



## **Northeast Indiana Regional Partnership Target Industry Study (summary)**

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**Dean Whittaker** – Whittaker Associates

**Rebecca Rooy** – Whittaker Associates

**Joel Burgess** – Whittaker Associates

**Jim Edmonson** – Whittaker Associates

**Maryjane Miedema** – Whittaker Associates



Targeted Lead Development

Predictive Models

Industry Intelligence

44 East 8<sup>th</sup> Street

Holland, MI 49423

616.396.4500

[www.whittakerassociates.com](http://www.whittakerassociates.com)

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## INTRODUCTION

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To assist in building a regional approach toward economic prosperity, Whittaker Associates has prepared a target industry analysis and company profile for the region. The following report includes results and analysis of the data we collected through primary research, site visits, and personal interviews with community leaders and businesses. For Northeast Indiana, we examined the economic base of the region; studied past expansions, closures, and industry migration patterns; prepared a target company profile; created a predictive matrix model to prioritize the target industries.

The purpose of the target industry strategy is to review, verify, and recommend industry targets for company relocation and expansion in both the metro and rural settings. Working in concert with the IPFW Community Research Institute's regional economic development strategy, the target industry strategy will provide the Northeast Indiana Regional Partnership (Partnership) with a framework to focus its efforts on those areas that will maximize the return on investment of resources.

### **Overall Impression of Northeast Indiana**

#### **Interview Summary**

Whittaker Associates gathered information about the business climate in the region directly from the sources of expertise: various industry leaders in the region. The majority of the leaders interviewed represented an existing regional company or facility. Although the personal interviews ranged in industry, many views concerning strengths, weaknesses, opportunities, and challenges of the region were shared. The results of these interviews are detailed in Appendix A.

#### **Competitive Advantage**

Throughout its history, the region has been a hub for transportation. First, the rivers passing through Fort Wayne provided linkages to the nation. This was followed by the short-lived canal system which ended with the arrival of the railroads. The railroads were augmented with the highway system and then the Interstate. Currently, the 12,000 foot runway at the airport is adding yet another component to the transportation infrastructure.

In his humorous book, *Fort Wayne is Seventh on Hitler's List*, Michael Martone identifies the strategic importance of the region. The region is a place that "knows how to make things." Due to the long history of manufacturing within the region, the area has developed extensive capabilities in this economic sector. In many counties, manufacturing employment approaches 50% and fully exceeds the nation's 17% average.

### **Competitive Advantage**

#### **Transportation Hub**

#### **Manufacturing Knowledge**

#### **Quality of Life**

#### **History of Innovation**

#### **Medical Facilities**

#### **Water**

#### **Power**

**Challenges  
And  
Opportunities  
For  
Improvement:**

**Education and Skill  
Attainment Levels**

**Industry Diversity**

**Advanced  
Manufacturing  
Methods**

**Leadership Drain**

**Regional Approach to  
Economic Development**

**Thinking Globally**

**The largest looming  
questions for the region**



The rural nature of the region, with its conservative Fort Wayne hub, is represented by a range of lifestyles: the up-scale lakes area, metro city life, and the simplistic Amish area. Its central location, relative to major metropolitan areas, makes a day trip to the “big city” possible.

The development in overall infrastructure makes Northeast Indiana regionally more competitive while also serving its population. The highway infrastructure has evolved to stay ahead of population growth and provides a congestion-free commute and a slower pace of life that affords time for family, friends, recreation, and a contemplation of what is important. Additionally, the rapidly growing hospital complexes provide state-of-the-art cardiac care and joint replacement to an aging population in a large multi-county tri-state region.

The region has a history of innovation. An example of this innovation includes the mechanical devices centered on the motorized vehicle. The region’s century-long contribution to the motor vehicle industry, in terms of functionality and design, is exhibited at the Auburn Car Museum. This history gives hope that innovation and design can lead the region to a viable future in the global economy.

**Challenges and Opportunities for Improvement**

Variability in the quality of education across the region is a challenge to Northeast Indiana. In some counties, the school systems are considered to be a weakness of the area. Similarly, the low educational attainment of the workforce, along with a reluctance to seek career-building skills, leaves the region at a competitive disadvantage in a global economy. With the increasing sophistication of technologically driven manufacturing, the need for higher skill is apparent. Education and training offer tools for improving skill sets.

The rapid decline of the automotive sector illustrates the need to diversify the work being done within the region. What was once an inexpensive area to locate branch plants now has defaulted to the place where companies leave for even less-expensive locales. This results in the migration of work out of the region.

Both locating and attracting work that the current workforce is capable of performing at a competitive cost and additionally attracting contracts for current companies are a major challenge to the region. The history of union activity gives the perception that this is no longer the case. Given an aging, manufacturing-focused workforce that is taking its skill sets into retirement, the region faces the difficult task of re-inventing itself. A slowness to adapt to the new work and the new way of working has caused

## Unique to Northeast Indiana

Agri-Tourism

Bio-Fuel

Prosthetic Development

Communication System Innovation

Innovation Center

Appealing Lifestyle

many firms to fail or leave the area. Those companies that have diversified their customer base or moved completely into a new field of work have survived, and in some cases, flourished. An example of this is seen in the migration from manufacturing tools and dies for the automotive parts industry to producing prosthetics for the health care industry. The speed at which companies and workers can learn and adapt is critical. Finding ways to speed the deployment of new methods, processes, and procedures are needed.

Another major issue Northeast Indiana faces is the loss of leadership due to companies relocating out of the area. Large national and multinational business operations have strategic importance to the region since the business leaders tend to have a high impact on the leadership within the community. Therefore, this relocation trend results in the de-coupling of community and company interest. The loss of local ownership, and therefore commitment and interest, leads to a lower management talent pool and lessened civic involvement.

### LEDO Capabilities

The economic development capabilities of the local organizations vary dramatically county to county, ranging from the very sophisticated programs in Allen County (Fort Wayne), to the very early stage of development in LaGrange County. The county income tax funded efforts risk becoming politicized. With the recent competition over funds, the local economic developer's time becomes consumed in defending his/her budgets and programs. A strong need exists for an Economic Development 101 training program for local officials, community leaders, and the general public to fully understand the process, benefits, and challenges of economic development. Discontinuing the emphasis on county boundaries and increasing the focus on a regional approach would better serve the community's interest.

### Unique Opportunities

The region has some unique opportunities. Its rural nature and large Amish settlements lend itself to agri-tourism. The development of seed by



which genetically engineered crops will be produced may lead to a significant turn-around in the decline of agricultural revenue within the region. Similarly, the bio-fuel boom, if sustainable, will further enhance the value-added agricultural effort. Additionally, evolution of the prosthesis joint

replacement into the nano-tech stem cell cartilage replacement will further propel the region's life science effort. Finally, the long-history of innovation in communication may lead to the next generation, multi-district, inter-operable communication system.

**Population growth, education, and per capita income are three indicators of community health. For these indicators to reach a desired level equal to or better than the state, it is necessary to engage in programs that positively impact community health. As of now, the manner in which Northeast Indiana performs under the indicators is underdeveloped.**

The small regional jet transportation initiative holds great promise, although is currently weakly supported.

The Northeast Indiana Innovation Center, with its unique personal income tax re-capture capability, is an international model for business incubation and growth acceleration of the next generation of firms.

The ability to provide a safe, secure, slower paced, lower cost lifestyle may be the region's greatest competitive advantage in the global market to keep and attract talent in a knowledge-based and networked economy.

### **Socio-Economic Data**

Socio-economic analysis and demographic data provide the essential reference point to build any successful strategy. As with any area, the most important resource the region has is the people who reside, work, and play in the region.



The three socio-economic factors that indicate a community's prosperity (population, income, and educational attainment) are our main focus.

Appendix B contains data used in our analysis for Northeast Indiana. The reports were created with the assistance of STATS Indiana.

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**TARGET INDUSTRY RECOMMENDATIONS**

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**Primary Targets:****Transportation & Logistics****Advanced Materials****Financial Services****Medical Devices****Food Processing**

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**Secondary Targets:****Health Care****Tactical Communications****Hospitality/Tourism****Aviation/Aerospace****Production Technology****Motor Vehicle Parts****Recreational Vehicles****Printing and Publishing****Sustainable/Renewable Energy****Wood Products****Target Industry Recommendations:****Primary Target Industries****Transportation & Logistics**

- Distribution / Logistical Support – Geographic location, transportation infrastructure
  - 10-15 warehouse/distribution centers along I-69/I-80 intersection
  - Key geographic location offers competitive logistical advantage for serving major Midwest cities
- Logistic Infomatics – move information
  - Incubate business in the NIIC (Northeast Indiana Innovation Center)
- Intermodal – geographic location; long history of transportation hub
  - Intermodal under consideration in Ft. Wayne but non-attainment EPA status issue
- Air Cargo – facilities available, room to grow
- Kitty Hawk – air freight service on site; negotiating with Chinese carrier for possible link.
- Truck and trailer requirements growing
- Relatively low education requirement
- Rural and metro fit

**Advanced Materials**

- Supports other clusters including orthopedic, automotive, aviation/aeronautics, medical devices
- Educational/joint venture resources available
- Emerging industry – nanotech, joint repair vs replacement, composite material for aircraft, boat, recreational vehicles
- Contributes to history of metal fabrication
- Opportunities - fabricated metal products from steel
- Rural and metro fit

**Financial Services**

- Becoming niche player with local expertise in specialty insurance
- Back-office support available – facilities and people
- SEC licensed workforce
- Primarily metro fit

**Medical Devices****Orthopedic Tools & Devices Coronary Implants**

- Large support infrastructure

## **Target Company Parameters:**

**Minimum 50 employees**

**Minimum \$20 million in sales**

**Minimum 10% growth in employment and/or sales**

**International geography**

**Predictive events: executive changes, mergers/acquisitions, new markets, new products/services, new contracts, sales and employment growth, initial public offerings**

- Knowledge bases and intellectual property
- Concentration of talent
- National / international reputation
- Rural and metro fit

### **Food Processing**

- Large dairy herd supported by bio-fuel by-products
- Dairy products increasing in demand
- High protein feed from bio-fuel production by-product - animal feed
- Organic food
- Not likely to be off-shored
- Not cluster-dependent
- Rural and metro fit

### **Secondary Targets**

#### **Health Care**

- Growing expertise in cardiovascular – heart implant and repair
- Primarily metro fit

#### **Tactical Communications**

- Communication equipment for interoperability of emergency services
- Other defense-related industry needs
- Repair and replacement of military equipment

#### **Hospitality/Tourism**

- Destination venue needed
- Museum opportunity – many within the region
- Agri-tourism has great potential
- Baby-boomer supported
- Rural and metro fit

#### **Aviation/Aerospace**

- Air-taxi – aircraft and small jet parts (transportation of future)
- Primarily metro fit

#### **Production Technology**

- “We make things” expertise
- Growing demand for robotics and lean manufacturing
- Rural and metro fit

#### **Motor Vehicle Parts**

- Long history of automobile parts and production innovation and design
- Rural and metro fit



**Recreational Vehicles**

- RV Equipment – demographic support from baby boomers
- Large regional cluster of support industries
- Boats – a few high-end manufacturing present
- Primarily rural, but some metro fit

**Printing and Publishing**

- Central geographic location for distribution to major metropolitan markets
- Adaptable, semi-skilled workforce available
- Attractive pay scale for skills required
- Highly successful local firm
- Support other regional target industry sectors
- Rural and metro location possible

**Sustainable/Renewable Energy**

- Bio-Energy – several ethanol plants planned (4-5); a bio-diesel plant
- Produce a large amount of protein by product
- Use large amount of gas and grain
- Primarily rural fit

**Wood Products**

- Amish woodworking skills in the area
- Value added agriculture
- Supports RV and other local industries
- Opportunity for regional furniture assembler
- Compatible with available workforce

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**PREDICTIVE MATRIX**

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**Northeast Indiana's  
Top Target  
Industries,  
According to the  
Weighted Matrix:**

**Advanced Materials**

**Transportation and  
Logistics**

**Financial Services**

**Medical Devices**

**Food Processing**

Using a variety of variables to determine precipitating factors that indicate that an industry is a good, natural, or feasible fit for Northeast Indiana, a weighted matrix was developed based upon a statistical analysis of 32 factors. An algorithm was created to weight each factor based upon relevance in predicting the behavior of the industries. An index for each industry was derived using this unique algorithm. A list of targeted companies was then be ranked according to their index and subsequently grouped into levels A, B, C, and D based upon the feasibility they will relocate or expand into Northeast Indiana in the next 12-18 months. Below is the output of the matrix for Northeast Indiana. (See Appendix C for more descriptions about the predictive matrix.)

<b>NORTHEAST INDIANA PREDICTIVE MATRIX OUTPUT</b>	
<b>Weighted Total</b>	<b>Target Industry</b>
760	Transportation & Logistics
730	Advanced Materials
650	Financial Services
650	Medical Devices
595	Food Processing
540	Health Care
535	Tactical Communications
525	Hospitality/Tourism
520	Aviation/Aerospace
515	Production Technology
490	Motor Vehicle Parts
460	Recreational Vehicles
410	Printing and Publishing
390	Sustainable Energy
280	Wood Products