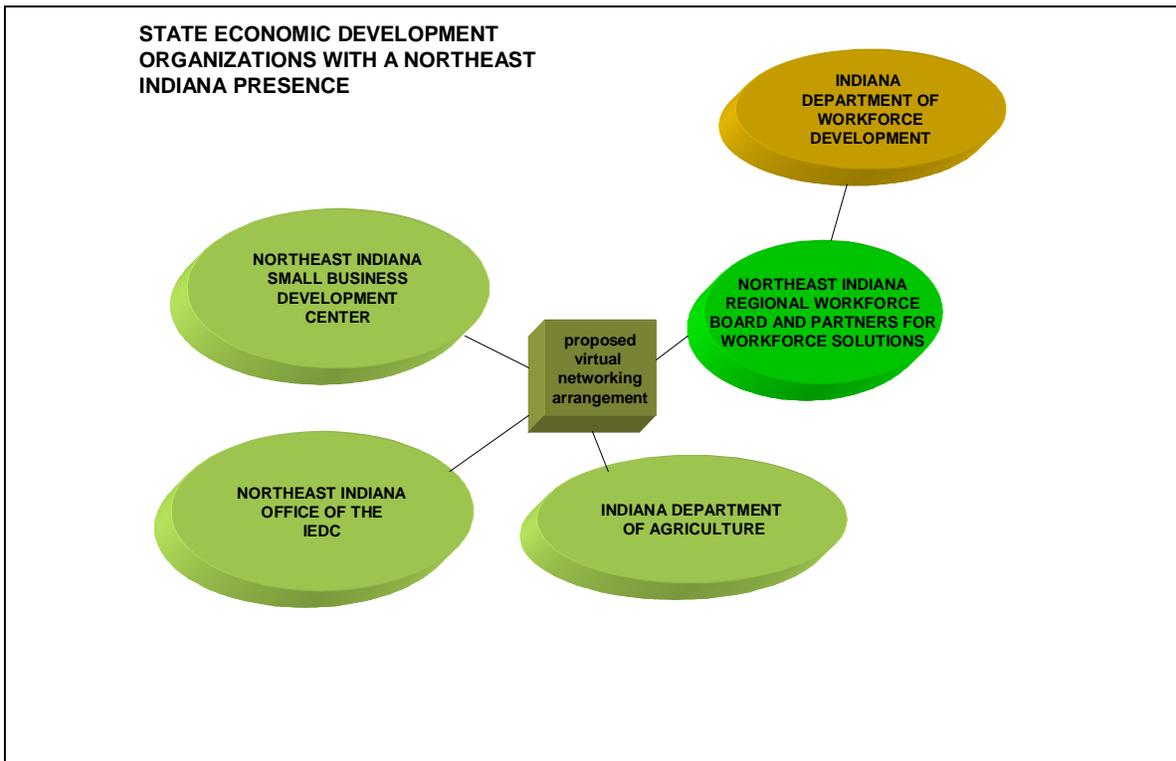
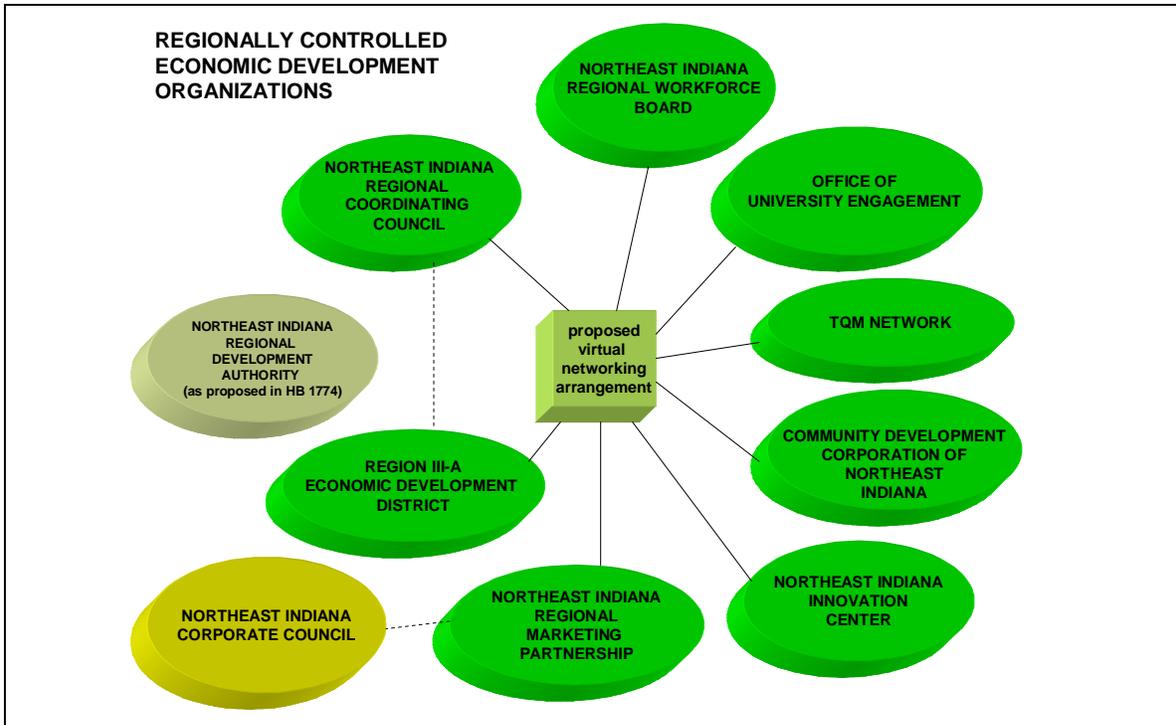
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OBSERVATIONS

There are really five levels within the northeast Indiana economic development delivery system. Enhancing the formal, and particularly informal, relationships will help build a stronger delivery system.

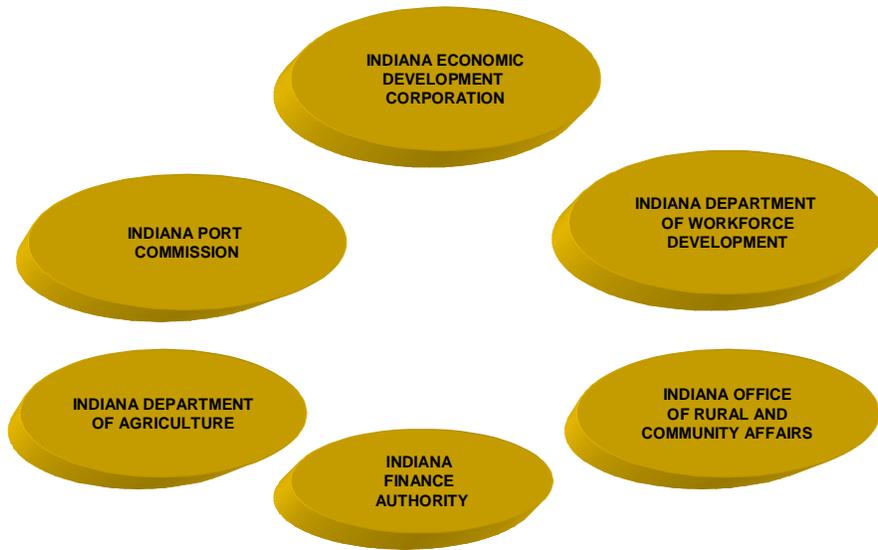


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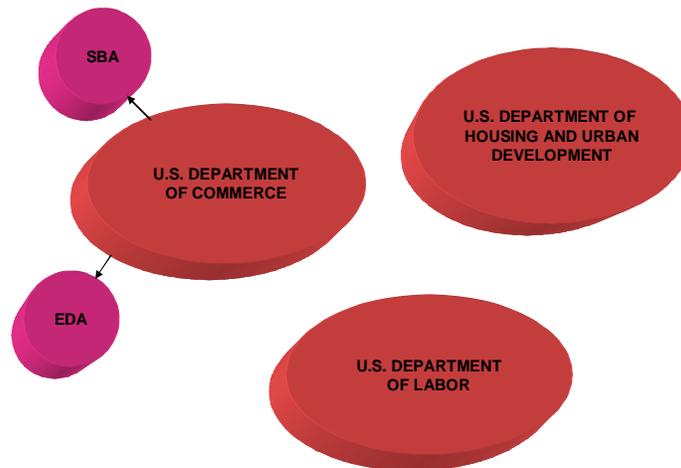


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STATE-LEVEL ECONOMIC DEVELOPMENT ORGANIZATIONS



FEDERAL LEVEL ECONOMIC DEVELOPMENT ORGANIZATIONS



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RECOMMENDATION

Recommendation: Create a virtual “point of interface” between regional economic development organizations and the various sub-state offices of the state government which are related to economic development – the IEDC Northeast Indiana office, the Northeast Indiana Small Business Development Center, the Department of Workforce Development’s Business Consultant position, and potentially the Indiana Department of Agriculture’s regional office. This “point of interface” would serve to informally coordinate the efforts of the state offices and to better inform them of the regional efforts underway. The Economic Growth Center is the physical embodiment of this concept.

OBSERVATION

The strategic planning process undertaken with the LEDO boards and staffs indicated a strong desire to enhance entrepreneurial support efforts in many northeast Indiana counties. While several expressed interest in additional support from regional organizations such as the Northeast Indiana Small Business Development Center and the Northeast Indiana Innovation Center, each also expressed a concurring interest in having a local identity for their entrepreneurial support initiatives. Conversely, both the SBDC and NIIC have expressed strong interest in enhancing their presence and services throughout northeast Indiana. Yet each has capacity limitations on being able to meet the demands for their services without spreading their respective resources too thinly. While providing a detailed roadmap for addressing this issue is beyond the scope of this document, enhancing our entrepreneurial/small business support services is important to economic health of the region.

RECOMMENDATION

Recommendation: The NIF should consider providing ongoing organizational support to both the Small Business Development Center and the Northeast Indiana Innovation Center to allow each to become more aggressive in their regional efforts. It is likely to be more cost-effective to build from the organization capacity that exists rather than to start new independently-functioning entrepreneurial support initiatives. This is also a potential topic for application for one of the IEDC’s new regional partnership grants.

OBSERVATION

It appears that the Central Indiana Corporate Partnership (CICP) is going to be the lead organization for pushing Indiana statewide initiatives in technology (TechPoint), bio-

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science (Biocrossroads), and advanced manufacturing/logistics. Significant funding for these initiatives is coming to the CICIP for the Lilly Foundation to support these activities. That is funding we are not likely to be able to replicate in northeast Indiana. It also appears that the Indiana Economic Development Corporation is comfortable with the strategic role the CICIP is taking and does not plan to take the lead. Therefore, we must become an active partner with the CICIP in these three initiatives. To date, it has been the Northeast Indiana Corporate Council which has been the primary bridge to the CICIP. It will be important to broaden and intensify these relationships for Northeast Indiana to enhance its role as a player in these three statewide initiatives.

RECOMMENDATION

Recommendation: Work with the Northeast Indiana Corporate Council to build an active relationship between the regional economic development organizations in northeast Indiana and the Central Indiana Corporate Partnership with regard to the latter's leadership efforts in technology, bio-sciences and advanced manufacturing/logistics.

OBSERVATION

A significant portion of economic development policy in Indiana is shaped in Indianapolis, yet northeast Indiana's presence in that policy-making arena is frequently too little and too late. This policy-making occurs in and among business organizations (such as the Indiana Chamber of Commerce, the Indiana Manufacturers Association and the Central Indiana Corporate Partnership), on the legislative front (beyond the time the General Assembly is in session), with government associations and with non-profit organizations related to public policy-making. You cannot be a player if you are not at the game.

RECOMMENDATION

Recommendation: Consider creating a northeast Indiana "outpost" office in Indianapolis to more regularly interact with state and central Indiana organizations. This office would be funded by a coalition of economic development and business support organizations in northeast Indiana.

OBSERVATION

Due to the concentration of manufacturing activity in northeast Indiana, the ability to link small and medium-sized businesses to the state's intellectual capacity for improving productivity, enhancing product development and supporting innovation is critical to the sustainability of many of these businesses. However, only a limited amount of the state's

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intellectual capacity – often found at our research universities – is located in northeast Indiana. We must do all we can to link business and research.

RECOMMENDATIONS

Recommendation: Increase the connectivity between the Advanced Manufacturing Center at Purdue University in West Lafayette and Northeast Indiana businesses. The Office of Engagement represents a solid first step and we should develop additional vehicles to improve the connectivity, particularly with small manufacturers.

Recommendation: Secure the continued financial support for the Office of University Engagement beyond its initial two year pilot support.

OBSERVATION

Many opportunities exist to export the goods produced via the industrial capacity of northeast Indiana. In many instances, markets for these goods are expanding overseas. Assisting local companies as they enter the global marketplace can enhance the sustainability of our production capabilities.

RECOMMENDATION

Recommendation: Consider the creation of the Northeast Indiana Center for International Trade designed to assist small and medium-sized businesses already located in the region to successfully export their products and to better understand how to participate in the global marketplace; explore the potential for strengthening a university-based program in international business. We should gain a better understanding of the University of Evansville Institute for Global Enterprise funded through a \$15 million grant from the Lilly Endowment, Inc.; and we should support initiatives such as the \$1 million appropriation in the 2007-09 state budget offered by Rep. Borrer to provide technical and financial assistance to small businesses engaged in global commerce.

OBSERVATION

“Business intelligence” – knowing as much as we can about our current basic sector industries and employers, about national and global business trends in our targeted industry clusters, and about the economic linkages between our businesses within the region – will allow us to work smarter, not just harder, at improving the regional economy. Historically, this has not been a strong facet of our regional economic

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development system – we can do better. Business research will be a core supporting function to the marketing activities of the RP. This function can and should, however, serve “business intelligence” needs beyond just those of the RP.

“Crafting a metropolitan-wide economic strategy for the New Economy requires an acute understanding of the regional economy and, in particular, how its key industrial sectors compete in a global economy. It behooves all metro areas to do a careful analysis of their economies to identify and assess the competitive position of their key industry clusters. A region’s strategy should grow out of its unique industrial structure, economic assets and limitations, and business culture. Therefore, a region should develop an in-depth and ongoing understanding of its economy, including how major economic sectors work and what the region’s economic strength and weaknesses are. Too often decision makers think they already know what’s going on and skip this essential stage in the exuberance to ‘get on with it.’ But this is a critical mistake.”¹⁸

RECOMMENDATION

Recommendation: Examine models for upgrading the level of “business intelligence” in northeast Indiana, this initiative might:

- provide research support for the targeted marketing program managed by the RP;**
- link information collected by LEDOs in their respective existing business retention visitation programs;**
- create capacity within or contracted to the RP to be able to undertake extensive IMPLAN or RIMS II econometric modeling;**
- provide research support to the “cluster specialists”**

¹⁸ *The Metropolitan New Economy Index: Benchmarking Economic Transformation in the Nation’s Metropolitan Areas*; Robert D. Atkinson of the Progressive Policy Institute and Paul D. Gottlieb of Case Western Reserve University; April, 2001; p. 37.

CHAPTER 7: UPGRADING OUR PRODUCT

OBSERVATIONS

“Competitive community foundations for economic development include: 1) business sites and development areas (in both revitalizing and new growth areas) to accommodate future local business and industry growth; 2) public infrastructure (highway, sewer and water, telecommunications, other) to support the productive operations of local business and industry; 3) specialized development resources (economic development incentives, business incubators, airports, etc.) helping local business and industry grow and expand; and 4) providing the essential resources (K-12 education, higher education, and workforce training programs) to educate, train, and prepare local citizens to develop new skills and knowledge for future quality jobs and careers.”¹⁹

WORKFORCE SKILLS

OBSERVATION

If northeast Indiana is to truly embrace cluster-based economic development, then the workforce needs in each targeted industry cluster must be thoroughly understood. This can best be accomplished by developing close relationships between current employers in targeted clusters and our workforce development organizations. If the workforce is the most important part of “product” - and if we seek to be a competitive region for selected industry clusters – then pro-actively addressing this issue is absolutely critical. To wait until a prospect is identified and then attempt to meet their workforce needs through training is too frequently simply going too late. Those prospects will go where the needed skills are already in place (and where that capacity can be demonstrated to be in place).

“The single most important resource of any cluster in today’s economy is its human capital. Access to a labor pool that knows how to apply its knowledge to the business of the cluster is a key to success.”²⁰

“Economic development cannot be separated from workforce development. Successful 21st century employment and economic growth depends on increasing the skill and knowledge levels of existing Hoosier workers and ensuring that the education of future workers is more

¹⁹ “Creating Competitive Community Economic Foundations”; draft document prepared by Donald T. Iannone and Associates for the Allen County Department of Planning Services and the City of Fort Wayne Department of Community Development; Richmond Heights, Ohio; August 15, 2005; pp. 2-3.

²⁰ *A Governor’s Guide to Cluster-Based Economic Development*; prepared for the National Governors Association by Stuart Rosenfeld, Regional Technology Strategies; Washington, D.C.; 2002; p. 12.

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challenging and effective. Simply stated, for Hoosier employers to be successful in the global knowledge economy, Indiana's workforce must be more skilled, productive and flexible."²¹

"Our analysis suggests that a skilled workforce is the primary driver of economic growth. Of the eight factors, this factor is the most correlated with growth in three of the four areas of economic activity investigated: output, per capita income, and productivity. A skilled workforce includes not only the educational attainment of the workforce as measured by post-secondary degrees, but also the ability of companies to integrate these skills as measured by the proportion of knowledge-based occupations and patents created. Indeed, the analysis shows that a region's skilled workforce contributes significantly to its productivity growth."²²

RECOMMENDATION

Recommendation: We must provide a strong linkage between the "industry cluster specialist program" and the workforce development strategic planning process to identify targeted workforce strengths that will enhance the competitiveness of existing businesses in the given cluster and improve the ability to attract additional firms. Funding partnerships involving the Northeast Indiana Foundation, the Regional Workforce Board, and regional businesses will be necessary to put this program in place.

OBSERVATIONS

In 2005 the Indiana Department of Workforce Development launched the Strategic Skills Initiative in an effort to specifically align workforce development resources to economic development activities in each Economic Growth Region in the state. The objective of this program was to identify and address the root causes of critical skill shortages in each region's high wage, high growth industry clusters. It was an important initiative for northeast Indiana for at least three reasons:

- *it solidified a building relationship between workforce and economic development players in our region;
- *it provided one our first series forays into cluster-based economic development;
- *it led to the funding of several model programs to improve identified skill shortages

²¹ "Accelerating Growth, Indiana's Strategic Economic Development Plan"; Indiana Economic Development Corporation; April, 2006; p. 13.

²² *Dashboard Indicators for the Northeast Ohio Economy*; prepared for the Fund for Our Economic Future by the Federal Reserve Bank of Cleveland and authored by Randall Eberts, George Erickcek and Jack Klienhenz; April, 2006; p. ii.

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The Indiana Strategic Skills Initiative may have been a one-time funding opportunity from the Indiana Department of Workforce Development. However, it provided an outstanding model of how our workforce development and economic development objectives can be aligned.

RECOMMENDATION

Recommendation: We should institutionalize the Strategic Skills Initiative methodology for targeting workforce training resources to best link with the long-term economic development objectives of northeast Indiana. This will require close cooperation between the Regional Workforce Board and the LEDOs in northeast Indiana.

OBSERVATIONS

Every county in our region believes it has strong workforce skills to offer potential employers. However, we too frequently are not able to document those strengths where they do exist. The Work Keys skills evaluation program provides one nationally recognized method for demonstrating the workforce assets northeast Indiana possesses.

The other side of the Work Keys system is the evaluation of skill sets directly related to the specific positions within our current employment base. While the primary purpose of these evaluations is to assist in the matching of available workers to available jobs, there is a secondary benefit through the collective knowledge this information provides on the specific skills and skill gaps, and subsequently the training needs, important to employers.

RECOMMENDATIONS

Recommendation: Aggressively promote the expansion of the Work Keys business assessments to improve our understanding of the specific training needs critical to our basic-sector employers. Primary responsibility for this initiative rests with the Regional Workforce Board and Partners for Workforce Solutions. LEDOs and Chambers of Commerce can also play an important role through encouraging their local businesses to participate in the assessments.

Recommendation: We must continue support for an extensive Work Keys skills evaluation program for workers, not only to assist the regional workforce in upgrading their skills but also to document for potential businesses the quality and depth of the regional workforce. The primary responsibility for this initiative should come from the Regional Workforce Board.

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OBSERVATION

Historically, northeast Indiana has not often aggressively sought or received extraordinary federal, and in some cases state, grants for workforce programs closely related to economic development. The efforts undertaken to obtain funds under the Indiana Strategic Skills Initiative would be an exception to this pattern. One of the key factors may be our lack of necessary staff capacity to successfully meet the application requirements of various programs. If we desire to take advantage of opportunities such as the WIRED program we will have to improve our capacity to respond on very short notice.

RECOMMENDATION

Recommendation: We should provide technical support to the Northeast Indiana Workforce Board to facilitate this region's ability to more aggressively pursue state and federal financial resources that can support the implementation of our workforce development strategies. The Northeast Indiana Foundation would be a potential support for this assistance.

OBSERVATIONS

“Educators must produce graduates familiar with the world of work and the skills needed to be effective in it. Business/education collaborations are critical to help familiarize the teaching and counseling professions with the needs of business. Teachers and career counselors should engage in business externships, and certificate and associate degree programs in community colleges, and technical schools should be updated to the new 21st century skill requirements. And because K-12 education is where it all begins, math and science should be emphasized in K-12 curricula with a focus on technology and innovation.”²³

“Individuals must take responsibility for their employability. This is the millennium of the free-agent worker – a person who can go anywhere and do anything with the right kind of education and training. Individuals must accept their role in keeping their skills current and should understand that the value they bring to the workplace is contingent upon their commitment to lifelong learning – to keep their skills and their knowledge current.”²⁴

²³ *2005 Skills Gap Report – A Survey of the American Manufacturing Workforce*; prepared by Deloitte Consulting for the National Association of Manufacturers and the Manufacturing Institute/Center for Workforce Success; 2005; p. 23.

²⁴ *2005 Skills Gap Report – A Survey of the American Manufacturing Workforce*; prepared by Deloitte Consulting for the National Association of Manufacturers and the Manufacturing Institute/Center for Workforce Success; 2005; p. 23.

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“With the many changes to the overall business environment, including the economy and competitive landscape, manufacturers were asked to identify the employee types among whom they anticipate shortages over the next three years. The real pressure point again appears to be the skilled production workers, with a full 80 percent of respondents anticipating shortages of skilled production workers over the next three years – this is over twice the severity of the next skill shortage category.”²⁵

INFRASTRUCTURE

OBSERVATIONS

There is no single overriding infrastructure issue of a regional scale facing northeast Indiana that compares with the importance of the I-69 extension between Indianapolis and Evansville to the economy of southwest Indiana or the Gary Regional Airport to the economy of northwest Indiana.

The dual highway spines of I-69 and I-80/I-90 are the most critical components of the regional infrastructure system from an economic development perspective. The existing interchanges along both highways represent our most important potential nodes of future economic activity. We must treat the development occurring at each with care to insure that we make the highest and best economic use of these assets from a regional economic perspective (rather than that of the respective landowner). We also need to improve access from communities in northeast Indiana which are not directly on, but are reasonably close, to the I-69 and I-80/I-90 corridors.

Identifying the specific infrastructure needs for existing and potential businesses in the targeted industry clusters and addressing the identified needs will be critical to creating competitive locations for both attracting firms in the respective cluster and for local retention efforts. Currently such identification, when it does occur, usually happens at the LEDO level and often when we are in a reactive posture - being more competitive means being more pro-active in addressing these needs.

RECOMMENDATIONS

Recommendation: Utilize the *Comprehensive Economic Development Strategy* process now being jointly undertaken by Region III-A and the Northeast Indiana Regional Coordinating Council Use the CEDS process to develop a regional economic development-related infrastructure priority list. Use this tool as the vehicle to identify highway improvement projects of regional importance and

²⁵ 2005 Skills Gap Report – A Survey of the American Manufacturing Workforce; prepared by Deloitte Consulting for the National Association of Manufacturers and the Manufacturing Institute/Center for Workforce Success; 2005; p. 6.

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projects that would serve to better connect our communities throughout the region to the Interstate highway system.

Recommendation: Provide a strong linkage between the “industry cluster specialist program” and the CEDS process to identify regional infrastructure improvements that will enhance the competitiveness of existing businesses in the given cluster and improve the ability to attract additional firms.

Recommendation: Support efforts for collaborative initiatives between Region 3-A Regional Planning and Economic Development District and the Northeast Indiana Regional Coordinating Council, such as a nine-county CEDS and a nine-county long-range transportation plan.

Recommendation: Support the creation of a Northeast Indiana Regional Development Authority to jointly finance strategic infrastructure investments of regional importance.

OBSERVATION

We need to “restock” the inventory of industrial and business sites with an emphasis on 21st Century needs. In the mid- to late-1980s, northeast Indiana created a substantial inventory of “development-ready” industrial parks and sites. Over the subsequent twenty years much of this inventory has been developed. Secondly, industry needs are changing and therefore a need to upgrade site inventory to keep pace with these changes.

“One of the fastest growing trends in the site location business is the demand for certified industrial sites. The reason for this is simple: the location process demands available sites, and those sites need to be ready for development (i.e., shovel-ready). Companies looking to build new facilities want sites that are ready-to-go and relatively risk-free.”²⁶

RECOMMENDATION

Recommendation: Develop a Northeast Indiana Shovel Ready Program and encourage/support communities throughout northeast Indiana to submit quality sites to the state for “shovel-ready” site designation. The LEDO Council should take the lead in this initiative with support from the Regional Marketing Partnership.

²⁶ “Shovel-ready Sites”; Jeannette Goldsmith, Principal, McCallum Sweeney Consulting; Business Facilities; June, 2005.

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OBSERVATION

Accessibility to wide broadband width service has become an essential component of infrastructure for successful business support. There may be substantial disparity within northeast Indiana communities in the availability of adequate broadband width – with the disparity usually based upon an urban/rural differentiation.

RECOMMENDATION

Northeast Indiana should prepare an inventory of broadband width availability throughout the region as a foundation to building a collective strategy for enhancing region-wide capacity.

INCENTIVES AND FINANCES

OBSERVATIONS

Economic development incentives continue to play a role in both attraction and retention efforts. Some would tell us that this role is becoming less critical as other issues such as workforce skills become the distinguishing factor between regions. Others contend that incentives continue to play a critical role in locational decisions. Regardless of where one stands on this debate, incentives continue to have a prominent role in economic development tactics. In fact, most states are regularly expanding their arsenal of incentives for use by both state and local governments. Indiana is no exception to this pattern.

While there is little a regional economic development strategy can do create economic development incentives – that is mostly done through state enabling legislation enacted by the General Assembly – there are things that can be cooperatively to improve our understanding and ability to utilize those tools provided to us.

“A general principle for companies to remember when dealing with incentives in a location decision is that projects drive incentives, incentives don’t drive projects. ... For site selectors, it is understood that incentives cannot make a bad location good. However, incentives can make a location more competitive and in the end distinguish one good location from another.”²⁷

An important local incentive resource for many communities is the County Economic Development Income Tax revenues available to municipal and county governments. Most counties in northeast Indiana have enacted this optional tax (not including those

²⁷ “Incentives: Part of the Business Location Decision”; Mark M. Sweeney; Business Xpansion Journal; May 1, 2005.

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which have enacted it only for property tax credits associated with the elimination of the property tax on inventory). While this tax can now be used for any permitted governmental expense (a recent change from the prior limitation that CEDIT funds could be used only for infrastructure or economic development purposes), several communities in the region are using CEDIT for economic development. In addition to CEDIT there are also several other local revenue streams that may be used to provide economic development incentives.

RECOMMENDATIONS

Recommendation: The LEDO Council should hold periodic workshops on the creative uses of local revenue streams that are allowed in Indiana to tailor incentive packages to the unique needs of a given prospect.

Recommendation: Promote regional LEDO cooperation to increase our collective understanding of project incentive “best practices”. Involve the regional office of the IEDC in this initiative.

Recommendation: Increase the interaction between the LEDOs and the Regional Workforce Board regarding the use of workforce training programs as part of a retention or attraction incentive package.

Recommendation: Develop a regional economic development incentive tool kit that can be packaged in print and on website and that has a corresponding “live” component presentation that can be given to small groups of businesses on a roving basis throughout the region.

Recommendation: The Community Development Corporation of Northeast Indiana should apply to Northeast Indiana Foundation for a planning grant to examine how to improve loan programs throughout the regional, how to shift to a regional organization, and how to attract additional capital to the loan funds.

COMMUNITY DEVELOPMENT

OBSERVATIONS

Building and maintaining strong civic leadership throughout northeast Indiana is perhaps the most critical ingredient for sustaining a long-term economic development program. Strong communities that exhibit a high degree of “civic entrepreneurship” make for a strong economic development climate.

RECOMMENDATIONS

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Recommendation: Assist the northeast Indiana communities to connect to the resources of the Indiana Office of Community and Rural Development; the two regional planning agencies - Region III-A and NIRCC - should be the lead players in this initiative.

Recommendation: The Northeast Indiana Foundation should provide the support for a regional institute of civic leadership that would provide individual and organizational professional development opportunities for civic leaders throughout the region.

CHAPTER 8: MEASURING OUR PROGRESS

OBSERVATIONS

Those individuals, organizations and local governments which are financing the Regional Partnership and all the other economic development organizations in northeast Indiana do so for one primary reason – to see the retention and creation of quality jobs in the region – and they will want to know if we are accomplishing that goal. Therefore, measuring our progress is a critical, but too frequently overlooked, component of any economic development initiative.

“Economic development is a never-ending process, and economic planners must continue to monitor and discuss their region’s progress while charting their future course. A set of local economic development indicators provides a basis for ongoing policy discussion and planning and a means of assessing progress”²⁸

Economic development measures can occur in at least four important ways:

- *Measuring the “inputs” or underlying variables that make a region more competitive (the quality of the workforce is one such input variable)
- *Measuring the “outputs” or factors that we commonly consider to be evidence of economic well-being
- *Benchmarking ourselves against the “inputs” and “outputs” of other “comparable” regions or metropolitan areas
- *Measuring the performance of respective organizational players in the economic development delivery system

RECOMMENDATIONS

Recommendation: Explore establishing contractual relationship with the Upjohn Institute to collaborate in the Dashboard Indicators project measuring inputs and outputs in future years.

Recommendation: The Northeast Indiana Foundation should consider a joint venture with the IRBC and other university-based research organizations to subscribe to the economy.com county-by-county forecasts of economic outputs.

Recommendation: The Regional Partnership should establish a group of similar-sized Midwestern regions, each with a core Metropolitan Statistical Area for which the economic performance of northeast Indiana should benchmarked on an annual basis.

²⁸ “Dashboard Indicators for the Northeast Ohio Economy”; p. 2.

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Recommendation: At a minimum, the Regional Partnership should establish its organizational performance measures and share the same with the LEDO Council.

Recommendation: The Regional Partnership should assume the responsibility of maintaining and improving this tracking system. The support and active participation of all LEDOs in the region in supplying information to feed this tracking system should be sought by the Partnership.

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