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Cleveland Health-Tech Corridor
An Asset Based Strategy for Economic Growth

Accelerating Urban Manufacturing
Looking beyond Gazelles and Start-ups

The Rebirth of a City
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The Van Aken District
A Model for First Suburb Revitalization



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL



Frank G. Jackson
Mayor
Cleveland, Ohio

welcome to cleveland

Greetings!

On behalf of the citizens of Cleveland, Ohio, I want to welcome you to the 2016 International Economic Development Council (IEDC)'s Annual Conference, the largest annual gathering of economic developers, being held in our great city from September 25 – 28, 2016. Thank you for choosing Cleveland as the host city for this event as IEDC celebrates its 90th Anniversary as a global development organization.

This conference will showcase the diversified economy of Cleveland and Northeast Ohio that has leveraged billions of public-private partnership investment over the past five years. One example of this investment is the development of the 1,600 acre Health Tech Corridor, which runs between downtown and University Circle and features biomedical, healthcare and technology companies within close proximity to world-class, educational and medical research institutions including Case Western Reserve University, Cleveland State University, the Cleveland Clinic, and University Hospitals.

Cleveland, located on the beautiful shores of Lake Erie, is a vibrant and growing city with a rich history, world-class attractions and a vast array of arts and culture to experience. While here, you can visit the Rock and Roll Hall of Fame & Museum, Playhouse Square – the 2nd largest performing arts center in the nation, or University Circle - home to the world-renown Cleveland Orchestra, Cleveland Museum of Art and other cultural institutions. Take time to dine at any of our award winning restaurants either downtown at East Fourth Street, the Warehouse District and the Flats or in neighborhood hotspots, like Little Italy, Tremont and Ohio City, which features the West Side Market - the oldest and continuously operating market in the country that has more than 100 ethnically diverse food vendors.

Again, welcome! I hope you have an enjoyable visit and wish you the best for a successful and productive conference!

Sincerely,

A handwritten signature in black ink, appearing to read "Frank G. Jackson". The signature is stylized and fluid.

Frank G. Jackson
Mayor
Cleveland, Ohio

The IEDC Economic Development Journal

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Youngstown was once known as "Steel Valley" because of a robust steel industry. The death of this industry resulted in massive job and population loss, along with numerous decaying, empty buildings downtown. With the help of the Youngstown Central Area Community Improvement Corporation and its management of 52 projects downtown from the late 1990s through today, the area is growing once again.

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by Mark Low and Tom Sudow

The Global Cardiovascular Innovation Center (GCIC) is a multi-institutional product development and commercialization consortium made possible through a \$60 million grant from the state of Ohio's Third Frontier Project. The GCIC is a model of effective and efficient economic development focused on the knowledge based economy.



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The Van Aken District in Shaker Heights, Ohio, is a \$91 million mixed-use redevelopment built on the foundation of an \$18.5 million street reconfiguration, transforming a congested and unsafe intersection into a walkable mixed-use environment. The revitalization of the District at the terminus of the Van Aken rail line improves transportation options and livability for neighborhoods and employers in Shaker Heights and surrounding communities to the east and south.

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accelerating urban

MANUFACTURING

By John Colm

INTRODUCTION

Growing jobs, closing the skills and income gaps, building wealth and tax base...these are all hot topics in regional economic development circles, as they are in Cleveland, Ohio. This article describes a unique partnership that is working to “Accelerate Cleveland Manufacturing” by each year connecting dozens of Cleveland based manufacturing firms and their leaders to expert resources and solutions that help firms overcome barriers to growth, leading to new investment and job creation. In an era of economic transition and restructuring in the manufacturing sector, this strategy must confront and overcome several challenges, which are described here. First, a snapshot of Cleveland’s manufacturing sector helps set the stage.

CLEVELAND MAKES IT

Manufacturing is still a critical component of Northeast Ohio’s regional economy, as it is for Cleveland and surrounding Cuyahoga County. While there is media buzz around artisan manufacturing (young firms making unique products, generally for local niche markets) and the maker movement (driven in part by new technologies like additive manufacturing which enables prototyping and even production runs of products designed on desktop computers and printed using 3-D printing technology), in Cleveland there are still over 750 manufacturing establishments (the Cleveland Industrial Retention Initiative, or CIRI, works with over 1300 firms in the city, using a broader definition of manufacturing). These urban manufacturing firms in Cleveland are significant contributors to the city’s and



John Colm is president and executive director of WIRE-Net. (JColm@wire-net.org)



NE Ohio, Cuyahoga County, and Cleveland. Map courtesy of Team NEO.

LOOKING BEYOND GAZELLES AND START-UPS

Manufacturing matters in Cleveland, Ohio, where over 20,000 people are employed in the industry. Accelerate Cleveland Manufacturing (ACM) was developed by MAGNET, a Manufacturing Extension Partnership provider, and WIRE-Net, a membership based manufacturing organization. ACM targets companies identified through the Cleveland Industrial Retention Initiative. The goal is to engage companies seeking incremental growth, year after year, but that are challenged with limited resources and capabilities. ACM connects manufacturers to solutions utilizing one-on-one consultations, peer-to-peer Learners Groups, and other strategies. ACM has engaged hundreds of firms and delivered solutions to nearly 40, helping to retain and grow jobs, and assisting them in finding new sales and ways to cut operating costs.

the region's economy, paying about \$1.2 billion in annual wages in 2014. During the first quarter of 2014, 21,468 people were employed in the city's manufacturing sector¹, with another 48,234 employed in Cuyahoga County, outside the city.²

Employment in Cleveland's manufacturing sector has been essentially flat since the Great Recession. Manufacturing employment in the city grew by 148 jobs from 2012-2014, barely a one percent increase. Of the 21 NAICS segments that make up the manufacturing industry, 12 added jobs during this time frame, while seven lost jobs. Among the sectors adding the most jobs were Food, Primary Metal Manufacturing, Nonmetallic mineral products, and Transportation Equipment. Among the sectors contracting the most were Textiles and Leather Products, Fabricated Metal Products, and Electrical Equipment and Appliance manufacturing. Manufacturing employment in Cuyahoga County, which surrounds Cleveland, was also flat, adding just 85 jobs over this time frame.

Ohio's manufacturing sector faces a daunting recovery, as does Cleveland and Cuyahoga County. Between 2006 and 2010, Ohio lost 1,333 manufacturing establishments and 22 percent of its manufacturing jobs or over 175,000 jobs. Cleveland lost 14 percent of its manufacturing establishments and 26 percent of its manufacturing jobs between 2006 and 2010. Cuyahoga County lost 10 percent of its establishments and 22 percent of its manufacturing jobs in that period.

However, it is important to also consider other indicators of the sector's health or decline. Jobs alone do not tell the whole story. The number of manufacturing establishments in the city of Cleveland in 2012 was 782, and in 2014, 750, a decline of 32 or just four percent.³ And according to Team NEO, while manufacturing employment declined 40 percent between 1990-2015, its contribution to gross regional product grew by 13 percent or almost \$5 billion. Manufacturing remains Northeast Ohio's largest sector in terms of gross product produced, making up 19 percent of the

CITY OF CLEVELAND INDUSTRY MIX, 2014		EST	EMP	PAYROLL
NAICS Industry Code	Industry Description	2014	2014	2014
31-33	Total manufacturing	750	21,468	\$ 1,191,149,856
311	Food mfg	50	1,610	\$ 65,629,080
312 & 315	Beverage and tobacco product mfg / Apparel mfg	12	471	\$ 17,112,580
313 & 316	Textile mills / Leather and Allied Product mfg	3	10	\$ 609,808
314	Textile product mills	14	171	\$ 5,147,800
321 & 324	Wood product mfg / Petroleum and coal products mfg	17	219	\$ 8,623,736
322	Paper mfg	19	611	\$ 24,075,884
323	Printing and related support activities	68	1,308	\$ 54,333,248
325	Chemical mfg	44	1,937	\$ 184,913,564
326	Plastics and rubber products mfg	20	676	\$ 27,640,492
327	Nonmetallic mineral product mfg	22	413	\$ 22,270,608
331	Primary metal mfg	25	2,723	\$ 212,172,448
332	Fabricated metal product mfg	255	5,465	\$ 268,834,240
333	Machinery mfg	91	2,422	\$ 143,184,740
334	Computer and electronic product mfg	16	429	\$ 20,509,648
335	Electrical equipment and appliance mfg	15	973	\$ 51,769,040
336	Transportation equipment mfg	28	961	\$ 42,651,960
337	Furniture and related product mfg	14	169	\$ 7,557,488
339	Miscellaneous mfg	37	899	\$ 34,113,492

Source: Ohio Quarterly Census of Employment and Wages, 2014

Note: Data is based on first quarter.

Note: Payroll is annualized from first quarter data.

Note: The Cleveland location is based on the Center for Economic Development's geocoding of addresses.

Analysis conducted by the Center for Economic Development, Levin College of Urban Affairs, Cleveland State University.

region's economy. The sector is an important employer and economic driver. The table shows more details about the city's industry mix, number of establishments by sector, employment and annual payroll.

CHALLENGES

In addition to the global competition in manufacturing, Cleveland's manufacturing sector must contend with several other challenges.

Skills Gap: According to a study for the Cleveland Foundation by FutureWorks, only 43 percent of Cleveland city residents have the education or skill to meet the employment demand predicted for the region by 2020.⁴ The same study found that in key sectors paying family sustaining wages and with projected moderate to high demand, the region's workforce education system was failing to meet the demand. These occupations included metal and plastics workers, installation maintenance and repair, engineers, and skilled production workers.

Slow Growing Manufacturing Sector: Another challenge is the slow manufacturing job growth in Cleveland and that also plagues many older U.S. cities, as noted above. Common approaches to overcoming slow job growth include pursuing high tech growth industries through cluster based strategies, business attraction, and the like. Cleveland and the Northeast Ohio region have pursued technology driven, industry cluster strategies for over a decade and have established a dynamic venture capital and entrepreneurial environment. But deeper analysis of the outcomes of these strategies reveals a disconnect between these strategies and positive economic and employment outcomes for the hard-to-employ and those seemingly trapped in poor, economically isolated communities.⁵

Concentrated Poverty: Like many older, industrial cities, Cleveland also faces concentrated poverty in many neighborhoods. According to the Fund for Our Economic Future, nearly 100,000 Clevelanders live in economically distressed neighborhoods, and in those neighborhoods labor force participation among adults aged 25-64 is just 57 percent, compared to a regional average of 77 percent.⁶

Access to Jobs: Northeast Ohio has seen a hollowing out of its employment base, in manufacturing and in many other sectors as well. Employment change in the cities of Northeast Ohio was negative 28 percent, compared to four percent positive growth in the region's suburbs, from 1994-2013.

Two organizations that were formed to support the region's manufacturing sector and that have worked together for decades, collaborated to form Accelerate Cleveland Manufacturing (ACM) which leverages their respective strengths to address many of these challenges. MAGNET, a partner in the federal Manufacturing Extension Partnership, provides talent, engineering, and product development consulting services to small and medium sized manufacturers across North-

east Ohio. WIRE-Net (formerly known as the West-side Industrial Retention and Expansion Network) is a membership based economic development organization with a mission to strengthen manufacturing to fuel economic growth. WIRE-Net's 360 manufacturing and related company members employ over 20,000 people. WIRE-Net also manages the Cleveland Industrial Retention Initiative (CIRI) for Cleveland's Department of Economic Development, a crucial partner in ACM. Between its long standing membership relationships and its outreach through CIRI, WIRE-Net was intent on quickly opening doors to MAGNET's consulting expertise in order to spur more manufacturing growth in Cleveland.



MAGNET
Manufacturing Advocacy & Growth Network
AN OHIO MEP AFFILIATE

WIRE-Net
Where Manufacturing Matters



THE RESPONSE

Accelerate Cleveland Manufacturing (ACM) targets growing manufacturing firms in the city of Cleveland, regardless of the markets they serve or the technologies they utilize. Most of these manufacturers trade or export their products outside the region and bring new wealth into the region. Traded sector firms drive the economy through its connections to regional supply chains and local population serving sectors like retail and other services. ACM finds ways to grow those firms already in the community that pay family-sustaining wages and that have a future as they adapt and compete. These urban firms are also located where they are accessible to potential job seekers in Cleveland.

ACM was formed by WIRE-Net and MAGNET (Manufacturing Advocacy and Growth Network) in 2014. It is supported by local philanthropic investors like the Cleveland Foundation and the Fund for Our Economic Future, by the Ohio and federal Manufacturing Extension Partnership, and by the Economic Development Administration of the U.S. Department of Commerce through the Make It In America Challenge. The collaboration is managed jointly by WIRE-Net and MAGNET's staff. ACM identifies small and medium sized manufacturers that are willing to engage with external partners and resources to overcome challenges to growth.



CLEVELAND INDUSTRIAL RETENTION INITIATIVE
A Program of the City of Cleveland

MAGNET was founded in 1984. As a part of the Hollings Manufacturing Extension Partnership, MAGNET's \$7 million budget is funded roughly one-third each from state, federal, and industry sources. Its nearly 40 staff persons work in three major divisions: Growth Coaching, Product-Process and Market Development, and Workforce Development. MAGNET has a broad geographic footprint across 18 Northeast Ohio counties. WIRE-Net, incorporated in 1988, has a similar funding structure but also includes membership dues and program fees in its \$2.5 million operating budget. Both organizations are 501(c) 3 non-profits with independent boards of directors that share a similar mission in support of the region's manufacturing sector. With 20 staff, WIRE-Net provides Membership, Manufacturing Assistance (including CIRI), and Adult and Youth Workforce Development services to its members and stakeholders. WIRE-Net works primarily in the city of Cleveland and with manufacturers in five adjacent counties.

MAGNET and WIRE-Net teamed up to leverage their respective expertise to engage manufacturing leaders in the city of Cleveland in programs and solutions to help them overcome barriers to growth. WIRE-Net is leveraging over 25 years of membership and service relationships that developed out of its role as the managing partner of CIRI, a program of Mayor Frank Jackson and the city of Cleveland's Department of Economic Development. MAGNET brings a deep bench of manufacturing improvement expertise as the region's Manufacturing Extension Partner and the developer of PRISM, the Partnership for Regional Innovation Services to Manufacturers.

Through PRISM, the region's many resources that support manufacturing growth through innovation, including university labs, government agencies like NASA's Glenn Research Center and community colleges, were brought together into a network of solutions providers to support MAGNET's growth clients.

ACM is demonstrating that a strategy targeting existing small to midsize manufacturers (10-200 employees) could chalk up solid wins in terms of both capital investment and job retention and growth. The intellectual and theoretical framework – buttressed in large part from concrete action in Cleveland over the past ten years or more, and WIRE-Net and MAGNET's prior collaborations – takes as its jumping off point economic development strategies that target so called

“second stage” companies (existing firms with between 10-200 employees), firms that may have tapped out internal resources in their quest for future growth. In addition, “economic gardening” approaches are utilized instead of high-risk and expensive business attraction programs that are extremely competitive and that also yield a limited return on investment.

The idea is to engage with dozens of firms committed to growth, so that incremental additions in capital equipment, training, and job creation result, year after year. The approach was fine tuned with a high degree of input from company leaders that make up the boards of directors of both WIRE-Net and MAGNET.

WIRE-Net and MAGNET both have received funding from the Cleveland Foundation in support of the collaboration, which also counts many other organizations and institutions as partners, including the city of Cleveland's Cleveland Industrial Retention Initiative (CIRI), NASA's Glenn Research Center in Cleveland, and several university research centers.

ACM is also linked to a broader regional initiative, Advance Northeast Ohio (ANEO), that is part of the cross departmental Make It In America initiative of the Obama administration.⁷ ANEO utilizes an approach similar to ACM: leverage relationships among regional partners like Team NEO, which leads business attraction and supports retention and expansion in Northeast Ohio, Ohio Means Jobs-Medina County, MAGNET, and WIRE-Net. The team identifies firms challenged by barriers to growth and then develops and delivers solutions using a variety of technical, workforce, and other resources. There are some differences between the two initiatives: ACM does not target by industry or market served, just by location (in Cleveland or the inner-ring industrial suburbs) and predilection to growth; ANEO uses an industry cluster approach by targeting firms in the advanced materials sector that serve the transportation, biomedical or advanced energy markets.

The overall direction of ACM was established by the CEOs of WIRE-Net and MAGNET, who then formed implementation teams to hammer out a memorandum of understanding that spells out mutual responsibilities, accountabilities, and problem resolution processes. The teams meet regularly to discuss challenges customers are facing and to develop and deliver solutions.

So far, over 60 firms have been assessed by the twin initiatives, with 36 completing or working on growth solutions (examples of these engagements are described in the case studies below). Nearly 90 percent of the companies state that one of their key customer segments is the automotive sector, with 15 percent in advanced energy, and nine percent in biomedical (several are in more than one of these target markets). Cleveland is still a metals and machinery town, and it shows in the ACM customer mix with 60 percent in metal fab-



rication. The top three challenges ACM firms are struggling with include workforce development, process/continuous improvement, and business growth.

With workforce challenges topping the priority list, the initiative has reached out to other partners in the workforce development field to align resources to support the growing companies. Solutions provided include: support for apprenticeship development, incumbent worker upskilling, supervisory and entry level worker training, and provision of college interns.

In particular, the apprenticeship model is being integrated as a solution. WIRE-Net has lead responsibility to organize this component of ACM by re-educating manufacturers about the apprenticeship model, promoting apprenticeships to future apprentices, and organizing an Apprenticeship Consortium that makes the model easier to use by small companies. The use of apprenticeships in the manufacturing sector has atrophied as manufacturing has restructured over the past 30 years.

The first occupation being targeted is industrial maintenance/maintenance mechanic. It is a common occupation across most manufacturing companies and has a relatively high degree of common elements that can be delivered by the “related technical instruction” partner (typically a community college), and then customized to each member company’s specific needs through the on-the-job training component of the apprenticeship. WIRE-Net intends to pursue a competency-based model, in lieu of the common “seat time” model which awards a journeyperson’s card after so many hours of classroom education and on-the-job training. The competency model can enable apprentices to complete their training in less than four years and gain quicker access to the higher wages associated with the journeyperson status.

WIRE-Net and MAGNET co-branded Accelerate Cleveland Manufacturing, which offers peer-to-peer knowledge sharing and expert led learning events, in

CLEVELAND MANUFACTURING PROGRAMS

Program Name	Acronym	Organizational Lead	Target Sector and Services Offered
Manufacturing Advocacy and Growth Network	MAGNET	MAGNET	Targeting small and medium manufacturing firms. Incubator space and services, product-process-market development, talent development.
Formerly Westside Industrial Retention and Expansion Network	WIRE-Net	WIRE-Net	Targets small and medium manufacturing firms in greater Cleveland. Industrial retention and expansion in Cleveland, manufacturing improvement, workforce development for youth and adults, clean energy supply chain development.
Accelerate Cleveland Manufacturing	ACM	WIRE-Net and MAGNET	Supports growing, small and medium manufacturers located in Cleveland with growth solutions including peer-to-peer learners groups, manufacturing improvement, sales-marketing assistance, workforce development.
Advance Northeast Ohio (part of the Economic Development Administration-US Department of Commerce’s Make It In America Challenge)	ANEO	Team NEO Partners include MAGNET, WIRE-Net, Ohio Means Jobs Medina County	Targets regional small and medium advanced materials manufacturing firms serving transportation, biomedical or advanced energy markets. Provides growth solutions, including manufacturing improvement, sales-marketing assistance, workforce development.
Cleveland Industrial Retention Initiative	CIRI	WIRE-Net and Cleveland Department of Economic Development	Provides Cleveland manufacturers with resource connections in areas including permitting, city services, business assistance, and workforce development.
Partnership for Regional Innovation Services to Manufacturers	PRISM	MAGNET	Planning successful growth, defending and extending core business operations, innovating new products, improve processes or find new markets and finding, attracting, and managing talent.

addition to customized growth solutions for companies with specific technical barriers to growth. ACM is buttressed by CIRI, which annually completes in-plant assessments of 500 city of Cleveland manufacturers to identify challenges to their viability in Cleveland and to connect them to solutions. Initially, a target list of 200 second stage Cleveland manufacturers was identified through CIRI's industrial outreach, and nearly all of the 57 companies visited in an "initial growth visit" were previous CIRI clients. The ACM has given the CIRI team of industrial development managers another tool with which to serve Cleveland's manufacturers.

ACM has certainly generated activity in the two program years since it began.

- 161 unique companies engaged in the first program year, 88 additional firms have been engaged since the beginning of year two;
- 36 growth projects have been started with eight still underway;
- Peer-to-peer Learner's Groups are popular. Two have been organized that bring five to six companies together to implement lean manufacturing projects within each company, and two additional groups were formed to identify new sales strategies.

After over two years of planning and implementation, what are the major lessons learned from Accelerate Cleveland Manufacturing?

Lessons Learned

1. **It's about quality of relationships, not event attendance.** While the first year of ACM focused on attracting large numbers of manufacturing managers and leaders to events, in the second year ACM will focus on company decision-makers and rising leaders. Fundamentally, this is about building a strong engagement process, and to do that decision makers must be involved. Warm referrals by WIRE-Net and CIRI are key to MAGNET's consulting success, not generic post-event follow-up calls and emails. This will require time and effort making personal calls to contacts at these companies, as well as defining and communicating a compelling value proposition.
2. **City-based companies are struggling with operational efficiencies and technological deficiencies more acutely than suburban companies. Due to budgetary concerns, they also have more reluctance and are slower to engage on consulting projects to address critical needs.** The partners are working to aggressively market pay-for-performance as an alternative funding mechanism, so these large-scale projects are more affordable for client companies. Scaled-down consulting projects are needed to fit the limited financial and staff resources of Cleveland companies. In addition, engaging company leaders in group programs is another way to create a value-added service. For example, ACM has enrolled two "Learner's Groups" focusing on



Finish Line Binderies is one of the largest trade binderies in the U.S. The firm has been a customer of the Cleveland Industrial Retention Initiative of the city of Cleveland, and of the Accelerate Cleveland Manufacturing program.

lean manufacturing where each company actually completes two lean projects during the six session series. This model was replicated in the current program year, with a focus on the sales and marketing leaders in each participating company. One size of consulting service delivery does not work. Quarterly Growth workshops are valuable sources of cost-effective information and coaching. Turnout is growing for these half-day training-and-working sessions that focus executives on creating change in their businesses.

3. **MAGNET and WIRE-Net have significantly different but complementary internal cultures.** For example, WIRE-Net's focus on relationship management among its long-time members has created a high degree of trust between the member company and WIRE-Net account managers. This trust has been leveraged to open doors quickly to MAGNET's subject matter experts and growth coaches. Challenges common to most collaborations, including communication and coordination, have largely been overcome. Consistent communication has led to deeper trust and confidence between the two organizations that will lead to more traction in the market.
4. **Learner's Groups have led to real results.** Because of the peer pressure inherent in these small groups, plus the time pressure of a limited six-month engagement, manufacturers are making tangible improvements as a result of WIRE-Net's Learner's Groups. Members of these groups are forming their own informal support networks outside the program to assist in their growth over the long term. Owners are more than pleased with results and offer the following words of recommendation for the Learner's Group platform, which brings together five or six companies and their leadership teams to tackle common concerns and challenges (e.g., lean manufacturing, plant safety, new sales strategies):

“Martindale Electric has gained a lot of lean knowledge for our front-line supervisors through our participation in WIRE-Net’s Lean Implementation Group. Through the reinforcement of plant tours at the different participant companies, that knowledge has been expressed in a practical way and not just in theory. Our company project has tied it all together to benefit Martindale with shop floor improvements and the beginnings of a continuous improvement culture.”

*Linas Biliunas, President,
Martindale Electric Co.*

“Aetna Plastics has greatly benefited from WIRE-Net’s Lean Implementation Group. It has helped us build a foundation and roadmap for our lean program through the unique combination of classroom discussion and on-site plant tours. What makes this group truly special is the ability to share ideas and learn from like-minded businesses in our own backyard.”

*Andrew Gotschall, Manager: Quality and
Process Improvement, Aetna Plastics Corp.*

“The greatest benefit to Cleveland Steel Tool has been spreading the gospel of Lean past the senior management level, to allow foremen and machine operators to hear from their peers about the benefits of the process. Sharing ideas within a controlled environment is a far superior learning technique than internet videos or classroom pedagogues.”

*Mark Dawson, President,
Cleveland Steel Tool Co.*

As Pete Carlson, now with Regional Growth Strategies, put it in his concise paper addressing the regional job creation challenge, “those relatively small, fast growing companies tend to be widely dispersed, not likely to seek assistance, [are] difficult to identify and respond to their needs effectively. . . there is little capacity in most regions to proactively identify which existing businesses have the most potential to grow, and to help those businesses identify new products, processes, markets or technologies to support their growth.”⁸ Carlson nails the challenges, which MAGNET and WIRE-Net seem to be chipping away at as they move towards their target of providing growth solutions to 50 small to medium sized growing urban manufacturers in Accelerate Cleveland Manufacturing.

Case Studies

Three case studies underline the challenges and needs of local manufacturing firms, and the value of customized growth solutions. The customized approach is critical; but even more important is the long-standing trust and the relationships built over the past eight years through CIRI, and WIRE-Net’s peer-to-peer resource model. CIRI’s success lies in the personal re-

lationships and connections made between Cleveland manufacturers and the customized services it provides. CIRI works on 12-30 company projects a year that meet one of these criteria: new jobs could be added, jobs were at risk, costs were reduced or investment was made. These “impact projects” generate a conservatively estimated two-to-one return on investment to the city of Cleveland’s General Fund in the form of payroll taxes. CIRI and WIRE-Net’s existing relationships allow the solutions definition, development, and delivery to take place quickly, without the costly and time intensive cold-calling and relationship building that would be needed otherwise.

Optimize efficiency. During a CIRI visit with a Cleveland machine tool and electrical machinery manufacturer, the president confided that he wanted to develop a value engineering program and add customers in NE Ohio. WIRE-Net suggested he pursue a growth assessment with MAGNET. The company employs 76 skilled workers including welders, machinists, and machine builders supported by program managers and engineers. They serve many industries with precision components, assemblies, and systems, with a laser focus on value engineering. The growth assessment, conducted with MAGNET, identified three priorities: 1) Find financing to enable a \$600,000 process automation investment, along with associated work-cell development and process improvement to make best use of the equipment; 2) Increase plant efficiency by engaging employees to take ownership of continuous improvement; and 3) Provide assistance to recruit an open lead manufacturing position.

With most improvements completed by June 2015, the president reported on the intervention’s impact. At the first conversation, he characterized his company as “circling the drain.” Toyota, a major customer, was demanding the company improve quality and eliminate waste. Following the initial Growth Visit, he said a transformational change occurred. The company paid for a PRISM project to optimize efficiency and infuse lean thinking and action throughout the plant. The lean project’s success and credibility convinced the firm’s owners to invest \$700,000 in capital equipment to upgrade the competitiveness of the plant. The company is

While the first year of ACM focused on attracting large numbers of manufacturing managers and leaders to events, in the second year ACM will focus on company decision-makers and rising leaders. Fundamentally, this is about building a strong engagement process, and to do that decision makers must be involved.

now more productive and profitable. Toyota reps now serve as ambassadors for the company back at Toyota-USA HQ to encourage business expansion beyond the 10-20 percent of total sales currently projected. The 2015 company sales were ahead of target, and this transformation gave the president a clear opportunity to add people as volume grows.

This case shows how WIRE-Net's high trust relationships can quickly bring small firms into Northeast Ohio's economic development ecosystem and engage them with MAGNET's PRISM program, resulting in positive outcomes of investment, strengthened tax base and jobs.

Access expert advice. MAGNET and WIRE-Net visited a Cleveland metal heat treater to perform an on-site growth assessment, during which the company's leadership identified a variety of issues. After some discussion, the team offered specific suggestions and a potential consulting engagement to support implementation. The owners chose to begin the work independently, and as a result of the assessment and regular follow-ups, were able to implement significant changes to the operation without formal consulting. Six months later they report remarkable changes in a variety of business metrics, including a 50 percent reduction in scrap. This quality improvement will allow the company to optimize pricing, compete for more contracts, access additional markets, and eventually increase jobs.

Innovate through challenges. MAGNET and WIRE-Net Growth Advisors visited a defense contractor that had been negatively affected by government spending cuts. Together, they secured a \$75,000 grant through

the Federal Defense Manufacturing Assistance Program, matched dollar-for-dollar by the company, allowing MAGNET to assist the company's expansion into alternative markets. MAGNET's innovation consulting will help the company identify and enter new markets, and develop new process control technology that will give them an advantage over competitors. This growth will ultimately result in new jobs, as the company innovates and succeeds in 2016 and beyond. 

ENDNOTES

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3. The Center for Economic Development, Levin College of Urban Affairs, Cleveland State University, December 2015.
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NEED A CHANGE?

Make it Happen with IEDC's Job Center!

Whether you are looking to hire or to be hired, take advantage of IEDC's Job Center! Current job openings are posted in:

- IEDC News electronic newsletter
- Economic Development Now electronic newsletter
- IEDC's online Job Center

Employers: Reach a network of more than 20,000 qualified professionals at affordable advertising rates at www.iedconline.org

Job Seekers: Register to receive IEDC News at www.iedconline.org



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