

Northeast Wisconsin Global Trade Strategy

Part 1 of 2: A strategy for increasing exports in Northeast Wisconsin

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This publication was prepared by East Central Wisconsin Regional Planning Commission. The statements, conclusions, and recommendations are those of the author(s) and do not necessarily reflect the view of the Economic Development Committee.

ABSTRACT

TITLE: Northeast Wisconsin Global Trade Strategy

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SUBJECT: Supporting global trade in Northeastern Wisconsin.

DATE: April 30, 2012

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This report, the *NE WI Global Trade Strategy*, acts as a summary of the project and is intended to be the main distribution document.

Introduction

Context

As our economy rebounds from the most recent recession we are confronted with new economic realities. Certain economic activities and expectations before the recession may no longer be a foundation to plan and build from. Jobs once secured by American workers are now a distant memory. 70% of consumers live outside the borders of the United States. While these realities may seem unsettling, there is abundant opportunity. More consumers are available than in any time in history. Trade agreements are increasing access to once closed markets. As the world urbanizes and gains wealth, products are needed to fill changing lifestyles, diets, and consumption habits.

We need to plan for these changes and opportunities. Vibrant economic activity is important for all regions and is most successful when collaborative efforts take place. The following study was created in a very collaborative effort and that should be recognized. Through financial support from the Economic Development Administration, which the authors of the study are extremely grateful for, private and public organizations worked together to set the stage for increased economic activity through a global trade strategy. This strategy will prepare and engage Northeastern Wisconsin for new economic opportunities and will strengthen the region.

The following study is contained in two reports. This report, the *NE WI Global Trade Strategy*, acts as a summary of the project and is intended to be the main distribution document. It is purposely concise and is written for all audiences. The *NE WI Global Trade Strategy Background Report* contains more in depth data for those seeking more technical information about the project. We encourage the reader to review both reports and join us in supporting global trade in Northeastern Wisconsin.

Background

The stated purpose of the study is to increase exports for small to medium size companies in NE Wisconsin. This project is a part of the Economic Development Administration's Community Trade Adjustment Assistance Program. This program assists communities impacted by trade with economic adjustment through the: (1) coordination of federal, State, and local resources; (2) creation of community-based development strategies; and (3) development and provision of programs that help communities adjust to trade impacts. The Community TAA Program is designed to provide a wide range of technical, planning, and infrastructure assistance and respond adaptively to pressing trade impact issues. As exhibit #1 indicates, the Department of Labor identified Brown, Calumet, Fond du Lac, Manitowoc, Marinette, Outagamie, Sheboygan, Waupaca, and Winnebago Counties as being significantly impacted by global trade. As such, this planning effort seeks to create conditions that will increase exports for small to medium size companies in the area and grow the region's economy.

Funding

The East Central Wisconsin Regional Planning Commission (ECWRPC) and Bay Lake Regional Planning Commission (BLRPC) submitted a joint application to the Economic Development Administration (EDA) in April 2010 to secure funding to prepare a Global Trade Strategy for Northeast Wisconsin. As stated previously, the money was made available through EDA's Community Trade Adjustment Assistance program. The application was successful and \$200,000 (\$166,500 grant and \$33,500 local match) was approved for the project.

Study Area

The study area includes 18 counties within Northeastern Wisconsin (see Exhibit 1). This area encompasses the ECWRPC and BLRPC Economic Development Districts (EDD) as defined by the EDA. Additionally, the 18 county region is the boundary of the New North, which is a 501(c)3 organization fostering collaboration among private and public sector leaders throughout Northeast Wisconsin.

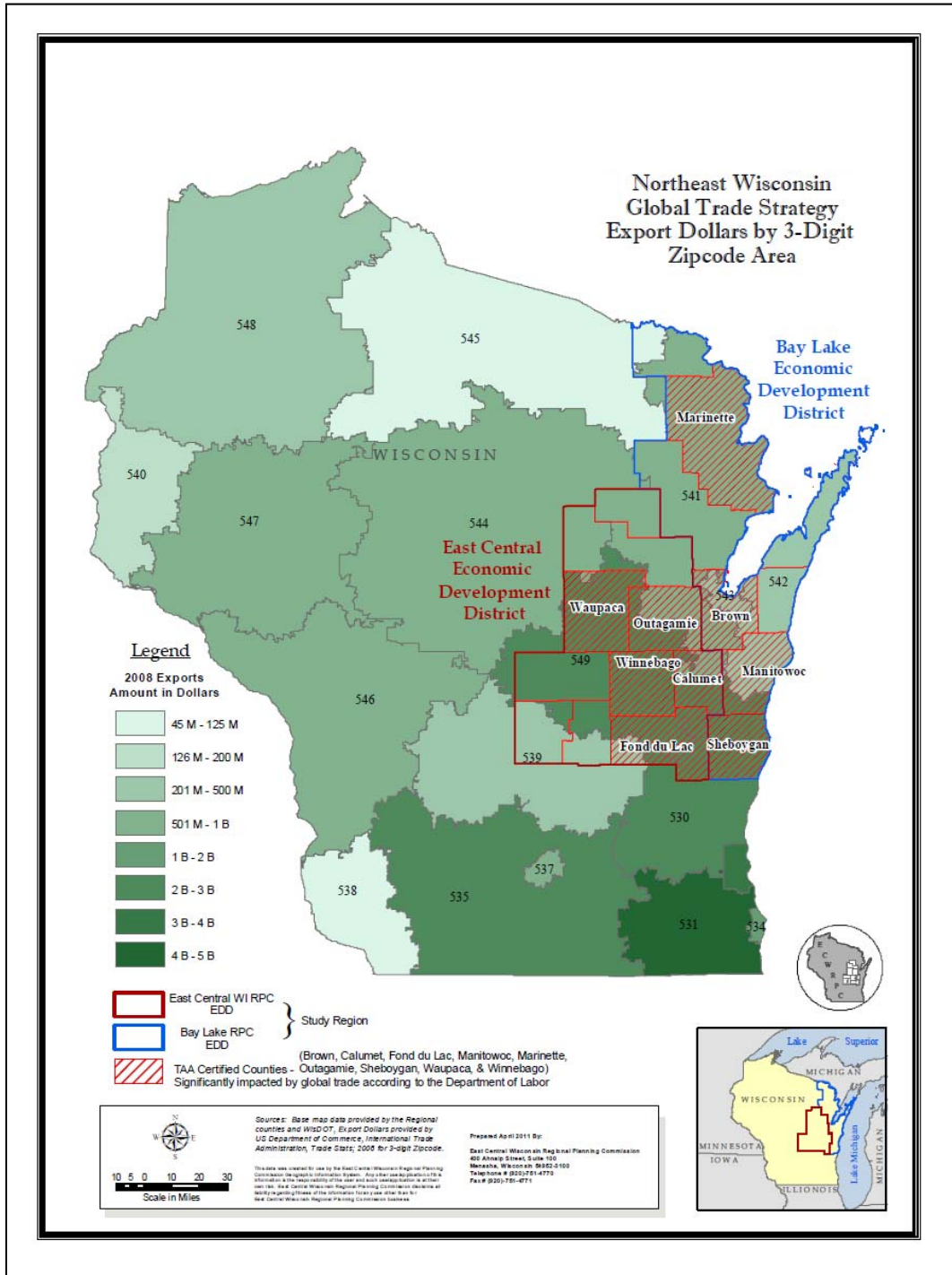


Exhibit #1

Methodology

Project Outline

The project was facilitated by a Core Team with oversight from a Stakeholder Committee. This team was assembled at the start of the project and some members will stay involved for future activities. The outline of the project included the following core areas;

- Inventory Existing Conditions
- Analysis/Trends
- Recommendations

Core Team Responsibilities

- Completion of the identified scope of work
- Coordination of stakeholder committee
- Administration of the EDA grant and maintaining a budget for the project

Composition of Core Team

1. East Central Wisconsin Regional Planning Commission:

The East Central Wisconsin Regional Planning Commission (ECWRPC) serves as both a Regional Planning Commission and as the Economic Development Administration's Economic Development District (EDD) for the East Central region. Through these efforts, ECWRPC participates in Economic Development in the following ways:

- Creation and implementation of the *East Central Wisconsin Regional Comprehensive Plan 2030*. This comprehensive plan serves as a guiding document for ECWRPC work and provides goals, strategies, and recommendations for Economic Development. This document can be found by visiting <http://www.eastcentralrpc.org/compplan.htm>;
- As the EDD for the region, ECWRPC is responsible for maintaining and updating the Comprehensive Economic Development Strategy (CEDS) document for the region. This document outlines a regional economic development strategy and monitors economic development conditions in the region. This document can be found by visiting <http://www.eastcentralrpc.org/planning/economic/EconDevelDistrict.htm>; and
- East Central Wisconsin Regional Planning Commission work plan. Each year the ECWRPC prepares a work plan that includes Economic Development activities. It is anticipated that recommendations from this study will be included in future work plans.

2. Bay Lake Regional Planning Commission:

The Bay-Lake Regional Planning Commission (BLRPC) was formed in 1972 to serve as the official areawide planning organization for the eight county region comprised of Florence, Marinette, Oconto, Brown, Kewaunee, Manitowoc, and Sheboygan counties. The Commission became an economic development district of the Economic Development Administration in 1980 with the preparation and adoption of the Overall Economic Development Program (OEDP), which is known today, is the CEDS. The BLRPC facilitates economic development through these activities:

- As required by Wisconsin State Statute, the Commission adopted its regional plan in 2005 to establish broad goals and initiatives to encourage preservation of natural resources while building and maintaining strong communities. A copy of the *Bay-Lake Regional Planning Commission 2025 Regional Comprehensive Plan* can be seen by visiting the Commission's website at www.baylakerpc.org;

- The BLRPC is in the process of updating its *2009 Comprehensive Economic Development Strategy*. The CEDS highlights a comprehensive list of goals and strategies to promote economic diversity and growth throughout the region. The strategic plans from a variety of organizations like the Wisconsin Economic Development Corporation are incorporated within the CEDS to offer a broad framework in which to allocate resources to further job creation and an strengthen the area's tax base; and
 - The Commission's *Two-Year Work Program and Annual Budget* is updated and distributed annually. It offers member communities to provide input on how and where the Commission can assist them to meet their planning and program administration needs. The document highlights each of the Commission's five program areas with projects to be completed within the next one or two years in each one.
3. Waupaca County Economic Development Corporation:
The Waupaca County Economic Development Corporation (WCEDC) is a 503(c)4 corporation with a Board of Directors that represents both the private and public sectors. The primary functions of the WCEDC are to:
- Assist in the retention and expansion of local businesses;
 - Assist businesses outside of the county with relocation;
 - Takes an active role in entrepreneurial and workforce development;
 - Markets the county for business and industrial development;
 - Collaborates with business, education, and government organizations on regional development;
 - Works with local community organizations on retail revitalization;
 - Administers the county's revolving loan fund;
 - Assists with grants, loans and other economic development programs; and
 - Provides county-wide demographic and economic information.
4. Newmark Knight Frank:
Newmark Knight Frank is one of the largest real estate service firms in the world, providing comprehensive real estate solutions to many of the most prominent corporations, property owners, investors and developers across the globe. In January of 2006, Newmark formed a partnership with London-based Knight Frank, forming Newmark Knight Frank, a global real estate consultancy with extensive worldwide capabilities and coverage throughout North America, Europe, Asia-Pacific, Africa and the Middle East. The Newmark Knight Frank partnership now operates more than 240 offices in established and emerging property markets on five continents. With a staff of 7,000 employees, Newmark Knight Frank offers a full-service platform for corporate or institutional and multi-national or local clients. Newmark Knight Frank has consistently focused on developing and expanding service lines in order to optimally meet the changing needs of their clients. The company's full range of integrated services includes leasing advisory, global corporate services, investment sales and financial services, consulting, project and development management, and property and facilities management.

Stakeholder Committee

A Stakeholder Committee was established by the Core Team members to ensure the project was completed within the approved timeline and meet the intended goals of the grant. Individuals chosen to serve on the committee represent a wide range of global trade components (ex. education, infrastructure, businesses, technical resources, and government). The committee was formed

immediately following notification by the Economic Development Administration and has played an instrumental role in establishing a process that was able to generate input and feedback from a variety of different groups, companies, and governmental entities that was used to create a comprehensive global strategy for smaller to medium sized businesses located in Northeast Wisconsin.

The project stakeholders met on June 9, 2011; August 11, 2011; January 12, 2012; and March 8, 2012. Members of the Stakeholder Committee are listed below with the organizations they represent:

- Roxanne Baumann, Wisconsin Manufacturing Extension Partnership
- Patrick Drinan, Sheboygan County Economic Development Corporation
- Shannon Full, Fox Cities Chamber of Commerce and Industry
- Bruce Glaub, BMO Harris Bank
- Koreen Grube, U.S. Commercial Service
- Dean Haen, Port of Green Bay
- Kelly Holtmeier, Northeast Wisconsin Technical College
- Carol Karls, Wisconsin Public Service Corporation
- Marty Lenss, Outagamie County Regional Airport
- Jerry Murphy, New North, Inc.
- Kelly Nieforth, Calumet County Economic Development Corporation
- Mark Rahmlow, District Office of Representative Reid Ribble
- Jim Resick, University of Wisconsin Extension-Outagamie County
- Brad Schneider, Wisconsin Economic Development Corporation
- Hube Te Plate, Cooperative Services International

The Stakeholder Committee members agreed to continue working on the implementation of the goals and strategies stated within the study. These individuals will serve in a temporary Steering Committee role with the responsibility of identifying and directing an individual or organization to oversee the implementation of the strategies. New North, Inc. has agreed to add a paid intern to begin gathering additional information and work the Steering Committee. The sources from which the intern will have not been identified. Dave Thiel from the Core Team has agreed to be project director and begin organizing the process in which to begin addressing the global trade strategies and begin marketing the contents of the study.

Outreach

A large part of developing the Global Trade Strategy for Northeast Wisconsin business involved ongoing outreach activities to allow for greater public awareness of the project as well as generate additional region wide feedback. Several methods were used to accomplish the public outreach part of the process:

- **Website:** A Google Documents site was created on the Bay-Lake Regional Planning Commission's website to facilitate communication amongst the Core Team Members and the Stakeholder Committee members. Materials for the project can be seen at <http://www.baylakerpc.org/economic-development/global-trade-strategy>;
- **Presentations** were given periodically throughout the strategic plan development process. For example, presentations were given at the quarterly Northeast Wisconsin Regional Economic Development Partnership meetings on December 16, 2011 and March 16, 2012. A list of these presentations can be found in the *NE WI Global Trade Strategy Background Report*. Additional outreach efforts are incorporated in the implementation plan.

- **Newsletters** and **E-Newsletters** contained articles on the projects with updates and contact information. Copies of those articles are provided in *NE WI Global Trade Strategy Background Report*.
- **Press Releases** detailing the scope of the project along with updates were provided on an ongoing basis. A list of these communications can be found in the *NE WI Global Trade Strategy Background Report*.

Inventory/Existing Conditions

Industry Driver Inventory

The goal of the industry driver inventory is to identify, to the extent possible, the subsectors most important to the regional economy based using the following;

- Employment
- Output
- Growth of Employment
- Growth of Output
- Output / Employee

The analysis was conducted in the following 13 industry clusters as noted in Exhibit #2;

Industry Cluster	Primary Production Sectors
Agribusinesses, Food Processing & Tech.	311 - Food mfg. 312 - Beverage & tobacco product mfg.
Apparel & Textiles	313 - Textile mills 314 - Textile product mills 315 - Apparel mfg.
Forest & Wood Products	321 - Wood product mfg. 322 - Paper mfg. 337 - Furniture & related product mfg.
Printing & Publishing	323 - Printing & related support activities
Energy	324 - Petroleum & coal products mfg. 325 - Chemical mfg.
Chemicals	325 - Chemical mfg. 326 - Plastics & rubber products mfg. 327 - Nonmetallic mineral product mfg.
Advanced Materials	325 - Chemical mfg. * 331 - Primary metal mfg. * 334 - Computer & electronic product mfg. * 332 - Fabricated metal product mfg. * 326 - Plastics & rubber products mfg. 327 - Nonmetallic mineral product mfg. 333 - Machinery mfg.
Primary Metal Mfg.	331 - Primary metal mfg. *
Fabricated Metal Product Mfg.	332 - Fabricated metal product mfg. *
Machinery Mfg.	333 - Machinery mfg.
Computer & Electric Product Mfg.	334 - Computer & electronic product mfg. *
Electrical Equip., Appliance & Component Mfg.	335 - Electrical equip., appliance, & component mfg.
Transportation Equipment Mfg.	336 - Transportation equipment mfg.

Exhibit #2

It is important to note that the process was completed as a directional analysis. No single component of the process solely determined the final targets for the research. Additionally, it must be understood that data is always incomplete and analysis must be tempered with broader industry trends and local insight.

Global Market Research

The goal of the Global Market Research is to understand markets that previously identified industry clusters can successfully export to. This research included a cursory overview of global markets followed by an in-depth study of specific areas that provide the most immediate and greatest export opportunities. The research process also explored potential business barriers. Examining these barriers required research on tariffs/tax, industry restrictions and quotas, non-compete agreements, etc. This research was greatly enhanced by the consultant’s extensive organizational resources in all areas of the world.

Infrastructure Research

➤ **Local Asset Mapping:**

To gain a better understanding of the existing infrastructure in the study region, Geographic Information System (GIS) software was used to map the infrastructure for analysis. These maps

are included in the *NE WI Global Trade Strategy Background Report*.

➤ **Infrastructure Interviews:**

To complement the local asset mapping, interviews with infrastructure stakeholders were conducted to gain an understanding of both the current state and future plans of infrastructure that is needed to facilitate global trade. These interviews focused on the region's ability to administer and physically move products to global markets.

Business Trends

➤ *Survey of Businesses within the Study Area*

A survey was developed by the Core Team with assistance from Mike Koles from the Waupaca County UW Extension program. The goal of the survey was to understand businesses' viewpoint on global trade and to uncover perceived and real barriers that companies see in global trade. The companies selected for the survey were based on the following criteria;

- The company had to be located in the study area.
- The company shares the same NAICS code as the industry clusters identified in the Industry Driver Analysis.

The survey was administered by first purchasing a list of businesses that met the above criteria. Next, a letter was sent to the identified companies asking them to visit Survey Monkey to complete the survey. As a follow up to the mailing, the Core Team had made arrangements with the NEWREP organization, made up of county economic development professionals within the study region, to call businesses on the list and ask that they complete the survey. The initial response rate was very poor, so as a result, the Core Team utilized the assistance of University of Wisconsin Oshkosh business students to conduct the survey over the phone. Of the 388 surveys originally mailed, 97 responses were received or logged for a 25 percent response rate.

➤ *In-Person Business Interviews*

In addition to the business survey, in depth interviews were conducted with companies to understand their existing and planned global trade strategies.

Organizational Capacity Interviews

Interviews were conducted with educators, economic development professionals, and industry associations to measure the amount of knowledge about global trade in the region and to identify resources available for assisting in global trade.

Analysis/Trends

Industry Clusters and Global Markets

Based on the information gained from the inventory/existing conditions, the Core Team has developed the following analysis of trends for the study region. It is important to realize that this analysis is based on what would have the most immediate and meaningful impact for the study region and realizes that other industries and global markets should be considered in the long term. Please visit the *NE WI Global Trade Strategy Background Report* for more information regarding how the analysis was conducted and justifications for the industries and global markets identified.

- **Industry Clusters:**
- Aerospace

- Agricultural Equipment Manufacturing
- Chemical Manufacturing
- Food Processing
- Global Markets:
 - Eastern Europe
 - Southeast Asia
 - Columbia
 - China

Infrastructure

An early step in the global trade strategy development process was the interviewing of individuals who represent the physical infrastructure that is necessary to maintain and grow exports for companies doing business in Northeast Wisconsin. Each person was asked whether or not your facilities have the capacity in which to accommodate the increase in exports. The Canadian National rail lines serving Northeast Wisconsin can handle additional cargo. The Green Bay Port has room to ship more products out of Northeast Wisconsin; however the port normally ships bulk items and not finished goods. If companies were to begin shipping finished products out of Green Bay Port, there would be a greater need to add containers as a shipping option. A container study is concluding that offers an overview of cost constructing such a facility and potential level of use by area companies. The two large airports serving Northeast Wisconsin, Outagamie County Regional and Austin Straubel, have capacity for transporting more goods from their respective locations. Air transport is seen as costly and utilized by companies that ship small quantities of items, one of a kind product, and parts that need to arrive within a short time period.

Business Trends

➤ Business Survey Analysis

The following statements summarize the key findings of the business survey:

- Barriers Identified-
 - Lack of knowledge about exporting
 - Believe it is too costly to export
 - Believe they have limited goods/services to export
 - Need to have sale staff in foreign countries
 - Concerns about shipping and payments
- Potential Growth-
 - Current exports are most often destined for Canada and Mexico
 - Low amount of export sales means there are areas for strong growth
 - Interest among companies to learn more about exporting

A complete summary of the business survey can be found in the *NE WI Global Trade Strategy Background Report*.

➤ In Person Business Interviews Analysis:

The following points summarize areas of concern that were uncovered by the in person business interviews;

- Concerns about access to markets
- Extensive food labeling requirements
- Warranty and return issues
- Shipping damage

Organizational Capacity

- **Global Trade Assistance:**
The study has found there are a wide range of global trade technical resources available for both economic development professionals and companies to utilize. Training and education is available at every level from the county economic development professional, to the CEO of an organization, to the shipping clerk.
- **Business Assistance:**
As great as the previously identified resources are, there is a significant disconnect between the resources and the consumer. Business interviews uncovered that businesses want either direct access to global trade information so they can seek their own answers, or a single point of contact to gain this information. As such, they are rarely aware of what is available and often believe they are on their own. This is a significant concern as small and medium size businesses do not have surplus resources and staff to dedicate to expanding global trade.
- **Economic Development Professional Assistance:**
This study recognized a general lack of knowledge about global trade amongst local economic development professionals. The project required that there would follow-up with those companies identified to participate in the survey. The Core Team members asked the economic development professionals within the local economic development corporations to assist with this follow-up because of their existing relationships with the companies. Due to low initial responses rate and to stimulate more completed business surveys, several requests were made of the economic development professionals to make calls on behalf of the project. It was determined there were no extenuating circumstances that would have inhibited them to make the calls except the lack of understanding of global trade that made them feel uncomfortable in talking to the businesses about the topic.

Goals and Implementation Plan

Context

The implementation plan outlined below is based on the complete analysis of the inventories and trends researched for the project. Since the base-line strategies offer the ability to be efficiently implemented within a short period of time, these actions will lead to an increase in technical support capacity as well as verifiable long-term increase in global trade amongst the identified businesses located in Northeast Wisconsin. It is important to note that these goals will be updated and expanded as the plan is implemented and additional knowledge is gained.

The implementation plan identifies three levels of recommendations:

1. **Goals:** The goals are the desired, high-level outcomes that have come out of the analysis and data gathering completed for this initiative. The number of goals is very limited to ensure that resources are not diluted and actual progress can be made.
2. **Strategies:** Strategies are the initiatives that must be undertaken in order to achieve the goal. A single strategy translates into an initiative that involves numerous parties and tasks.
3. **Action Steps:** The action steps are the individual tasks that together will further the strategic initiatives and are included in the *NE WI Global Trade Strategy Background Report*. Each action step will be correlated to a responsible party, priority and timeline. The action steps should be

viewed as the “game plan” for all stakeholders involved in the execution of this implementation plan.

Goal #1

Increase capacity of economic development professionals to better assist companies seeking to expand into global markets.

The interviews and research conducted for this study revealed that there is a significant lack of information on, and understanding of, global trade amongst local economic development professionals in Northeast Wisconsin. Because local economic development professionals are the primary implementers of the other goals identified in this implementation plan, the process must begin by helping those professionals develop the necessary tools. The purpose of this goal is to do three things:

1. Foster buy-in among local economic developers; ensure they know the benefits of having companies actively engaged in global trade.
2. Ensure local economic developers are aware of all the existing services offered to companies interested in entering the global trade market.
3. Provide local developers with a working knowledge of the process of international trade and the barriers companies face.

Strategies

- 1.1: Incorporate all local economic development professionals in the process of unveiling this strategy.
- 1.2: Centralize primary expertise in the region so local developers have a consistent source of information and answers.
- 1.3: Develop a comprehensive database of existing services offered to businesses seeking assistance with engaging in global trade.
- 1.4: Make educational resources accessible to time and resource constrained local economic developers.

Goal #2

Develop a strategy framework to identify, prioritize and engage companies that could benefit from services aimed at encouraging global trade.

Any successful outreach initiative has a defined strategy to ensure resources are directed at the appropriate targets. In this instances, the limited time and resources of local economic developers make a tight strategy all the more important. Because each county economic developer will likely be undertaking their own outreach, there cannot be a single overarching strategy. Instead, a strategy framework should be created that can be used by economic developers to develop their own strategy, specific to their county and businesses. Therefore, the strategies and action items identified for this goal are intended to be that framework; in other words, the action items are written as a suggested process for the local economic development professional. Given time and resource constraints of local economic developers the action items are designed to be simple but effective.

Strategies

- 2.1: Create a database of companies and their relationship to international trade.
- 2.2: First priority businesses should be those that are most likely to provide short-term successes.
- 2.3: Long-term, focus resources on companies with the biggest potential impact on the local economy.
- 2.4: Recruit companies for special WMEP Expor-Tech sessions focused specifically on the sectors and markets/countries identified in this report.
- 2.5: Recruit companies for trade missions and trade shows focused specifically on the sectors and markets/countries identified in this report.

Goal #3

Track, document and publicize impact of the global trade outreach initiative.

A critical, and often overlooked, component of any economic development initiative is performance tracking using agreed upon and standardized metrics. Documenting the impact of outreach efforts on the local economy using a standard set of metrics will allow for reporting at a regional level, and the ability to use concrete data as a tool when seeking funding or assistance from outside organizations.

Strategies

- 3.1: Utilize standard metrics to measure success.
- 3.2: Integrate local and regional tracking.
- 3.3: Develop consistent reporting techniques to publicize the initiative.

Goal #4

Create a clearinghouse of data driven, internal market opportunity analysis for Wisconsin industries, products and businesses.

The analysis conducted as part of this study is intended to give companies some level of comfort in expending resources to identify ideal markets for their product. The market opportunity analysis was completed for only four industries and two specific destination countries. The same type of analysis should be conducted for other industries and, if warranted, specific product segments. Research conducted as part of this or a future outreach initiative will never be a complete substitute for company lead research to identify very detailed opportunity that aligns with their specific product niche. However, the basic information on underlying drivers should help overcome fear of the unknown; the number one barrier to entering the global trade market.

Strategies

- 4.1: Develop the capability to become a source of strategic information for regional industries and companies.
- 4.2: Leverage broader resources to expand data clearing house
- 4.3: Develop publically accessible data clearinghouse

Goal #5

Actively promote infrastructure and policy initiatives at the local and state level that would benefit global trade in Northeast Wisconsin.

Although this is a regionally focused initiative there are many external factors that will impact its success. Atop the list of external factors are public policy decisions and infrastructure projects. The regional representative for the study area must be willing to actively promote the needs of this project from a policy perspective in order to ensure long-term success.

Strategies

- 5.1: Maintain policy/initiative priority list for the region and the state
- 5.2: Fill role as organizer and “partner advocate” on key issues pertinent with multiple stakeholders