

PROMOTING PROSPERITY IN NORTHWEST ILLINOIS

Regional Focus, Regional Results

APRIL 2013

Five counties in northwest Illinois—Carroll, Lee, Ogle, Stephenson, and Whiteside, referred to as the Region—engaged the Center for Governmental Studies (CGS) at Northern Illinois University (NIU) to explore how local economic, community, and business leaders can better promote business starts as well as expansion, attraction, and retention in the five-county region. This locally driven project is funded by the U.S. Economic Development Administration (EDA) and coordinated by the following:

- » Whiteside County Economic Development and Enterprise Zone (serving Whiteside and Carroll counties)
- » Northwest Illinois Development Alliance
- » Rock Falls Community Development Corporation
- » Greater Sterling Development Corporation
- » Lee County Industrial Development Association
- » Black Hawk Hills Regional Council

CGS helped create a regional advisory committee including an economic development representative from each coordinating organization and business leaders from the Region. The advisory committee held quarterly meetings to discuss the regional needs and the progress of the project.

Northwest Illinois' traditional economic strengths are in agriculture and manufacturing. Despite the recent recession and long-term trends which have reduced employment in these sectors, they still account for approximately 39.0% of regional Gross Domestic Product (GDP) and 19.0% of regional employment. In comparison to other sectors, manufacturing jobs are among the highest paying in the Region, providing substantial support to other sectors of the economy in terms of consumer spending and local tax base. In addition, the Region has a strong competitive advantage in several related agricultural and manufacturing clusters based on a combination of industrial infrastructure and expertise, skilled workers, and access to suppliers and end-user markets.

The Region will face considerable challenges in its efforts to support the economic expansion. These include a below average rate of new business formation, chronic underemployment (as well as unemployment), and a looming demand for skilled workers to replace an expected wave of retiring Baby Boomers. Furthermore, the nature of industry is changing as companies incorporate new and more complex technologies into production processes which require a higher level of worker skill and training than ever before. In light of this situation, more innovative economic development strategies will be necessary to meet these challenges and to promote sustainable growth.

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NORTHERN ILLINOIS UNIVERSITY

**Center for
Governmental Studies**

Outreach, Engagement, and Information Technologies

Promoting Regional Prosperity in Northwest Illinois

Previous studies of the Region, including past Comprehensive Economic Development Strategy (CEDS) documents, were reviewed to determine additional research needed to build a sound base for development planning. CGS then organized an update of a past regional wage and benefit study and further regional analyses of the labor force by doing the following:

- » Conducting personal interviews with 12 business leaders in the Region;
- » Helping to organize two regional meetings with more than 75 representatives from manufacturing businesses, Workforce Investment Boards (WIBs), and educational service providers in the Region;
- » Surveying residents and businesses regarding regional employment, unemployment, underemployment, and skills gaps;
- » Evaluating regional strengths and assets; and
- » Identifying new and emerging industry clusters suited for the Region.

GOALS, STRATEGIES, AND RECOMMENDATIONS

Based on the regional analysis and business leaders' input, the advisory committee agreed on a regional vision, five regional goals, regional action strategies, potential regional partners, and recommendations for moving forward.

Once the goals and strategies had been developed, the advisory committee prioritized the strategies according to ease of implementation and potential impact on the Region. Each strategy was rated on a scale of zero to five, with zero representing the easiest to implement or the least regional impact, and five representing the most difficult to implement or the greatest regional impact. An ideal strategy would have a final score of five--high impact and low difficulty in implementation. The next section describes each goal and its context, recommended strategies ranked in order, potential partners, and best practices for implementing the strategies.

REGIONAL VISION

In the next three years the five-county region will...

- » Strongly encourage entrepreneurship with a highly supportive business environment;
- » Invest in necessary local infrastructure to support current and future businesses;
- » Leverage existing and emerging industrial assets and capabilities; and
- » Market regional assets to attract and retain young professionals.

REGIONAL GOALS

Goal I: Develop a competitive and highly productive workforce with up-to-date skills and capable of using the latest technology in production processes.

Goal II: Support major existing and emerging growth industries such as transportation and aerospace component manufacturing to become a major Midwestern production/assembly region.

Goal III: Create an entrepreneurial region with a climate which supports new business formation and encourages existing businesses to invest and prosper.

Goal IV: Make better use of local (regional) inputs and specialties to develop a highly profitable agribusiness and food processing region integrated into Midwestern markets.

Goal V: Leverage and market existing regional assets to encourage growth, enhance the quality of life, and maximize the potential of the region.

GOAL I: DEVELOP A COMPETITIVE AND HIGHLY PRODUCTIVE WORK FORCE WITH UP-TO-DATE SKILLS AND CAPABLE OF USING THE LATEST TECHNOLOGY IN PRODUCTION PROCESSES.

Context

Competition for skilled workers is projected to be strong both locally and nationally. The Region will be challenged by competition from surrounding metro areas such as Dubuque, Rockford, Quad Cities, and Chicago since they offer more employment opportunities and in some cases higher wages. This issue is critical because of the projected declines in the working-age population and the increased demand for replacement workers from Baby Boomer generation retirements. For example, the projected replacement demand for production workers is 191 annually from 2008 to 2018. The number of production workers needed by companies in the Rockford and Quad Cities metro areas will be several times larger.

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Additional factors must be considered.

- » The underemployment study, conducted in this project, identified a substantial number of potential workers who lack the training, skills, or experience to qualify for many jobs available in the Region. The study indicated 2.0% (200) of the underemployed and 6.0% (570) of the unemployed individuals who are actively seeking work in the Region also lack a high school diploma or GED.
- » Interviews with area businesses confirmed this situation and also raised concerns about the work ethic, reading, math, and social skills of some applicants.
- » Area businesses, especially manufacturers, expect technological changes (e.g., additive manufacturing, robotics) during the next decade which will require workers to have a high degree of competency in product or system design, production, and maintenance skills.
- » Attracting and retaining management, professional, and technical talent have been challenging because of the relatively small number of positions available and the competition from surrounding areas.

Consider Dual-Credit Courses to Provide Technical Education for High School Students Entering the Workforce

Lewis and Clark Community College in Madison County, Illinois

<http://www.lc.edu/degrees/HSPartnership>

According to a report on dual-credit courses in the Illinois Community College System, Lewis and Clark Community College offers the most dual-credit courses in career and technical education in the state. Lewis and Clark College has partnered with 20 local high schools, allowing students to enroll in college-level courses on subjects including information technology, CAD, and welding. Through these courses, high school students gain technical skills which help them transition into the workforce after they graduate. For the students of dual-credit courses through Lewis and Clark Community College, no charge for tuition or books is required.

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- » Discussions with businesses also indicated that a central location for skills training and other technical assistance from agencies in the Region would make these services easier to access.
- » Local employers also indicated that perceptions about career potential and quality of life may play a role in the Region's attractiveness to young professionals who will be needed in the next decade.

Recommended Strategies

1. Form alliances between employers and educational institutions to plan future programs by engaging businesses in mentoring activities connected with educational programs and career centers. Businesses can provide apprenticeships, summer employment programs, and/or other training opportunities for youth. Examine how current course offerings fit with regional priorities and growth industries to identify potential deficiencies.
2. Survey community colleges and training centers in the Region to inventory the courses, workshops, and training offered to secondary school and college students, as well as lifelong learners. Assess the adequacy of these programs to meet current and future needs of employers. Connect graduates of programs with potential employers through Career Fairs and other exchanges.
3. Develop and implement ongoing programs to improve the customer service and social skills of employees in the Region (e.g., Certificate of Employability, CareerTec, WorkKeys) in order to provide high-quality, dependable, and well-trained employees.
4. Work with the WIBs to coordinate and focus existing workforce development programs and funding to meet employers' needs.

Certificate of Employability

Schenectady County Community College, New York, Certificate of Employability
<http://www.coeny.com/>

Schenectady County Community College surveyed over 100 local employees to identify areas of improvement for the entry-level workforce and then developed a 30-hour training course based on the needs of businesses surveyed. The Certificate of Employment program's curriculum is based on soft skills such as reliability, accepting constructive criticism, respect for coworkers and customers, and adherence to company rules. Employers interested in hiring individuals with a Certificate of Employment have registered with program personnel, providing evidence that employers value the program and consider the certificate when hiring.

Sauk Valley Community College, Illinois, WorkKeys, Pre-Employability Screening
<http://www.svcc.edu/news/archive/2008-08-WorkKeys-Testing-Site.html>

Sauk Valley Community College is a registered, certified site for the WorkKeys Online testing program, a job skills assessment system for measuring, communicating, and improving the common skills required for workplace success. WorkKeys quantitatively assesses skills in several areas in individuals and in actual jobs, so it can correctly identify individuals with the skills required to be successful in a specific job or career. Using WorkKeys, Sauk can show a potential employer that a job applicant meets the profiled requirements of a job opening. Six specific areas which can be measured through testing include Applied Technology, Applied Mathematics, Business Writing, Locating Information, Reading for Information, and Observation.

5. Systematically evaluate workforce concerns by local businesses and assess their expected employee needs in the next 3-5 years through working with partners such as the Whiteside Area Career Center, CareerTec, Highland Community College, and Sauk Valley Community College. Extend the programs to other businesses as needed. Develop Business Advisory Committees for programs.
6. Generate financial support and resources for entrepreneurial manufacturing and related service firms in these activities.
7. Create and publicize incentives to attract and retain young professionals (e.g., 22-40 years old) by assessing the current attractiveness of the Region using contacts with young professionals, as well as an inventory of area attractions, housing options, and employment availability in growth industries. These incentives could include creating and/or supporting a regional “Young Professionals Organization” or similar groups working with community colleges, YMCAs, sport leagues, etc., to build ties with people in this age category.
8. Provide market research, export education, business intelligence, and mentoring to assist 2nd stage companies interested in expansion.
9. Create a Region-wide Manufacturing Technology Innovations Center (MTIC) which works with the regional career centers to provide a forum for continuous networking, exchange of information on best practices, new business technology, and emerging industry needs. Provide these opportunities at several locations, if necessary, considering the distances which must be traveled to obtain services. The Apollo Career Center in Ohio (www.apollocareercenter.com) and Aileron (www.aileron.org) are examples of possible approaches.
10. Provide employer-funded, shared lab space and equipment in the MTIC to stimulate research and development of mutually beneficial technologies which advance regional businesses.
11. Implement dual-credit courses where secondary school students can enroll in technical programs while attending school to improve their transition to the workforce. Deliver training and educational programs online in conjunction with other workforce organizations, community colleges, and other educational training agencies. Create a curriculum pathway to community colleges and four-year institutions.
12. Within the MTIC, design a “Manufacturing Technology Academy” with a curriculum dedicated to upgrading workforce skills (adults and current students) to meet current manufacturers’ requirements. Prepare suitable coursework for adults in partnership with regional career centers, community colleges, and other agencies. Include internships with local businesses as part of the curriculum.

Focus Efforts on Attraction and Retention of Young Professionals

City of Charleston, West Virginia

<http://dailymail.com/News/201208220104>

The manager of Charleston has proposed partnering with local businesses to provide housing incentives for young professionals. The city would build an apartment complex and provided subsidized rent for young employees planning to live in Charleston for at least three years. Rent subsidies would be provided by the employers as part of the employee’s salary and employees would pay an amount of rent out of pocket. At the end of three years employees under this program are eligible for a \$15,000 loan toward the purchase of a house in Charleston. If the employee stays in the house for three years the loan will be forgiven. Construction of the apartment complex would be funded partially by revenue bonds backed by rent payments.

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Potential Regional Partners

- » Superintendent of Sterling Schools and other K-12 officials
- » Surgeons of Steel Program
- » Whiteside Area Career Center
- » Morrison Institute of Technology
- » Workforce Investment Board
- » Sauk Valley and Highland Community College officials
- » Business owners and managers
- » Career Tec
- » NIU CEET
- » Economic development and chamber of commerce officials

GOAL II: SUPPORT MAJOR EXISTING AND EMERGING GROWTH INDUSTRIES SUCH AS TRANSPORTATION AND AEROSPACE COMPONENT MANUFACTURING TO BECOME A MAJOR MIDWESTERN PRODUCTION/ASSEMBLY REGION.

Context

The regional economy has a strong manufacturing tradition which still accounts for approximately 15.0% of the total employment and 25.0% of the regional output. Promoting “advanced manufacturing” will help the Region to become more competitive in the future. Advanced manufacturing involves innovative processes and productive capabilities used by companies and their workers in many industries, so it is important to provide a support base in the Region for training and technical assistance to facilitate advances by manufacturers.

Business focus groups held in the Region identified a need for more communication among businesses regarding the availability of inputs, but also with educational institutions and public agencies regarding programs of assistance and other services. A special concern expressed in the forums was about the difficulties experienced by small businesses in applying for financial incentives or obtaining financing for start-ups or expansions.

The growth of the aerospace industry in Rockford, for example, could offer opportunities for local manufacturers to diversify their customer base while building on traditional expertise and capabilities. In recent years, significant advancements in technology and innovation have occurred within the aerospace industry, and the impact of these advances has been felt in numerous other industries as new applications and spin-offs emerge.

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- » The advisory committee and local businesses expressed a desire to maintain the Region's competitive advantage in the manufacturing sector given the skills and capabilities of local businesses and the workforce.
- » Research on the Region identified several industry clusters which offer significant development opportunities:
 - Fabricated Metal Products Manufacturing
 - Machinery Manufacturing
 - Transportation Equipment Manufacturing
- » The aerospace manufacturing niche includes businesses involved at all stages of the value chain for aircraft, space equipment, and other aeronautic production. These industries range from aircraft materials and component manufacturers to specialized electronics producers and large-scale assemblers.
 - The Rockford area has five major Tier I aerospace supply companies (e.g., Hamilton-Sundstrand and Woodward), as well as many smaller suppliers and subcontractors.
 - The planned expansion of Woodward in Loves Park will offer more opportunities for local suppliers.
- » Maintaining and enhancing these competitive advantages will require collaboration, innovation, and the adoption of new technologies within these industries as well as financing opportunities.

Recommended Strategies

1. Inventory the processes and production capabilities of small and medium-size job shops to determine if new supplier-customer relationships could be developed by firms within the Region or nearby. Also use the knowledge gained about these processes and production capabilities as a marketing tool to attract businesses or industries to the Region.
2. Examine the skills and other workforce characteristics needed to produce these types of inputs and to work in the distribution network in the Region.
3. Form a task force of interested business leaders in selected clusters and find ways to move ahead. Possibly use a Strategic Doing approach—what can, should, and will the Region do together to promote regional development and employment? More information and research into opportunities for implementing Green Strategies and using technology to reduce costs should be provided especially to smaller companies.
4. Assess options for increasing the services provided throughout the Region by agencies such as a regional Small Business Development and Entrepreneurship Center which works with currently underserved areas. This agency and other technical assistance

Explore Partnerships with Other Institutions for Vocational Training Courses.

Joint Institute of Engineering and Technology-Aerospace (JIET-A) in Rockford
http://jieta.aero/3299/about_jieta

JIET-A partners with aerospace companies and educational institutions in northern Illinois to provide comprehensive education for students who are interested in careers in the aerospace industry. Students enroll in JIET-A programs through one of several educational institutes of their choice including Rock Valley College and Northern Illinois University. While students take courses in engineering, mathematics, and information technology, they work as interns for companies such as GE Aviation and B/E Aerospace. Students graduate from JIET-A programs with the skills and experience demanded by aerospace companies.

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- services such as Economic Gardening, Illinois Manufacturing Extension Center, and related programs can be located in the Manufacturing Technology Innovation Center (MTIC). Outreach efforts should be coordinated in the Region to minimize overlap and/or underserved areas. The business forums indicated that current intermediate agencies, such as the SBDC, are underfunded.
5. Explore partnerships with Rock Valley College, MIT, NIU-College of Engineering and Engineering Technology, Sauk Valley Community College, Highland Community College, and other higher education institutions to provide vocational training courses for specific industries.
 6. Prepare value chain analyses for industries which regional development practitioners are interested in contacting. Examine these prospective businesses regarding how they can fit into a regional clustering and marketing scheme.
 7. Inventory inputs which are purchased outside of the Region by current manufacturers and determine whether sufficient volume and/or capacity exist to produce them locally. Also determine whether existing companies could retool and meet these demands, such as producing in Rochelle the components for the Nippon-Sharyo railcar production facility which are currently imported from overseas. Design a marketing program to attract businesses in the top 3-4 industries best suited for the Region, based on the analyses in this report and previous studies.
 8. Design a regional manufacturing network or collaborative of manufacturing and business leaders which meets quarterly to help “change the narrative” about manufacturing, identify new opportunities and markets, and help educational institutions shape programs to meet labor demands by having manufacturing groups participate in internship programs or similar activities. This approach could address the communication issues discussed earlier.
 9. Evaluate opportunities to work with EigerLab in Rockford and/or assess ways in which the Manufacturing Technology Academy can link with EigerLab to bring their services to the Region.
 10. Evaluate the findings of the cost of operation comparisons for the Region with other competitive sites and incorporate them into decisions about marketing to prospective firms.
 11. Use the network formed by the task force to support a ListServ, regional website, or other online communication program to provide information about sharing specialized equipment and/or services. Creating a ‘Craig’s List’ for manufacturing opportunities was mentioned in a business forum. The network could also host a “Manufacturing Fair” to build more awareness in the Region, but also to better inform companies about the inputs available in the Region and to encourage collaborations about pursuing new markets.
 12. Using existing research, analyze the aerospace industry potential, needs for labor and other inputs, and related activities where the Region could serve Aerospace cluster participants. Start on-going discussions with personnel in the aerospace cluster industries.
 13. Working with the MTIC and MTA, this network could sponsor a periodic assessment of the state of the Region regarding trends and opportunities for future development and expansion. The Carson Manufacturer’s Forum, which works with Western Nevada College, could be an example (<http://manufacturingcollaborative.com>).
 14. Capitalize on the expansion of regional aerospace suppliers, such as Woodward and Hamilton Sundstrand in Rockford, to determine what components and technical training for technicians, engineers, and others will be required to operate in the next decade.

Potential Regional Partners

- » EIGER Lab
- » NIU College of Engineering
- » Business owners and managers
- » NIU Center for Governmental Studies
- » Economic development and chamber of commerce officials
- » Rock Valley Community College
- » Morrison Institute of Technology
- » Rockford Area Aerospace Cluster
- » Rockford Area Economic Development Council (RAEDC)
- » Workforce Investment Board
- » Small Business Development Center

GOAL III: CREATE AN ENTREPRENEURIAL REGION WITH A CLIMATE WHICH SUPPORTS NEW BUSINESS FORMATION AND ENCOURAGES EXISTING BUSINESSES TO INVEST AND PROSPER.

Context

Research on northwestern Illinois and rural areas in general shows that locally owned, small businesses (those with fewer than 10 employees) are a primary source of job creation and are more likely to stay in the area as they expand. Past research (confirmed by interviews with local business owners) also shows that locally owned, small businesses can be lost due to a lack of succession planning and/or a lack of buyers for the businesses. Many such businesses may be at risk for this reason and, if serious efforts are made to prepare young adults for these opportunities, these businesses could be retained and continue under new ownership.

Along with developing and retaining workers coming into the labor force, it is crucial to identify, train, and retain the next generation of entrepreneurs to successfully take over current businesses and create new ones. Business starts in the Region lag behind those in adjacent areas. For instance, between 2004 and 2007, rural areas (non-metropolitan) in

Iowa had 2.81 business starts per 1,000 population, while rural Wisconsin had 3.12 per 1,000. The average (weighted) for the five counties was 1.61 per 1,000 residents during this period. The comparisons with Iowa and Wisconsin are more relevant than with Illinois because southern Illinois has a substantially different economy than northern Illinois.

Within the Region, Stephenson and Ogle counties were highest, and Carroll County was lowest. Possible explanations include population density, income, and other local characteristics. An important point is that this comparison reinforces comments in the manufacturers' forums saying that technical assistance is needed especially by small establishments, and parts of the Region have limited access, on a regular basis, to small business development support.

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- » Comparisons of business starts per 10,000 population in the Region with non-metro areas in Iowa and Wisconsin (based on NETS data) show that the Region as a group lags well behind other areas in new establishment formations. A goal for the Region could be to surpass other areas in business formations and substantially reduce business closures.
- » Counties in the Region, except Whiteside, have minimal, if any, regular small business support services as noted in the manufacturers' forums.
- » The number of jobs lost in the Region between 2000 and 2009 by companies which closed, downsized, or moved out surpassed by 11,000 the number of jobs created in those which opened, expanded, or moved into the area.
- » Small businesses often do not have the internal expertise to effectively participate in the state and federal programs available.
- » Efforts to encourage or support new business starts or small business growth are fragmented, underfunded, and need better coordination to increase their effectiveness.

Recommended Strategies

1. Work with local educational institutions to make students in grades 8-12 aware of the opportunities which are available in business careers. These efforts could include a business plan competition for juniors and seniors, a scholarship program sponsored by philanthropic organizations in the Region, and other approaches which have been used elsewhere. For example, the Southern Entrepreneurship Program has been used successfully with high school and community college students in Mississippi. The Creating Entrepreneurial Opportunities program in Effingham, Illinois, and the Whiteside Area Career Center, are other examples, as is the EIGERLab FastPitch competitions in northern Illinois and southwest Wisconsin.
2. Consider the formation of business led initiatives to encourage youth to consider careers or entrepreneurship opportunities. This approach can be started in partnership with existing organizations such as Kiwanis, Jaycee's, Boys and Girls Clubs, Scouts, 4-H, or Future Farmers of America.

Promote Business Starts and Support Entrepreneurs within the Region

Littleton, Colorado-Economic Gardening
<http://www.littletongov.org/bia/economicgardening/>

The city of Littleton has an economic development strategy based on helping existing local businesses grow, as opposed to traditional methods of small business development or attraction of large companies to an area. The program has three components: information, infrastructure, and connections. Information: The city subscribes to numerous databases for developing marketing lists, competitive intelligence, and industry trends, then shares with business owners so that they may identify new business opportunities. Infrastructure: The city invests not only in its physical infrastructure but also in its knowledge infrastructure by developing business-related courses in partnership with local community colleges. Connections: The city maintains contacts with think tanks, state universities, and CEOs in order to introduce local business owners to new opportunities outside their communities.

3. Identify best or promising practices which have successfully assisted entrepreneurs in other areas and which could be brought to this Region if needed. For instance, the Midwest Intellectual Property Management Institute (MIPMI) model for assisting businesses in a hands-on approach could be contacted to increase its efforts to retain and create jobs in the Region. MyEntreNet is an online resource for entrepreneurs started at the University of Northern Iowa (UNI), and it has transferable components with potential for the Region.
4. Inventory regional education programs and services including the access to capital which is available to entrepreneurs in the Region and encourage financial institutions to participate in state and federal financing programs. Compare local programs in the Region with other successful efforts elsewhere to determine their viability for implementation in the Region.
5. Survey businesses started in the past two years to identify the services or assistance needed to help them grow and become more profitable.
6. Support the Black Hawk Hills Entrepreneurs and Inventors Network (BHEIN) activities to encourage business starts and expansions. Systematically compare past business starts and closures in the Region with other areas to assess performance and possible needs for adjustments. Hold a focus group of organizations which provide support services and organize meetings with potential entrepreneurs to start a dialogue about assets, barriers, services needed, and opportunities aimed at a regional entrepreneurship development and enhancement plan.
7. Design and support a full-time, staffed, small business entrepreneurship assistance organization, incubators, or other facilities in the Region to promote business starts to provide the levels of services comparable to other regions. This unit could be housed in the Manufacturing Technology Innovations Center (MTIC) to provide coordinated programming with community colleges, NIU, MIT, and other organizations in the Region. An Economic Gardening Program could provide additional services for 2nd Stage manufacturing companies. The Kansas Economic Gardening Network and other regional programs such as in Florida, Missouri, and Oklahoma may be models to consider. Provide easily accessible information for entrepreneurs on a regional website or expand an existing site so that a central location for information is available with links to specific programs.

Assisting Entrepreneurs through Interactive Web Portal

University of Northern Iowa- MyEntre.Net
<http://www.myentre.net/AboutUs/ProgramOverview/tabid/237/Default.aspx>

The University of Northern Iowa has coordinated an array of services for small businesses through a web portal at MyEntre.Net. The site has a Business Concierge service which refers entrepreneurs to state and local government programs. The program is also staffed by database experts who retrieve requested information regarding potential consumers and competitors as well as mailing lists in the areas that someone is interested in starting or expanding a business. In the past 18 months the Business Concierge service has reached over 600 businesses. Additionally, MyEntre.Net has a searchable database of all the business which are providing services in Iowa, and a classified ads section so that entrepreneurs can easily find the resources they need to start or expand their businesses. MyEntre.Net serves more than 2,000 Iowans annually.

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Potential Regional Partners

- » Financial Institutions
- » NIU Center for Governmental Studies
- » Morrison Institute of Technology
- » Blackhawk Hills Regional Council (BHRC)
- » Blackhawk Hills Entrepreneurs and Inventors Network (BHEIN)
- » Business owners and managers
- » Economic development and chamber of commerce officials
- » Youth organizations such as 4-H, Future Farmers of America, Scouts, and other groups
- » Sauk Valley Community College
- » Highland Community College

Creating Entrepreneurial Opportunities for Youth (CEO)

Effingham County, Illinois

<http://www.effinghamceo.com>

CEO is a one-year entrepreneurial training class offered to secondary school students in several school districts in Effingham County, Illinois, and is supported by community leaders and local business owners. CEO students receive comprehensive instructions on running a business from conceptualization to operation. Students learn to frame their business ideas in terms of costs versus benefits, economic opportunity, and competitive advantage. Students also learn marketing and record-keeping skills. Finally, students prepare business plans to present to business leaders and investors. According to a CEO annual report, the organization operates an angel investment fund which offers capital for graduates who implement business plans in the county.

GOAL IV: MAKE BETTER USE OF LOCAL (REGIONAL) INPUTS AND SPECIALTIES TO DEVELOP A HIGHLY PROFITABLE AGRIBUSINESS AND FOOD PROCESSING REGION INTEGRATED INTO MIDWESTERN MARKETS.

Context

The advisory committee and local businesses expressed an interest in developing the Region's potential in terms of new crops (especially organic and specialty foods) and the expansion of value added opportunities by processing more local agricultural products and by-products within the area with a focus on agricultural product manufacturing.

- » Work on these issues is already underway, especially in Whiteside and Stephenson counties. Farmers' Markets exist in several cities in the Region. "Buy Local" programs have brought a renewed sense of 'local is better' for both the economy and healthier lifestyles with state and federal funding supporting this effort.
- » The productivity of the agricultural land and the proximity to local food activities in both Wisconsin and Winnebago County offer viable development opportunities in the five counties.

The productivity of the agricultural land and the proximity to local food activities in both Wisconsin and Winnebago County offer viable development opportunities in the five counties.

- » The Agriculture, Food Production, and Technology cluster has a strong competitive advantage in terms of employment concentration (2.5 times the U.S. average), output (3.4 times the U.S. average), and worker compensation (3.6 times the U.S. average).
- » The Region has had experiences with agricultural organizations in the past. Building on initiatives such as the Northwest Illinois Ag Coalition (NIAC) formed in 2003 could be useful. While NIAC dissolved in 2006 due to funding issues, it had several successes including the Twin Cities Market located in Sterling and a local foods program in Freeport. Given the renewed interest in food processing and manufacturing, NIAC may have been ahead of its time and should be reevaluated.
- » The Kitchen Incubator of Northwestern Illinois offers a base of operations for people who are interested in processing and marketing local produce. This initiative has up-to-date technology and can be promoted as an Agribusiness industry. Expanding this operation could open new markets for producers in the Region.

Recommended Strategies

1. Apply for funding to determine the feasibility of, and capacity for, processing and distribution activities within the Region, especially in adapting or expanding existing production facilities and using existing resources.
2. Create an association or agency to help brand and market regional food products to major distributors and directly to consumers. Link with similar institutions in Wisconsin, Minnesota, and Iowa to form joint efforts.
3. Use comparable cost data to evaluate options for the Region and pursue those with the greatest potential for the Region.
4. Identify potential markets in the Midwest for the crops and produce which are best suited for growing in the Region. Programs such as *Illinois MarketMaker* sponsored by the UI-Extension offer opportunities to identify specialty markets for these products in the Chicago area and metropolitan communities. This approach could bring higher prices to growers and build on the excellent logistics in the five counties.
5. Form alliances between growers, producers, and other industry sectors to promote Agribusiness and Food Processing operations such as the Kitchen Incubator of Northwestern Illinois and other units in the Region. Have them visit successful food programs in neighboring states to determine the feasibility of similar programs in the Region.
6. Contact farmers, possibly through county offices of the Illinois Farm Bureau, to determine any missing links in the Region, including organic farmers and poultry processing facilities. An active group of farmers interested in organic crops exists in the area and could be the basis for expanded activities in the Region.
7. Work with higher education institutions to determine the skill sets needed to work in food processing and related industries and make sure the workforce is highly trained.
8. Inventory the existing and planned capacity of the five counties and surrounding areas regarding specialty crops, both growing and processing, as well as animal-ag opportunities such as poultry processing to determine the viability of further processing activities. Previous work in the Fulton area could be a basis for this effort.

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Potential Regional Partners

- » Organic seed producers and distributors
- » County Board representatives
- » Blackhawk Hills Entrepreneurs and Inventors Network (BHEIN)
- » NIU AgTech Program
- » Illinois Farm Bureau
- » Local farmers and food processors
- » UI-Extension Service
- » UW-Extension Service
- » Economic development and chamber of commerce officials
- » Illinois Department of Commerce and Economic Opportunity
- » Illinois Department of Agriculture
- » Governor's Rural Affairs Council
- » Illinois Downstate Alliance

GOAL V: LEVERAGE AND MARKET EXISTING REGIONAL ASSETS TO ENCOURAGE GROWTH, ENHANCE THE QUALITY OF LIFE, AND MAXIMIZE THE POTENTIAL OF THE REGION.

Context

The advisory committee identified Transportation, Distribution, and Logistics as critical assets in the Region, not only in terms of employment, but as a catalyst for supporting the location and growth of other targeted industries. The Region's strategic location compared with large metropolitan areas and the highway and rail transportation routes in place give it a competitive advantage as a location for transportation dependent industries.

Many proposed initiatives in this report will require substantial funding and are beyond the fiscal resources of any one community or county. Securing funding from state and federal agencies on a regional basis will require marketing projects as collaborative efforts, since current agency policies favor regional collaborations.

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- » The Global III and the Savanna LRA site offer different, but complementary, opportunities for industries which are shipping containerized freight or bulk commodities. However, realizing the full potential of these assets will require additional investments in highways, river access, and utilities.
- » Sites for the development of new distribution facilities are available, but information on them is, in many cases, outdated or incomplete making it difficult to market the Region to site selectors or business prospects.
- » The recent location and expansion of transportation-related manufacturers (such as Nippon-Sharyo, Woodward, and Chrysler) will create new business opportunities for suppliers of parts, components, or services.
- » Black Hawk Hills Regional Council has a Comprehensive Economic Development Strategy (CEDS) document which lists infrastructure projects such as a new industrial park in Mt. Carroll, the expansion of public transportation in Freeport, or airport runway repair in Rochelle. These projects can be explored in more detail in light of the strategies which the Region decides to pursue.

Recommended Strategies

1. Work with the Class I and terminal railroads on a three-year plan for designated sites and facilities, rail service needs, and necessary interchange or switching agreements.
2. Work with utilities and other agencies to create a program including incentives where shovel-ready sites can be assembled quickly for prospective businesses. Make sure the regional infrastructure is current on LOIS and is marketed through DCEO avenues. Assess and prioritize infrastructure needs for regional transportation, communication/data storage, and logistics assets.
3. Identify major expansions associated with the Intermodal Terminal in Rochelle and match requirements of businesses with potential suppliers in the Region. Possibly host a supplier's fair for businesses in the Region or a trade mission to work with businesses considering a location near the Global III.

Regional Sites Inventory and Site Selection

Louisiana Economic Development-Certified Sites & Economic Development
<http://www.louisianasiteselection.com/led/Buildings-And-Sites.aspx>

Partnership of Alabama-Advantage Site
<http://edpa.org/bsc/advantagesites.asp>

The states of Louisiana and Alabama collect and publish extensive information regarding the characteristics of the land which is available to economic developers. The two states maintain separate databases with similar content. Land owners can apply to have their site officially certified by submitting many pieces of information which are unavailable on the conventional site selection websites such as the Location One Information System (LOIS). In addition to data on zoning, acreage, sale price, distance to highways, and utilities providers, certified sites also submit information on the taxable property value and millage of property taxes; maps of utilities for water, electricity, and sewer; maps of flood plains and soil to determine impediments to construction; permits and zoning ordinances; availability of incentives such as enterprise zones; availability of fiber-optics and DSL; and previous land use. These requirements place additional disclosure responsibilities on land owners, but the information provided is critical to economic developers' location decisions.

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4. Organize a coalition of business and public leaders to make the case for business investment infrastructure needs including an airport utilization study, rail feasibility study, and evaluation of highway needs in the Region. Depending on results of previous strategies, design and market a program building on the use of the Intermodal Terminal, Whiteside County Airport, and other regional assets.
5. Conduct a regional supply chain analysis to identify and attract firms to serve transportation related manufacturers.
6. Conduct a feasibility study of the Whiteside County airport to determine the strategies for the best uses of the current facility, expansion options, logistical opportunities, aesthetics, and others. Include viable programs in the Region's CEDS report.
7. Professionally review current business incentive packages and compare them with competitor regions. Determine gaps and review needs or opportunities to expand incentives and support businesses, as mentioned previously.
8. Create a regional inventory of available sites and buildings with detailed information of interest to site selectors and prospective companies. Based on the findings of the inventory, identify additional and specialized sites which may be required to attract targeted industries. Create a site certification program to insure that these sites can be quickly developed for a prospective company. This approach should include obtaining control of the site along with the necessary zoning, platting, incentives, and infrastructure improvements in place prior to marketing the site. This inventory can be provided on a regional website.
9. Evaluate the options for starting a Foreign Direct Investment program with incentives appropriate to suppliers to the Nippon Sharyo plant.
10. Assess and prioritize infrastructure needs to support business expansions in the Region working within the Black Hawk Hills Regional Council CEDS process. Ask the BHRC to contact state and federal agencies regarding the potential funds available to build or upgrade the facilities as needed to make the Region competitive. Organize local manufacturers and other businesses to actively participate in groups such as the I-88 Corridor and the Tri-State Alliance which promote investment in infrastructure.

Certified Industrial Lands Program

Business Oregon-Certified Industrial Lands

[http://www.oregon4biz.com/
The-Oregon-Advantage/Sites/
Oregon-Certified-Sites/](http://www.oregon4biz.com/The-Oregon-Advantage/Sites/Oregon-Certified-Sites/)

Business Oregon, a state agency, has built an inventory of industrial sites which are ready for construction. Site owners who are applying for certification must complete a 20-page form detailing the site's geological conditions, compliance with state and local regulations, utilities coverage, and workforce and demographic characteristics of the site's location. Completing the application requires verifying documents from multiple third parties, including the initial letter of support for a development project from the local chief elected official, feedback from the U.S. Army Corp of Engineers regarding the site's location relative to wetlands, and formal letters from utilities detailing the site's current connection and capacity. Certified sites must also apply for recertification every two years to ensure that information is current. This information provides site selectors with sufficient information when searching for sites virtually.

Potential Regional Partners

- » County Board representatives
- » Whiteside County Airport Board
- » Blackhawk Hills Regional Council (BHRC)
- » Global III Terminal representative
- » Rail, trucking and logistics industry representatives
- » Business owners and managers
- » NIU Center for Governmental Studies
- » Economic development and chamber of commerce officials

Summary and Recommendations

The analyses in this report highlighted various approaches that the Region could take as the economic recovery unfolds over the next several years. The Region, in many ways, is in an enviable position because it has a strong history in manufacturing and innovation, untapped resources, excellent logistics and transportation systems, and close proximity to regional, national, and global markets.

At the same time, the resources in the Region which are available to manage various strategies are insufficient to pursue all of the possible opportunities, so the strategies must be prioritized and additional resources must be found to manage the process.

In a first attempt at prioritizing strategies, the advisory committee identified strategies which would be the easiest and could have the greatest impact in the short- and long-term. The list of priorities for each of the five goals follows.

The advisory committee ranked Goal I as having the highest impact for the amount of time and effort to initiate. Strategies such as evaluating workforce concerns and future needs of businesses, creating a manufacturing technology innovations center and academy, generating financial support and resources for entrepreneurial manufacturing and service firms, providing market research, creating dual-credit courses for secondary school students, working with WIBs on development programs, and publicizing efforts to attract young professionals would all have a positive impact on the Region.

To meet Goal II, forming a manufacturing network, changing the narrative about manufacturing in the Region, inventorying inputs purchased outside the Region which could be made locally, preparing value chain analyses, and assessing options for providing more assistance for small and medium-sizes companies rated highest in terms of impact for time, effort, and funds invested.

For Goal III, focusing on providing more support for entrepreneurship and small business development, examining best practices to support entrepreneurs, and working with local educational institutions to make secondary school students aware of opportunities for successful business careers were viewed as having the greatest impact on the Region per investment.

In Goal IV, working with growers, identifying potential markets, applying for funding to determine the feasibility of adapting and/or expanding existing facilities in the Region, and working with educational institutions to prepare students for careers in the agri-processing and manufacturing industries could bring the highest investment returns for the Region.

Regarding Goal IV, conducting a regional inventory of available sites and buildings, working with utilities on incentives, conducting a feasibility study of the Whiteside County Airport, working with Class I railroads,

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and identifying major expansions associated with Global Terminal III were seen as providing high payoffs for the investment of time and effort involved.

This project was designed to suggest potential strategies which could help transform the Region, increase employment and investment, and bring prosperity to the Region. The most important step, however, is taking action. Fortunately, several activities are already underway by the Whiteside Area Career Center, Career Tec, community colleges, and manufacturing businesses to upgrade the skills and capacity of the workforce.

Definitely, to move the five-county region ahead using the strategies recommended in this report will take additional resources. The three broad issues on which to focus include first finding ways to increase access to management and financial information available to start-ups and the second stage companies seeking to expand. The meetings held with manufacturers identified a need for more communication among businesses but also between small businesses and providers who can assist them with expansion plans. Increasing business starts and expansions has to be a high priority.

A second focus should be on helping to retain existing businesses in the Region by improving the quality of the labor force. Efforts are underway for businesses to work with agencies such as the Whiteside Area Career Center, community colleges in the Region, the College of Engineering and Engineering Technology at Northern Illinois University, and other organizations. These activities will not only revitalize existing manufacturers but will also build a reputation for the Region as a place where businesses can start and prosper. Manufacturing in the region should be seen as in transition, rather than in decline.

A third focus should be on the Agribusiness, Food Processing, and Technology cluster, which is active in the Region, and with guidance and assistance could increase substantially to serve the surrounding metropolitan areas. The resources are available, and the logistics-distribution systems are excellent. The Food Processing component has a strong presence in the Region on which to build, and an expansion of this component will involve growers, processors, manufacturers, and distributors. The work force will have to be trained to meet the needs of an expanded Agribusiness, Food Processing, and Technology cluster, but there will be considerable overlaps in the skills sets needed.

The Region has a set of strategies with the potential to bring prosperity. The next step is to implement them in an organized way and assign time lines to each strategy with 30-day, 60-day, 90-day, six month, one year, and/or longer-term horizons.

Top-Ranked Strategies Overall

Rank	Goal, Strategy	Average Difficulty Rating	Average Impact Rating	Impact Minus Difficulty
1	Goal 1, Strategy 10	2.14	4.00	1.86
2	Goal 1, Strategy 8	1.71	3.29	1.57
3	Goal 1, Strategy 7	1.86	3.43	1.57
4	Goal 2, Strategy 8	2.83	4.33	1.50
5	Goal 1, Strategy 11	2.67	4.14	1.48
6	Goal 1, Strategy 1	2.57	3.86	1.29
7	Goal 3, Strategy 7	2.83	4.00	1.17
8	Goal 2, Strategy 13	2.33	3.33	1.00
9	Goal 3, Strategy 3	2.43	3.33	0.90
10	Goal 4, Strategy 8	2.00	2.83	0.83

Concluding Comments

The five counties examined in this report have the potential to move ahead on a variety of fronts. They have excellent transportation access to major regional and national markets. A long history of manufacturing provides a base on which to build and a large number of small businesses in the Region can participate effectively in a networked economy. The Agribusiness, Food Processing, and Technology cluster in the Region provides opportunities to participate in the local foods movement. While the workforce in the future could face some challenges given population trends, the educational and business communities recognize the needed changes and are implementing strategies to make corrections.

The prosperity in the Region will depend on the actions taken by both community and business leaders. The Region has an action plan with goals and strategies. Business and community leaders are meeting to implement these approaches and if this approach continues, the Region should have a prosperous future.

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