

Outline of a Plan for Promotion of Advanced Manufacturing

This is a working outline.

Last updated 9/18/13 by Ruth Rohlich

1. Justification

- a. What is the environmental factors which make this important
- b. What are local factors
 - City of Madison has taken back ownership of CIC and is working to sell this industrial land
 - City of Madison is about to begin work on the 3-5 year Economic Strategy
- c. What is the opportunity
 - “As the gap in worldwide wage rates narrows further, it will become more obvious that other factors, such as skills, labor law, clusters of industries, infrastructure, tax and regulation are playing an ever more important role when companies decide where to put their production.” (Shape Up, 2013)
 - “Multinationals now recognize America’s low-cost, flexible workforce as an important attraction.” (Shape Up, 2013)
- d. What are we talking about
 - i. Definitions
 1. Advanced Manufacturing
Manufacturing as defined by the State: “A manufacturer is an establishment engaged in the assembling, processing, fabricating, making or milling of tangible personal property for profit. (DOR)
 2. Targeted sectors
Target - Non Durable goods sector (Earnest and Young Annual Capital Report)
- e. Etc.

2. Goals/Outcomes

Goal: attracting and retaining companies to the City of Madison.

Measurements can include: number of new companies, number of “retained” companies, jobs created, jobs retained, capital investments

- Look at what’s left – current make up of non-durable good companies
Pat will research who left based on dislocation data

- Who are we attracting – What companies came in – where did they come from – when did they come
There is not a simple way to gather this information. Ruth spoke with Matt Kures and we have come up with some ideas on how to “back into” these numbers. It will take a while to do. In the case studies you will see information on a company (not manufacturing) that chose Madison this year. It can help show how a decision like that is made in some cases.

- Trending inside companies – sector trends (manufacturing sector)
Pat look at grouping of companies by sectors inside of manufacturing – Chemical – computer – medical fabrication – medical device.

- Work Product – what is the sweet spot for future efforts? Targeted marketing
 - a. New companies

 - b. New Jobs

Things to consider:

“Manufacturing work will often come back only when it has been partially automated, so the number of jobs returning will be smaller than the number lost in the first place...the best that can be hoped for is not that millions of high-paying jobs will return and things will be as they were before but that the leak of jobs out of America will be largely stopped.” (Shape Up, 2013)

- c. Etc.

3. Research

The purpose of this research is to help us understand if we have a critical mass, do we have a concentration, do we have gaps, do we have trends. We feel understanding this will help us with recruitment, help with marketing, help identify incentive/investment strategies for the City.

a. Best Practice

i. Success of cities doing this work

Many of the programs that have been introduced to help with manufacturing growth within cities are actually done one a regional or state level.

For example, the Florida Innovation Incentive Fund, was mentioned in our last meeting. That was a major incentive program for bio tech companies to move (mainly to the Miami area). This was a program of Enterprise Florida, a public/private organization like WEDC.

Luckily we have a number of partners that are also interested in this issue and working on growing manufacturing on a State or Regional level. (See Attachment 1: "Who is Doing What/Contacts")

Success stories (Attachment 2):

From the Manufacturing Extension Partnership:

J&R Machine Inc.

Bucher Glass

Fala Technologies

From Ruth:

SPI Global

Things to Consider:

- 2005 Dell was promised incentives worth up to \$280million by the State of North Carolina and the city of Winston-Salem to open a factory there. When Dell pulled out in 2009 it had to pay back much of the estimated \$24million it had already received." (Shape Up, 2013)

- In 2007 North Carolina offered Google a \$260million package to expand a server farm near the Blue Ridge Mountains – which the internet giant eventually declined. (Shape Up, 2013)

- b. Profile of advanced manufacturing in Madison
This is something we are currently working on in partnership with MadREP. See attachment 5: MadREP BRE
It is possible that this profile could be one of our initial outcomes.
 - i. Sectors
 - ii. Industry leaders
 - iii. Supply chains
 - iv. International contacts

- c. Available incentives
 - i. What federal incentives for onshoring
See attachment 3: “Federal Incentives”

 - ii. What state incentives are available?
See attachment 4: “State Incentives”

- d. Local off shoring
 - i. Any recent offshoring from Madison area?

- e. Market trend study
 - i. Key industry study
Please see Attachment 6: “Advance Now Advance Manufacturing Target Cluster Analysis”

- f. Identification of local gaps
 - i. infrastructure needed
 - 1. Land
 - 2. Leasing space
 - ii. Policy
 - iii. Funding availability

Things to consider:

- “Companies are becoming more skeptical about short-term enticements and governments would do much better to work on the

most useful and durable sort of incentive: the business environment they offer.” (Shape Up, 2013)

- “When Harvard Business School surveyed companies that were moving activities outside of America, it found that lower wage rates were the main attraction for 70% of them. But a third also said that they were moving out to get better access to skilled labour.” (Shape Up, 2013)

iV. Workforce Map of the demographics of the region – this is what our workforce looks like now – what is the disconnect to future workforce needs.

Showing current workforce demographic specifically to manufacturing skills – gaps
Pat - Create visuals available workforce and skills gaps.

- g. Identification of positive attributes currently in Madison
 - i. Maturing Bio Tech/Medical device sector
 - ii. Growing IT sector
 - iii. Educational institutions
 - iv. Engaged private sector leadership
 - v. University Research Parks
- h. Etc.

4. City of Madison Economic Development Plan

The EDD is about to begin working on the next 3-5 year strategic plan. The last plan issues August 5, 2008 identifies manufacturing as an area to develop and there have been accomplishments from the plan that are designed to help manufacturing development including the modernizing of the City Zoning Ordinance, the establishment of TID in targeted areas, support for Mad REP and more.

As we begin the process of creating this plan there will be more detail of what was accomplished and what we can recommend for inclusion.

- a. Links to ED Plan of work
- b. Etc.

5. Strategies

- a. Identification of international and national target companies
- b. Marketing
- c. Incentives
- d. Outreach plan
See Attachment 5: MadREP BRE
- e. Etc.

6. Responsibilities

Please see Attachment 1: "Who is Doing What"

- a. City
- b. Partners – Ruth will continue to survey our partners to see what programs they have available and if they can help us compile a full list of who is here
- c. Any role for surrounding communities?
- d. Private sector
 - i. MGE
- e. Public sector
- f. Educational institutions
- g. State
- h. Federal representatives
- i. Etc.

7. Timeline

8. Budget Required