



Growing the Economy in Central Wisconsin

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What does it take to grow a local economy? For most of us, this is a big mystery that we believe is only understood by corporate business leaders, Wall Street investors, government officials, or college professors. The reality is that even these experts can disagree on what works, and a range of strategies over the years have been tried, some successfully and many others not. But the good news is that there is an emerging consensus on what works to grow a local economy, and it is quite simple – build on what you are good at and what you know how to do.

incourage
community foundation

Old Ways of Thinking about Economic Growth

A big focus of economic growth efforts over the past 50 years has been to rely on the one big company that is the anchor of the local economy. Many communities have spent a significant amount of their resources recruiting such “white knight” companies to locate in their community. One strategy that has been used to recruit these companies is economic incentives such as tax breaks on income, property, and sales and use taxes, or sometimes even direct payments to the companies. The theory is that the financial incentive can serve as the “tipping point” for the company to make their location or relocation decision. Local elected officials and state legislatures are in a continuous race to up the ante and make their incentives more attractive than those offered by the town or state next door.

There are several challenges with this strategy. First, just because a community “wins” the incentive battle does not mean they will win the war. A company can relocate to another community, state, or even country at any time if they get a better deal or otherwise make an economic decision to move. Second, because tax dollars are used to pay for the incentives, if the company leaves, the tax dollars are gone too. This does not mean that there is no place in economic growth strategies for tax incentives, but they cannot be the only approach, particularly if they are focused on just one company.

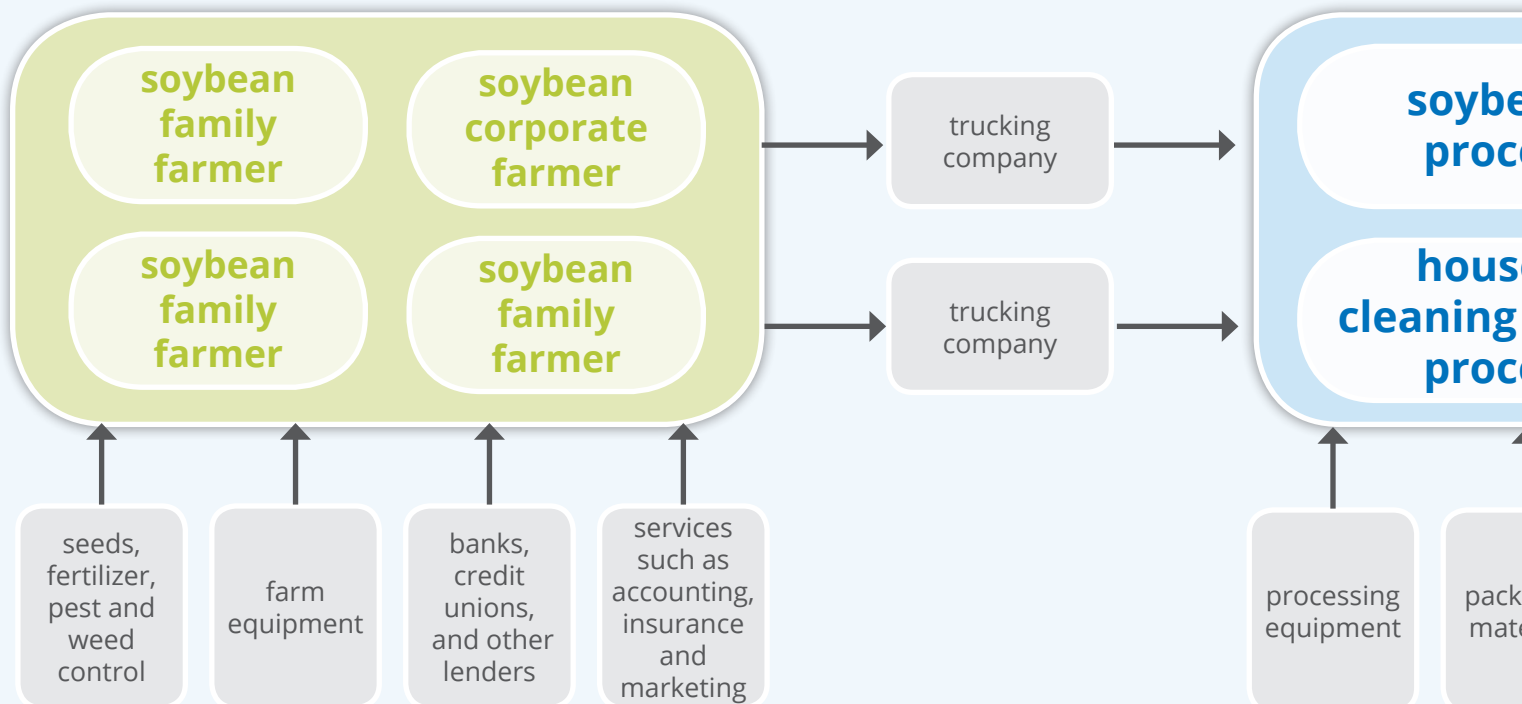
Small businesses (up to 499 employees) make up **99.7%** of U.S. employers, and accounted for **67%** of the net new jobs between mid-2009 and 2011.

A New Way to Think About Economic Growth – the Sector Approach

Build on Your Competitive Advantage

Rather than focusing on what companies you can entice to your community, a better economic growth strategy is to focus on what you already have and what you are good at. What natural resources can be found in the community? Does the climate or geography support certain types of crops or resources? Do you have an advantage related to infrastructure, local institutions, or the skills of the workforce? What forms of transportation do you have access to? Air? Highways? Rail? Water? What institutions do you have that provide education and workforce training? For what kinds of skills are they training people?

Supply Chain Map/Example



Support the Development of Sectors

Once you have identified these competitive advantages, then you are ready for the next step. How do you pull these resources together to foster competition, creativity, and cooperation and, as a result, grow the economy? Many communities have been working to develop groups of companies, within one particular sector, that build on their natural strengths.

Let's take an example of a region that grows soybeans as part of a larger agricultural sector (and illustrated in the supply chain map below). First, they identify the farmers that grow the soybeans. These might include large corporate farms as well as smaller family farms. What businesses do these farmers depend on? They buy seed and other inputs – such as fertilizer and chemicals – to protect against weeds and pests. They need equipment for planting, harvesting, and irrigation. They may need to take out a loan to finance their operations until they go to

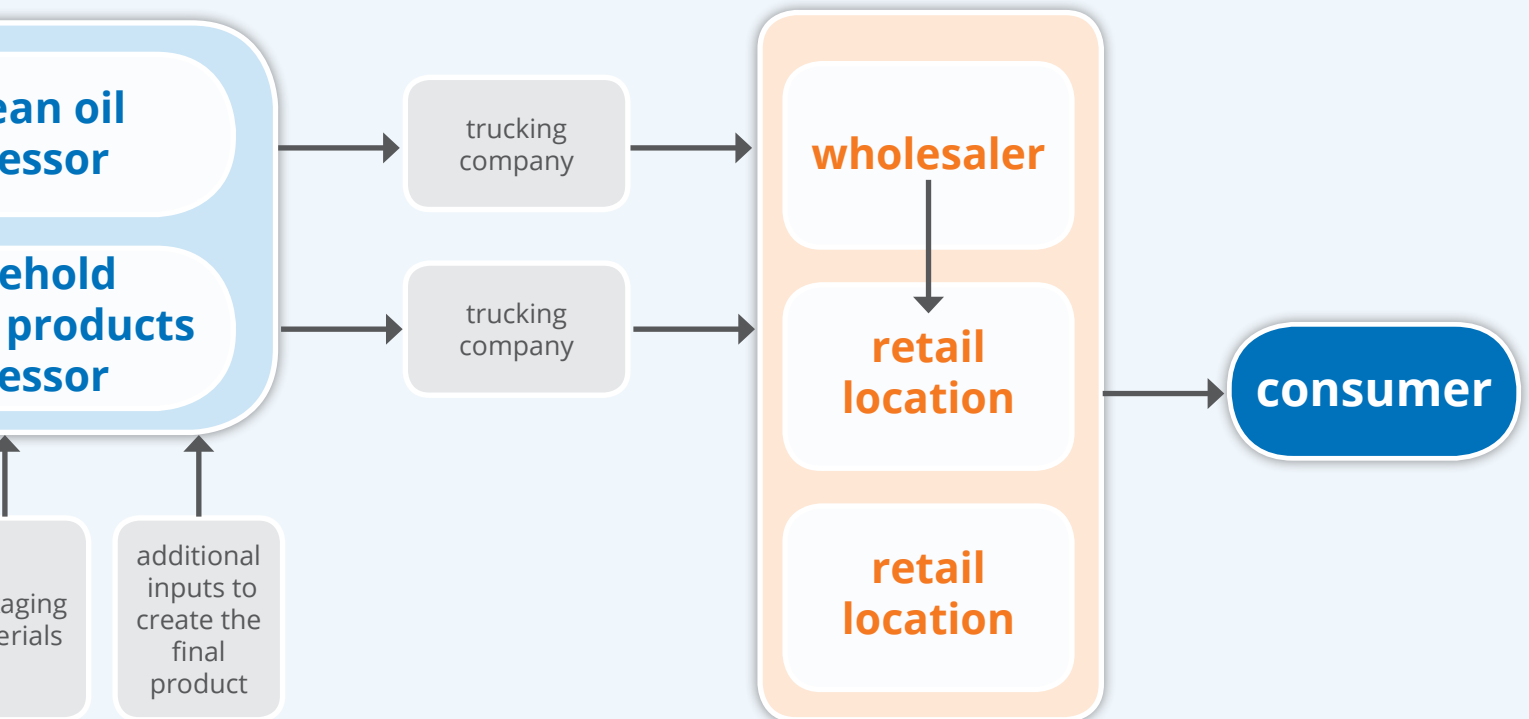
market. All of these businesses are considered suppliers to the farmer. They also may need particular services to support their work such as insurance, an accountant, or a company to market their products.

Once the farmer has harvested his crop, he needs buyers. Perhaps he sells to a food processing company that produces soybean oil for grocery stores and restaurants. Another local processor might use the soybeans to create paint or home cleaning products. The farmer will need a way to get his crop to these processing plants.

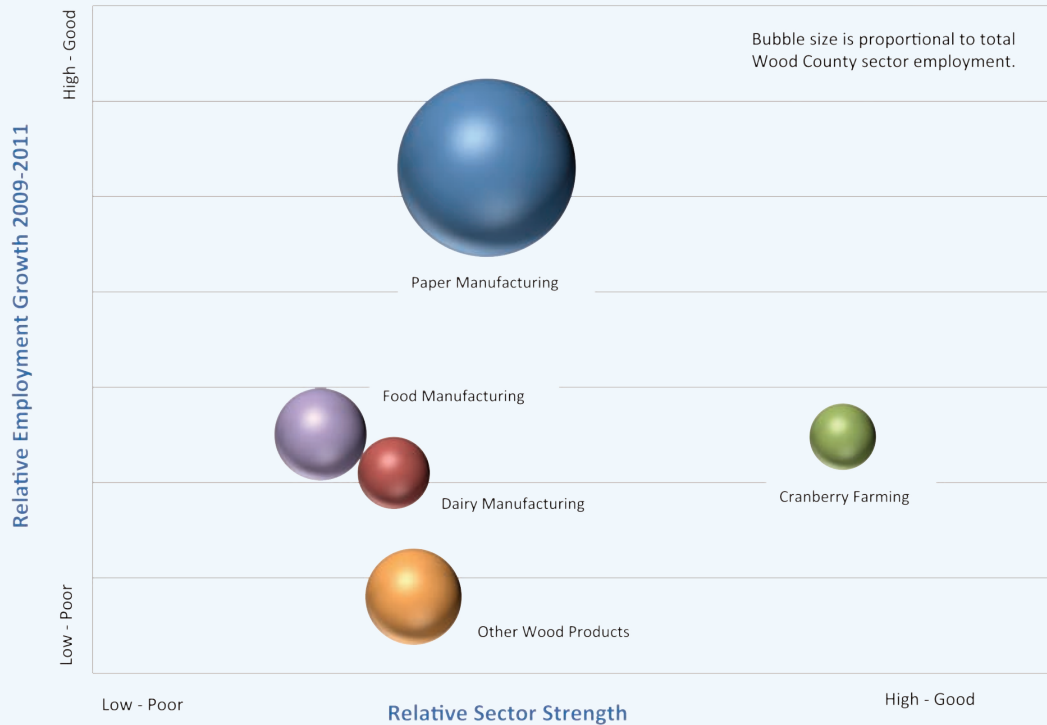
A local trucking company can serve multiple farmers. The processing plants will need equipment and packaging. And they will need buyers for their product and ways to transport the product to those buyers. These buyers will include wholesalers, as well as local retailers and restaurants that will ultimately sell the products to the customers who consume them.

This group of soybean farmers, soybean processing plants, and all of the relevant suppliers, buyers, and service and transportation companies could come together to take a sector-wide approach to doing business. Individual farmers and processing companies would compete with each other, which fosters innovation as each one works to deliver a superior or lower price product. As one company learns about a new methodology at their neighboring company, they might adopt it and take it to the next level.

At the same time, the companies could save money and benefit from working together. For example, all the processors may need their employees to receive training in food safety. They can work together with the local community college to develop the curriculum and send employees to the same training, which can make a particular class more affordable to a small company. This training across companies will also raise the bar and build a deeper skill set across the workforce in the entire community.



Prominent Industry Sectors in Wood County



Build the Sector Instead of Individual Businesses

Old ways of thinking focused on meeting the needs of an individual business, and as described earlier, putting all of the community's eggs in one basket, can lead to an empty basket. However, if you focus on building the sector (like the soybean example) instead of individual businesses, your investments are more likely to remain, even if an individual company moves or closes.

One way to invest in the sector includes meeting the collective infrastructure needs of all its companies - needs such as transportation and utilities. These can include roads, an airport, broadband, electricity, natural gas, water, and wastewater treatment. Such investments will remain in the community, even if a particular company leaves, and they will be available for the next company that develops in the sector.

Another form of investment is to meet the sector's workforce development needs. In a small community with small companies, it can be cost prohibitive for any one company to provide training for its employees. However, if several companies have employees doing similar types of jobs, then they can all benefit from sending a few employees to one class offered by a local training provider. And the training provider also benefits from having a ready-made group of students that justifies the expense of offering a custom class.

Finally, sectors that build on locally-grown natural resources and other local strengths are poised for the expansion of existing companies and the creation of new ones. A community can invest in research and development that will help multiple companies. This could be something related to the growing of the crop, an innovation in the processing of the crop, or the development of a new product from

the crop. The community might also provide resources to help with the start-up of a new company or expansion of an existing company such as training, coaching, or technical assistance, or innovative ways to provide needed access to financial resources.

Applying a Sector Approach to Economic Growth in Central Wisconsin

Central Wisconsin is ripe for taking a sector approach to economic growth. It has already begun the process by planting early seeds in the Community Progress Initiative and deepening the approach of Inourage's worker training initiative, Workforce Central. The region has a competitive advantage in several processing industries related to food, paper and chemicals. Food

products that are particularly strong include cheese, cranberries and potatoes.

Through Workforce Central, the community has invested in the Manufacturing Partnership, which is providing training collectively for 12 different companies: Corenso, Domtar, Energy Composites Corporation, ERCO, Fey Printing, Foremost Farms, Golden County Foods, Kickapoo, Mariani, McCain Foods, NewPage, and Ocean Spray. Three types of training have been developed: Supervisory Training for incumbent workers, a Food Manufacturing Science Certificate program for displaced workers and an Industrial Manufacturing Certificate for low-skilled workers.

How can Central Wisconsin build on this strong sector approach to meeting the workforce needs of local processing companies and expand it to focus more broadly on economic growth? The following questions are a starting point for local conversations:

1. Are the supplier and service needs of farmers and processing companies being met?

Local producers and processors must find the equipment and supplies they need at reasonable prices and in a timely manner. They may need financing to buy a piece of equipment or to get them through until harvest, and they need loans with reasonable interest rates and fees. They may need service companies such as accountants, insurance, marketing firms, or companies that help them access markets.

2. Are the transportation and logistical needs of farmers and processing companies being met?

Farmers and growers need to be able to access trucking companies at times that fit both their harvest and the

production schedules of local processing companies.

Processing companies must access transportation at times that fit both their production schedules and the demands of the market. Both need this transportation to be provided at a reasonable price.

Founded in 2008 as one of only two rural National Fund for Workforce Solutions project sites, Workforce Central is a public-private partnership seeking to change the approach to workforce development with a dual focus on employer and worker needs. Key statistics since inception, as of 12/31/12:

25 Workforce Central Investors and Funders

23 Organizations in the Service Provider Network

22 Manufacturers Engaged in Workforce Central Programs

12 Manufacturing CEO Peer Council Members

147 Manufacturing Partnership Training Participants

144 Pathways Program Participants



Established in 2009, Midwest Cold Storage & Logistics, LLC is a good example of addressing a need within the local supply chain – providing cold storage services to local food processors, handlers, manufacturers, and service companies while emphasizing flexible logistics.

3. Are there opportunities for providing any unmet needs locally?

There may be opportunities to create new businesses or expand existing businesses, such as a farm equipment store, a trucking company, retail outlets, packaging operations, or an accounting firm.

4. Is there room for innovation in terms of farming, growing, or processing?

Producers and processors might need help assessing whether or not they are using the latest technology and processes in their work, figuring out what could help them to be more efficient and/or develop a better product, and learning how to implement the new technology. They may also be interested in determining if there are new products that could be developed from the crops that are being produced and/or if there are additional crops that would grow well in the area. And they might need to know if there is a market for these new products.

5. *What can be done locally to support research and development related to these needed innovations?*

Producers and processors may not have the resources to conduct this research themselves. Perhaps regional universities could engage in this research. There may also be opportunities to support the development of new companies to do the work.

6. *Are there government rules and regulations that are getting in the way or ones that could be helpful but about which the companies are just not aware?*

Sometimes there are government laws and regulations that were intended to meet a certain need but have unintended consequences that make it difficult for companies to survive or grow. In other cases, there are rules on the books that could be helpful but that are not being implemented. By banding together as a sector, the companies will have a stronger voice for working with government entities to address their needs.

It is safe to say that almost everyone in Central Wisconsin wants to grow the economy. We want our children and grandchildren to have the opportunity to support their families and raise their children right here. We have the natural resources we need to grow our economy. Now we must all come together to build on these resources and try new economic growth strategies that benefit our community. Economic growth is everybody's business.



South Wood County's “Regional Economic Growth Initiative”

It is increasingly critical that communities take a regional approach to economic growth by building on local industries and assets that are important and unique. Many manufacturing regions across the country in states like Ohio, Pennsylvania and Michigan are experiencing success with regional approaches.

In 2011, the Workforce Central Funders Collaborative commissioned a scan for local business growth opportunities in the manufacturing sector. Results from the scan were published in *Roadmap for Economic Growth Partnerships* by FutureWorks. Following this report, Incentive facilitated creation of the Regional Economic Growth Initiative (REGI) using the same principles as Workforce Central – bringing together representatives from all sectors – public, private and philanthropic – to work on common goals.

REGI steering committee members (listed at right) have spent nearly 18 months researching, mapping and identifying strategies to advance the recommendations specified in the report. The group has been meeting

regularly to understand how we can best use our assets, develop networks and work collaboratively to expand the number of existing jobs and attract and grow new business.

REGI's ultimate outcome is that **south Wood County has a healthy and growing economy in which all people and businesses thrive.**

REGI members will be reaching out in 2013 to build awareness and gain input and support for a connected strategy.

At A Glance

2008: Workforce Central, a program of Incourage, created as one of only two rural sites in the USA selected to participate in the National Fund for Workforce Solutions

April 2011: Workforce Central Funders Collaborative commissioned scan for business growth opportunities in the manufacturing sector

August 2011: *Roadmap for Economic Growth Partnerships* released by FutureWorks

September 2011: REGI steering committee formed

October 2011: REGI completed initial assessment of report recommendations

October 2011 – March 2012: Network building, federal grant application, and research conducted

April 2012: REGI began work with Aspen Institute to create a comprehensive blueprint to guide strategy

August 2012: Ultimate outcome statement articulated as part of a comprehensive blueprint strategy

August 2012: \$200,000 grant approved by Incourage Board of Directors to further the work of REGI

Regional Economic Growth Initiative

Initial Steering Committee Members

Adam Tegen
City of Wisconsin Rapids

Al Javoroski
Mid-State Technical College

Bruce Trimble
North Central Wisconsin
Workforce Development Board

Geoff Bertin
ERCO Worldwide

Jason Grueneberg
Wood County

Joe Terry
Village of Port Edwards

John Bergin
Workforce Central
Manufacturing CEO
Peer Council Facilitator

John Higgs
Mid-State Technical
College

Kelly Ryan
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Foundation

Kirk Willard
Ocean Spray

Matt Zacher
Express Recycling
Solutions, Inc.

Melissa Reichert
Heart of Wisconsin
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Phil Hartley
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Rene Daniels
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Rick Merdan
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Zach Vruwink
City of Wisconsin Rapids

Gus Mancuso
Meeting Facilitator,
Incourage Community
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Chelsey Mazurek
Support Staff Member,
Incourage Community
Foundation

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<http://incouragecf.org/wp-content/uploads/2013/01/futureworks082511.pdf>

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Incourage, "Community Survey 2012 Report "

<http://incouragecf.org/wp-content/uploads/2013/01/surveyfullreport-april2012.pdf>

Incourage, "Vital Signs 2.0 Measuring the Vitality of the South Wood County Area," July 2012.

<http://incouragecf.org/wp-content/uploads/2013/01/vitalsigns2-071812.pdf>

National Fund for Workforce Solutions (NFWS)

<http://www.nfwsolutions.org/regional-collaboratives>

U.S. Census Bureau, SUSB, CPS; International Trade Administration; Bureau of Labor Statistics, BED; Advocacy-funded research, Small Business GDP: Update 2002-2010

U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2009-2011

Educational Paper Series by Incourage

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Growing the Economy in Central Wisconsin by Angela Duran

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serving the south Wood County area

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