

Who is the Future Employer?

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Introduction

Since the start of the decade, Bloomington-Normal has watched neighboring downstate communities, including Decatur and Galesburg, respond to de-industrialization, unemployment, and heightened anxiety about long-term employment and quality of life for residents. We have been impacted far less than these neighbors. However, Bloomington-Normal residents, employers, and employees—including this New Leadership Board and the Economic Development Council—must keep an eye on the national trends affecting our economy, as well as steward a customized plan that maintains existing employers while also attracting new ones to our region.

We are glad to be part of what promises to be an ongoing conversation within the Bloomington-Normal community and offer the EDC this report comprised of the following sections:

- Current Employers, with a focus on seven critical areas representing primary existing and newly emerging industries/professions.
- Proposal for Developing Future Employers, with corresponding Advantages and Disadvantages to our proposal.
- Summary

Current Situation

In order to assess the current employer situation within Bloomington-Normal (B-N), our sub-group decided to take a broad look at current and emerging employers. We identified seven areas representing existing sectors in the Bloomington-Normal region. Some are newly established and in a time of growth; others are well-established industries that serve as the bedrock of the regional economy. The sectors explored include:

Agriculture

The agricultural sector has been a prominent economic force in McLean County since the county's earliest days. Over these many years agriculture has evolved through varied ownership patterns, accelerated pressure from urban growth, increasing global markets, and the continual improvement of agricultural practices. Rich natural resources have allowed for the county to be one of the most productive in the nation. At present commodities-based agriculture is booming, with prices at an all time high. However, this sector is market driven, and dips in the market can and do take a toll on the local economic picture.

Education

Institutions of higher education represent the third largest group of employers in the region. IWU, ISU, HCC, and Lincoln College have helped the Bloomington-Normal area maintain a highly educated population. These existing employers attract both professionals for whom Central Illinois is “home” and non-locals who introduce geographical and/or cultural diversity to our area. Their presence as employers adds to the community's economic stability.

There are key strengths that make the educational stamp of IWU, ISU, HCC and Lincoln College noteworthy in our discussion of current employers, which include:

- Fostering a renewable employee base through a recruited and retained talent pool

- Adding to employment opportunities through consistent growth of their programs and facilities
- Recognizing demands for key professional skill sets, and then supplying the workforce with opportunities to respond to that demand: nursing, technology, education
- Offering B-N residents diverse levels of continuing education and cultural outreach
- Adding to the overall sense of community in our area for student, faculty, staff, and resident populations
- Keeping employment opportunities available through a variety of temporary and part-time positions

Healthcare

Both of our local hospitals (BroMenn Regional Medical Center and OSF St. Joseph), as well as numerous other medical providers, have continued to grow and develop through the years. All community providers are poised to continue to grow as the demand for both basic healthcare and specialized treatment increases. The Bloomington-Normal area has significant baby boomer and retiree communities, which will help to ensure increased demand for healthcare services. Additionally, providers have a strong record of meeting the needs of the community. While the Bloomington-Normal area does not have one stand out specialty like other communities, it does boast a very comprehensive array of medical services. Continued support of all of our medical providers will remain important to Bloomington-Normal.

Another industry resource offered in our community is high-level training for medical professionals, primarily nursing professionals. Nurses represent one of the most in-demand groups of workers in the industry. ISU's College of Nursing, in combination with training available at other community institutions of higher learning, positions the Bloomington-Normal area to be a strong contender in this sector.

Insurance and Financial Services

The Insurance and Financial Services sector represents the largest employment and economic base in McLean County, with 3 of the top 10 employers—State Farm, Country Financial, and Afni— accounting for roughly one-fifth of local jobs. Illinois State University's nationally regarded College of Business and unique curricular programs offered through the Katie School of Insurance provide a viable pool of candidates for growth in this sector of employment.

It is unlikely to assume that strategies employed by the Economic Development Council will bring in a new, single employer that would be similar in size to one of the two insurance companies based in Bloomington-Normal. However, the EDC has and will continue to play a critical role in retaining current employers and attracting additional small to mid-size companies to McLean County.

Logistics and Light Manufacturing

Bloomington-Normal has an absolute advantage in wage rates, organized labor profile, and lower costs of congestion than any of the competing regions for logistics. Competing regions include Chicago, Naperville, Joliet, Indianapolis, and Rockford.

Currently, Bloomington-Normal is at a disadvantage in the raw numbers of skilled and unskilled laborers and the potential for incentivizing new projects. However, Bloomington-Normal is comparable to our

competitors in the areas of air transportation, geographic location, worker productivity, land costs, building costs, educational facilities, community acceptance, occupancy costs, and tax rates. Even though our community does not have an absolute advantage in these areas, the differences in capacity between B-N and competing regions are small and likely insignificant for a majority of projects.

Bloomington-Normal generally lacks an adequate large industrial building real estate stock, with only a handful of buildings available on the market at any given time. Companies looking for existing buildings will find the lack of stock a hindrance in the siting process and may look at communities with a wider selection of potential buildings. Bloomington-Normal is also a significant distance from Illinois River ports, making barge-delivery of raw materials more difficult than in communities adjacent to rivers, such as Peoria.

Renewable Energy

Renewable energy is one of the fastest growing global industries with a Compound Annual Growth Rate of 25.8 % and predictions of market worth up to \$7.5 billion by 2011. Very active, aggressive regional attraction efforts are forming all over the nation. These coalitions involve the research and development sector, the construction industry, developers, farmers and universities working together for legislation favoring renewable energy companies, providing services and resources, matching interested investors/related parties and informing consumers about renewable energy.

Bloomington-Normal, and the greater Central Illinois community, has the potential to be a major player in this arena. Recent growth of wind farms in the area has focused the spotlight on renewable energy as an up and coming local industry. Our region is rich in renewable-energy resources including raw power generation resources like wind, sun and the ability to produce biofuel crops, as well as an established research community in ISU's Renewable Energy program faculty. Additionally, we are a community long practiced at incubating and growing cottage industries serving larger business sectors. With the recent establishment of Heartland Community College's Green Institute, we are also poised to supply a well-trained green collar workforce.

Technology

A huge asset Central Illinois has to offer employers is the abundance of students seeking high tech degrees every year. Illinois State University has developed one of the largest and best nationally accredited computer science programs in the nation and has recently gained national recognition for robotics research. University of Illinois consistently ranks high for its computer engineering programs. Illinois Wesleyan, Bradley, and Millikin Universities, along with Heartland Community College, add to the total of 2000+ IT students that call Central Illinois home for 9 months each year.

The major employers in the area, some of which are nationally ranked, are well aware of the vast technical talent pool at the universities and have major ongoing recruiting programs. However, not every student wants to work at a large corporation upon graduation. A significant portion of these students head for Chicago or other Tier-1 markets upon graduation because they view these cities as having a wider range of employment options than Central Illinois.

Proposal

Our exploration of these seven key business sectors has informed the following recommendations for the EDC. First, we provide a listing of recommendations by sector. Then, we pull it all together into a few key recommendations.

Suggestions around Clusters of Economic Activity

Agriculture

A willingness to attract capital investment and encourage innovations in crops grown and agricultural practices will enhance our current agricultural leadership position. Many of the driving forces in today's agriculture are global in nature, and it may seem as if there is little that can be done locally to affect change. However, McLean County must recognize the potential for an evolving production agriculture and agricultural business community to provide a positive impact to the local economy, most notably:

1. Emergence of a strong local food system in which a growing percentage of the local food consumed comes from local farms.
2. Encouragement of greater diversification of crops and additional opportunities for animal agriculture that would create greater economic value and increase consumer choices of local agricultural products.
3. Creation of a local Ag Capital Fund that would allow local individuals and businesses to invest and benefit from capital investment/ownership in agricultural related projects that could involve concepts ranging from renewable fuels to food processing facilities to value-added production practices in commodity grains or livestock .

A continued commitment to supporting traditional grain and livestock production, while fostering a business climate for additional higher value crops and practices would provide the greatest economic return for McLean County.

Education

The nature of higher education requires that institutions take primary responsibility for institutional growth and development. However, the EDC can access the resources at these institutions as a part of an overall development strategy. Key education related assets include: ISU's PhD program in nursing, as well as other medical training programs in the area; local business, technology, economics, geography and agriculture programs as they relate to the renewable energy industry; technology, systems and computer related programs; and the quality of life assets related to living in a university town.

Healthcare

Bloomington-Normal is well positioned to become a nationally recognized healthcare training ground – educating thousands of nurses and other medical professionals each year.

Another area of future growth in healthcare is the potential for development as an area specializing in gerontology. High on the list of regional strengths to promote is our area's understanding of and attractiveness to the Baby Boomer generation, such as the unique access to sporting events, arts and other cultural opportunities offered by our colleges and universities. While a corresponding set of healthcare practices would emerge as our niche in gerontology becomes more established, our overall community could benefit by embracing this segment of the population. The benefits of growing not just health-related but quality-of-life related services for Baby Boomers include boosting patronage to local

dining establishments, hotels, and tourist activities as Baby Boomers seek to enjoy life and host visiting family members. Promoting the growth of gerontology could reinforce, and hopefully grow, an appealing demographic to our community who bring along the need for many services outside of healthcare. In fact, healthcare-housing-amenities clusters are already forming in the community.

Insurance and Financial Services

We would like to see the EDC attract small-to-mid-size companies to McLean County to complement the sizable employer base offered by State Farm, Country Companies, and Afni, Inc. We recommend the following strategies:

1. Draw upon the strengths of existing companies in this sector and two universities to attract industry conferences and trade shows to Bloomington-Normal. Doing so will showcase our high quality of life and educated labor force. Insurance services, banking, and financial advisement could be the primary focus.
2. Partner with the Small Business Development Center and participate in the development of a small business incubator to target start-ups in this sector, providing consulting services, as well as capital for entrepreneurs.
3. Create an Enterprise Zone/Business Park that is focused solely on white collar sectors/employers. The best example of this concept is Research Triangle Park, NC which was established in the 1960s.

McLean County has many desirable attributes that can be leveraged with targeted strategies to bring about additional employment opportunities and sustainable economic growth for decades to come.

Logistics and Light Manufacturing

Bloomington-Normal should look to attract light manufacturing firms to take advantage of many of the desirable features of our area, primarily air transportation, geographic location, worker productivity, and land and building costs. Key in the mix are competitive wage rates and uncongested highways. Our community is also able meet the utility requirements for light manufacturing projects and has competitively priced land available.

Rather than looking to attract large manufacturing companies, our community would do well to focus on attracting business serving smaller, niche markets. The Caterpillar Integrated Manufacturing Laboratory, which ISU's Technology Department uses to train future professionals, is just one of many resources available in the area.

Renewable Energy

Recent growth of wind farms in the region has focused the spotlight on renewable energy as an up and coming local industry. Our region is rich in renewable-energy resources including areas suited to:

- Wind power generation
- Expanses for solar arrays
- Production of biofuel crops

Beyond these raw power-generating inputs, we currently have a long list of assets:

- Illinois State University’s Renewable Energy major has an existing faculty already doing research in this area and a growing pool of new graduates ready to enter the workforce.
- A well-connected Wind Team at ISU.
- Heartland Community College has recently established a Green Institute focused on providing training to create a local green collar workforce.
- Our agriculture industry is powerful and could serve as an invaluable partner in generating interest in the region.
- Our region is also primed for the additions in light manufacturing (experienced workforce related to Caterpillar, Mitsubishi and State Farm) and could support any number of production related or technical cottage industries related to renewable energy.

Additionally, this industry tends to provide well-paid jobs for skilled and semi-skilled laborers that generally include benefits. The national trend is to conceive of these jobs as replacements for lost manufacturing jobs. Bloomington-Normal has experienced recent losses of just these sorts of jobs.

The EDC could do much to further the Renewable Energy industry by acting as a catalyst for a concerted regional attraction effort. By studying successful coalitions throughout the nation and determining an aggressive attraction strategy, the EDC could lead our community into the forefront of the economy of the future. Examples of successful regional partnerships related to renewable energy include the marketing of “Automation Alley” in Michigan, Enterprise Honolulu in Hawaii and Minnesota’s Southwest Initiative Foundation’s Renewable Energy Marketplace.

Technology

In order to keep more of the 2000+ newly “technified” students in the area as described earlier, Bloomington-Normal must market itself to these graduates. An initiative to help the smaller, growing businesses of Bloomington-Normal participate and compete in job fairs and recruitment programs will allow students to learn that there are more than just big fish (i.e. State Farm and Country) in this area.

The inclusion of a High-Tech Business Incubator as a part of our local Small-Business Incubator could help the community retain talented students upon graduation and professionals looking to move on after working at a larger corporate entity. What level of tech talent exists in central Illinois? The first Internet web-browser was created in Champaign by U of I students. However, upon graduation they took their company to the West Coast because a support structure for their industry existed in that region. What became of that company? It created Netscape.

Recommendations for EDC Action

- Focus incubation and growth initiatives in three sectors: Healthcare, Renewable Energy and Technology
- Focus on growth from within the community first, then on attraction of new businesses in priority sectors.

- Focus on retaining well-trained talent by networking with local higher education partners, reaching out to the student population, and forging stronger relationship with young professionals.
- Prioritize the development of a one-stop-shop to provide resources for small and mid-sized businesses looking to start-up or expand.

So, the Future Employer that we envision will be a small to medium-sized company in the priority sector that employs highly talented individuals (possibly fresh-out-of-college or training) who know how to network with such business resources as the EDC, Small Business Incubator, and NLB. We know there are advantages and disadvantages to this vision, which we will review briefly to better inform the EDC and the NLB. The areas of healthcare, renewable energy and technology offer the greatest opportunity for such small- and medium-sized business growth, as the community has sufficient knowledge and training resources, a good potential employee base, a strong potential customer base and sufficient cultural opportunities to attract, support and nurture such ventures.

Given the fierce competition for outside companies looking to (re-)locate, our focus should remain on growing from within, promoting entrepreneurship, and retaining the talent educated by our local institutions. And in order to nurture the growth of such businesses, the area should focus on the establishment or growth of a “one stop shop,” to help businesses deal with an increasingly complex taxing and regulatory environment, to provide advice and counsel on key business matters, and to provide sufficient space and resources to help these businesses grow and succeed .

Below we will briefly review the advantages and disadvantages of this vision:

Advantages

The potential for achieving this vision is based on the following advantages:

- The Bloomington-Normal area population is 40% college educated, which means we can easily focus on highly educated and trained workers in the development of new employers and employment opportunities.
- Institutions of higher learning lend access to the arts, entertainment and learning opportunities, and a constantly renewed pool of educated workers.
- Property costs and cost-of-living expenses are low compared to elsewhere in Illinois and other metro areas.
- Our major employers are part of a stable industry that can sustain through economic fluctuations.
- High-paying professional jobs in the community generate strong incomes in an area with a relatively low cost of living.
- Bloomington-Normal offers a centralized hub with easy access to other parts of the Midwest and country.
- Our family-centered community encourages newly hired professionals to see a future here.

- Adequate natural resources: available land, adequate water supply, very low pollution, fewer risks for natural disasters compared to other regions in the U.S.
- Business-development infrastructure is getting stronger, providing better networking, and becoming a valuable and reliable resource. Regional players including the Town of Normal, City of Bloomington, EDC and McLean County Chamber of Commerce are all becoming savvier at supporting economic growth and development.

Disadvantages

- Currently, it is very hard for small and mid-sized companies to get the services needed to support them financially, strategically, logistically.
- It is challenging to get start-up capital or investments from local sources.
- We lack existing business parks that offer cheaper rent and space for non-retail enterprises.
- Energy, labor, fuel prices are going up nationally, making being in business more expensive to start out with.
- Going after highly trained and educated workers means paying higher wages from the start; this will also drive up the cost of doing business in our region from day one.
- Proactive business development is in its infancy in the area. Regional players are newly established or just beginning to adopt a proactive mindset.
- Area businesses must be players in a highly competitive and ever-evolving global marketplace.

Summary

Our NLB Sub-Group has completed a review of economic activity in the B-N area to consider where future employers exist and are emerging. While this list is not exhaustive, the seven areas of employment that we focused on included:

- Agriculture
- Education
- Healthcare
- High Tech
- Insurance and Financial Services
- Logistics and Light Manufacturing
- Renewable Energy

We have reason to be optimistic about the EDC's efforts in retaining employers and attracting new employers to our part of Illinois. Weighing the pros and cons of each economic cluster and our understanding of the current state, our NLB Sub-Group recommends:

- Focus incubation and growth initiatives in three sectors: Healthcare, Renewable Energy and Technology.
- Focus on growth from within the community first, then on attraction of new businesses in priority sectors.
- Focus on retaining well-trained talent by networking with local higher education partners, reaching out to the student population, forging stronger relationship with young professionals.
- Prioritize the development of a one-stop-shop to provide resources for small and medium size businesses looking to start-up or expand.

We must set a clear and aggressive plan for economic maintenance and growth, and we appreciate the opportunity to influence the development of such a plan. As the EDC balances NLB recommendations with those from other sectors of the community, we look forward to seeing the results of the EDC's efforts and will be available to lend additional subject matter expertise and insight as needed.