

ENHANCED APPROACH

Wages, Workforce Drive Economic Development Strategies

By Matt Ottinger

Less than one year into Gov. Mike Braun's term, Indiana continues to tout a strong business climate as it seeks to attract and retain businesses.

Larry Gigerich, executive managing director of site selection firm Ginovus, is a veteran in the industry, having served in his role for nearly 24 years. He recalls that Indiana's approach to economic development underwent a major transformation beginning with Gov. Mitch Daniels' administration and the creation of the Indiana Economic Development Corporation (IEDC) about two decades ago.

"I think on the attraction side in particular, the state really went from a philosophy of saying, 'Any type of business looking to move to Indiana, the state would largely treat equally,'" he reflects. "Whether it was a warehouse manufacturing project, an office project, whatever it may be, and then starting with the creation of the IEDC, the state began to say, 'Here are industry sectors that we're the most interested in.'"

Like Gigerich, Jim Plump, executive director of the Jackson County Industrial Development Corporation (JCIDC), is long-tenured, having been in his position over 40 years and echoes the sentiment that new governors bring new visions.

"We're nine-plus months into the new administration, and things have changed ...," he assesses. "There's a huge emphasis on wages, which we think is very good because that's really kind of what it's all about. Making sure that we can get to a point where if we attract jobs or we retain jobs, the wages are as good as they can possibly be for the betterment of the entire state of Indiana."

Winning the wage war

At the IEDC's recent quarterly board meeting in September, Gov. Braun highlighted that year over year, the average wage of jobs

incentivized by the IEDC to come to Indiana has increased from \$37 to \$41 per hour, a more than 10% increase or over \$8,000 annually per job.

"Our economic development priorities are very simple: increase wages and increase jobs. There has never been a better time to build a business or a career in Indiana," Braun said in a statement. "In addition to pursuing large companies and partners to do business in Indiana, we're working to grow the Main Street economy."

The new Office of Entrepreneurship and Innovation, which will largely focus on helping Main Street businesses, serves as an example of this mindset.

Further, Braun has driven the launch of the new Power Up Indiana program – an incentive initiative that rewards employers that "grow wages, build stronger teams and turn talent development into a long-term business advantage," according to the state's website.

In June, Indiana's Commerce Office also awarded \$925,000 in grant awards to accelerate entrepreneurial activity and resources statewide through its Community Collaboration Fund. These awards will help fuel 28 community-led projects focused on entrepreneurial education, connection and acceleration across Indiana.

Gigerich points to the new administration's focus on expansion and retention of existing businesses as being job No. 1.

"That ranges from providing tools that will help them with talent development, retention and attraction, but also using the state's economic development incentive tools and investment tax credits, job creation, tax credits, really focusing them on a lot of those dollars to help existing companies that are here," he expounds. "And one thing that's always important to keep in mind, about 80% of any state's new jobs are going to come from your existing business community."

All about talent

Workforce continues to be a leading criteria in job attraction and



Guardian Bikes, which makes safe and innovative bicycles for children, continues to thrive and grow in Seymour. The company has also consistently placed well in the Indiana Chamber's Coolest Thing Made IN Indiana competition.



Cummins' Seymour Engine Plant is another example of Jackson County's many successful manufacturing operations. Central Indiana also continues to grow, and Bastian Solutions broke ground on a new manufacturing facility and corporate headquarters campus in Noblesville last year.



retention, according to Plump. He touts a long-running relationship with area school superintendents and larger employers to cultivate workforce partnerships and fill job openings.

He notes the JCIDC now has a full-time workforce director on staff, as well as another position that provides support.

"We're now in the process in which every senior in Jackson County at our six high schools receive an interview," he shares. "We get students and we get volunteers throughout the communities and they sit down and do one-on-one mock interviews with every senior – and that number is over 500 kids."

He adds that some interviews have indeed resulted in jobs for interviewees.

The right mix

As far as Indiana's key sectors, manufacturing remains strong as the Hoosier state reigns as the most manufacturing-intensive in the nation. But the economic makeup continues to evolve.

"I think it's a good mix in industry sectors for sure," Gigerich offers. "But I would add that we are still a very heavy manufacturing state, and I think the part of the story that's not been

told yet is we still have a lot of impact coming with automation and robotics. That's going to change a lot of our manufacturing companies."

As efficiencies are maximized, the attraction landscape will likely be impacted, according to Gigerich.

"We're going to see more and more projects, especially on the manufacturing side, that are huge capital investment numbers, but smaller number of jobs than what we would've seen in the past," he predicts.

He reports that business recruitment strategies have evolved to include emerging sectors as well.

"The success of ExactTarget helped catalyze growth in the tech and software industry, expanding beyond central Indiana into cities like Fort Wayne and South Bend," he relates. "Life sciences also gained momentum, with strongholds in medical devices, pharmaceuticals and diagnostics."

"In short, Indiana moved from a reactive to a proactive economic development strategy, focusing on sectors that could drive long-term growth and capitalize on the state's unique assets."

A new day

Plump says economic development has shifted in his area through the years from business recruitment to retention, recalling undulations he's seen in his tenure.

"I think when you go back to why our organization was created in the first place, it had to do with the fact that we had double-digit unemployment," he recalls. "We had an eroding tax base and really no jobs for students coming out of school if they wanted to stay or if they went to college and wanted to come back. There just weren't a lot of opportunities."

"So, I think in the early years, that's why there was so much emphasis on new attraction," he continues. "Certainly today, I would say easily 80% of our time is spent on retention and expansion, which is obviously quite a change from the '80s when we started."

Highways to prosperity

For companies looking to expand or relocate to Jackson County, Plump touts location as a key factor.

"We're located on Interstate 65, and we're halfway between Indianapolis and Louisville and 90 minutes west of Cincinnati. We're kind of in a great location with a really good transportation system," he relays, adding his organization is part of a 10-county regional marketing group.

About 30% of the county's jobs are in the manufacturing sector, Plump reports, with a strong presence of international companies, like Japanese automotive parts manufacturer Aisin Drivetrain.

Another example of investment in the area is Vital Farms, which announced last year its plans for a major egg washing and packaging facility in Seymour.

Opportunities abound around the state as well. Gigerich points to an abundance of growth in central Indiana in the past 15 years putting "cost pressure" in the area when it comes to costs of real estate and talent.

The Fort Wayne region also continues to benefit, he asserts, with South Bend/Elkhart, northwest Indiana, Evansville and the Louisville metro area all realizing gains.

What's happening in the Indianapolis area, in particular, has a ripple effect.

"That creates an opportunity for some of these other regions – especially on industrial projects – manufacturing, supply chain logistics, distribution types of projects and data centers as well," Gigerich explains. "(Those) areas that aren't as large from a population standpoint maybe have more land, their cost structure isn't as challenging when it comes to real estate and talent or getting some opportunities."