

Economic Development Strategy Update



***Switzerland County Economic
Development Corporation***

December 2011

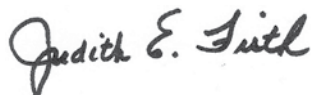
Welcome...

To Community Members and Friends of Switzerland County

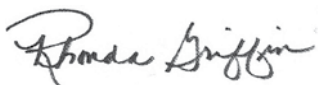
Thank you for reviewing this strategy update. The document you are holding is the product of more than eighteen months of research, planning, and discussion among community leaders and development experts from across southern Indiana. The Switzerland County Economic Development Strategy was published in 2004. It has served as the guiding document, not only for the Switzerland County Economic Development Corporation (SCEDC), but also for economic development investments in the county as a whole. Because of the importance of the document, it was critical that we have widespread community input on this update.

We would like to thank everyone who participated in the planning process, including the strategy update steering committee and those who attended public input meetings. We encourage you to review this document and contact us with ideas for improving Switzerland County's economic development efforts. ■

Board Members



Judy Firth
Chair



Rhonda Griffin



Bruce Williams



Introduction...

This strategy update is divided into two sections. The introductory section, which you are currently reading, describes the history of economic development efforts in Switzerland County. It references other background documents that are available for review and shows how far Switzerland County's economic development efforts have come.

The second section is the strategy update itself, prepared by the Strategic Development Group, Inc., of Bloomington, Ind. This section spells out new directions and priorities for the county's future economic development efforts.

Two important documents will provide valuable background as you review this strategy update. The first is the original Switzerland County Economic Development Strategy, available online at <http://www.switzerlandusa.com/strategy.aspx>. Created in 2004, this strategy has served as the guiding document for the county's economic development activities. In 2008, a Strategic Plan Progress Report was published, which is also available at the website. The purpose of this report was to update the community and other stakeholders on the county's economic development efforts since the adoption of the 2004 strategy. It contained an economic and demographic snapshot of Switzerland County and the surrounding region. It also detailed the county's progress up to that point on economic development initiatives. The report was intended not only to provide an update to the community, but also to serve as the foundation for the 2011 Economic Development Strategy Update.

A History of Community Leadership

Switzerland County can be proud of a history of citizens stepping forward to bring employers into the community when they were needed most. Throughout the past century, several of the county's largest employers have come to Switzerland County as the result of dedicated community leaders. The following three businesses, as well as the SCEDC itself, are examples of those efforts.

1. U.S. Shoe

Very poor economic conditions existed in Switzerland County during the years after World War II. Virtually no industry existed in the county and there were very few jobs. Most people made their living by working at an ice plant, various mills, or farming. Many had to leave the county to find work. A civic group was formed, including bankers and educators, to pursue bringing an industry into the county. This group was successful in bringing U.S. Shoe to Vevay in 1947. The first venture was in a small building, starting out as a cutting-and-fitting operation. In July 1948, U.S. Shoe Corporation broke ground on a new production facility. The plant held its grand opening on December 3 in its new, large building. The plant then became a full-scale operation for producing shoes, from cutting the leather to completing the shoe. In its heyday, U.S. Shoe employed 350 to 400 people. U.S. Shoe provided a real boom to Switzerland County where no industry was available before. On August 3, 1999, after more than 50 years of making shoes and after undergoing two ownership changes, officials from the Nine West Group, the owner of US Shoe, told its 260 workers that the plant was being closed. The last day of production was December 17, 1999.



A History of Community Leadership Continued

2. Randall Textron

In the mid-1960s, word reached the county that a manufacturer located in Jefferson County was looking for a new facility. The Vevay Switzerland County Industrial Corporation was formed to bring Randall Textron to the county. The local group raised the money, through individual contributions, to purchase property, and then secured a loan to build a building. Randall opened in Vevay in the fall of 1967. The building was leased to Randall Textron over a period of 10 years, providing the funds to repay the loan; at that point, Randall Textron became the owner of the building. Randall opened with 50 to 75 employees and grew to 200 at its peak. When the plant closed, 150 jobs were lost at an average weekly payroll of \$400 (an annual payroll of \$3 million). Randall Textron closed the plant in December 1996.

3. Belterra Casino & Resort

We most recently saw what a dedicated group of community leaders can accomplish with the opening and expansion of the Belterra Casino & Resort. A local group named SCORE was organized and many trips were made to Indianapolis to attend Indiana Gaming Commission meetings in an effort to bring a casino to Switzerland County. Three major presentations were made to the Indiana Gaming Commission and each time the license was delayed. Switzerland County was finally awarded a certificate of suitability in September 1998. Belterra Casino & Resort officially opened in October 2000. In 2003, Belterra announced an expansion, including a new 300-room hotel tower and conference space, making its hotel the second largest in the state. In this case, the hard work of a group of citizens resulted in obtaining the community's largest employer and largest capital investment in county history.



4. Switzerland County Economic Development Corporation

The Switzerland County Economic Development Corporation (SCEDC) was created in 2004 to coordinate and guide the county's economic development efforts. SCEDC hired its first staff in 2005 and began the process of positioning the county for aggressive economic growth. SCEDC has facilitated utility and infrastructure projects to improve the county's development capacity. It has also worked to raise the county's visibility in the business community through an internet presence and improved media coverage.

SCEDC has worked to improve Switzerland County's economic development capacity by overseeing development of the Markland Business Park, a shovel-ready industrial site. This 10-year project has already seen its first businesses arrive and shows great promise for the future.

SCEDC has also overseen Switzerland County's Economic Opportunities 2015 (Eco₁₅) project, a 10-county initiative to improve the education and skill levels of southeast Indiana residents. This project has attracted more than \$1 million in grant funds for Switzerland County and has led to the creation of an adult learning center in Switzerland County.

SCEDC has worked aggressively to attract grant funding for local projects. Since its operations began in 2005, SCEDC has been involved in attaining more than \$2 million in state, federal, and nonprofit grant funds. From working to improve high-speed internet access to developing new resources for the agribusiness community, SCEDC has been involved in a series of specialized projects designed to make Switzerland County a better place to do business. Moving forward, SCEDC will be the entity coordinating the implementation of this strategy update. ■



Recommendations...

Recommendations for a Revised Strategy for the Switzerland County Economic Development Corporation

*Prepared by Strategic Development Group, Inc.
June 21, 2011*

Introduction

This document represents Switzerland County Economic Development Corporation's (SCEDC) new strategy. The new approach is based on the solid foundation that the SCEDC created in its 2004 strategy. That 2004 plan was comprehensive in its scope – covering the reasons for a strategy, community vision, five general goals, and a set of measurable objectives under each goal.

The only weakness of the 2004 plan was that the SCEDC did not have enough available resources to carry out all of the objectives that the plan articulated. Strategic Development Group, Inc. (SDG), the consulting firm that was asked to assist the SCEDC in developing the new strategy, recommends that the SCEDC narrow its focus from the broad goals and multiple objectives of the 2004 plan. In this way, the SCEDC can put more resources into activities that are most directly connected to improving the county's economy.

The new strategy incorporates additional research that was undertaken by SDG and input over the course of the planning process from the SCEDC steering committee, which had the responsibility for creating the new plan.

Economic Development Challenges

The county faces significant challenges in economic development. These include the following:

1. A population that is under 11,000
2. Limited funding for the SCEDC: It must compete with other nonprofit organizations and government programs for local funding; SCEDC board members are on boards of other nonprofit organizations
3. County residents must travel to neighboring counties or beyond for key services, including post-secondary education and some medical services
4. Population size is a deterrent to accessing additional state funding for transportation
5. The county is not adjacent to a metropolitan area



6. The county is primarily rural
7. The economy is dominated by small businesses with few large employers
8. About one hour from the two closest metropolitan areas: Cincinnati, Oh., and Louisville, Ky.
9. A hilly topography that presents both difficulties in creating employer sites and challenges in access to broadband services

Of course, some of these economic development challenges are also seen by most residents as community values, such as the rural setting and the small-town quality of life that the county presents. The role of the SCEDC should be to build an economy that supports these values.

The SCEDC has, in fact, had a number of economic development successes. This is an organization that has thought outside of the normal development box.

Major Trends that Will Impact Economic Development in Southeast Indiana

As the noted Danish physicist Niels Bohr said (with tongue in cheek), “Prediction is very difficult, especially about the future.” While it is impossible to predict the future, the SCEDC’s new economic development plan should take into account socio-economic trends that are already impacting the U.S. and that do or could influence what happens in Switzerland County.

An Economy in Transition

The economy of the Midwest continues to transition from a semi-skilled manufacturing economy to a knowledge-based, service-oriented economy. Technological advances, such as mobile computing and the growth of the worldwide web, in some ways change the concept of place.

Manufacturing continues to dominate the Indiana economy. However, manufacturing employment continues to decline. One of the clearest manifestations of that change is the relatively rapid decline in manufacturing jobs as a percentage of total jobs in Indiana. In 1970, manufacturing represented 31 percent of all Hoosier jobs. Today that sector represents only 14.4 percent.

However, that economic transition will continue to take some time. As a result, there will continue to be a range of manufacturing location opportunities available in southeast Indiana. SDG recommends that the SCEDC continue to pursue prospective manufacturing employers. At the same time, the SCEDC should be preparing the environment for small to mid-sized professional and technical service companies.

The Education Problem

The county faces several obstacles in preparing for professional and technical service jobs. The most significant problem is the low educational attainment level of the population. Switzerland County ranks last in Indiana for adults with a B.A. degree. The county also scored low on the percentage of high school seniors who intended to attend a post-secondary technical or vocational school. While high educational attainment does not guarantee employment, education – whether a degree or a set of skill certifications – will likely be a key to individual earning potential over the next several decades.

The SCEDC has already begun to attack this problem with the EcO15 program for workforce development.



Revised Strategy Recommendations Continued

Broadband

Another obstacle is access to competitive broadband communications. The SCEDC has already been a leader in this effort. But, more remains to be done. Most companies looking for new locations will expect easy access to telecommunications. Indiana will also likely see more residents who are considering new locations and who will demand the ability to text, email, instant message, and access the worldwide web.

Security

A growing business cluster is security. This set of industry fields (from high tech to low tech) offers opportunities for small businesses, many of which would find Switzerland County an inviting home.

Economic Development Competition Will Increase

Both for new-business recruitment, retention, and expansion, the SCEDC can expect to have more rather than fewer competitors from across the world over the next decade. This will have several likely impacts upon the SCEDC: operating costs will increase and even apparently stable local employers will be heavily recruited by other communities.

More People are Moving to Urban Areas

In 2007, for the first time, more people on earth lived in urban areas than in rural areas. The jobs, educational opportunities, and cultural amenities that metro areas offer will continue to drive population and business growth. Smaller, rural communities have to be smarter to compete.

The Worldwide Web

The web – despite growing problems with issues such as theft and privacy – will likely continue to grow in value. This will provide potential problems and opportunities for all communities. On the one hand, local retail will continue to compete with larger online competition that will have lower costs; on the other hand, local small businesses can literally serve a worldwide online market.

Population

Japan and Western Europe are setting the demographic trend: developed countries are aging more quickly than developing countries. This will likely pose workforce problems and already is at the heart of the issue of funding social-service programs for the long-term.

The Service Sector and Small Business Will Drive Employment Growth

For the SCEDC, this implies that much of its work in new-business recruitment, retention, and expansion will be with service-sector companies and/or small businesses.

Revising the Strategy

The current strategy is comprehensive and has resulted in some significant achievements. However, the current plan has more programs than the SCEDC's budget can adequately support.

Strategic Development Group, Inc. recommends that the new strategy incorporate the following:

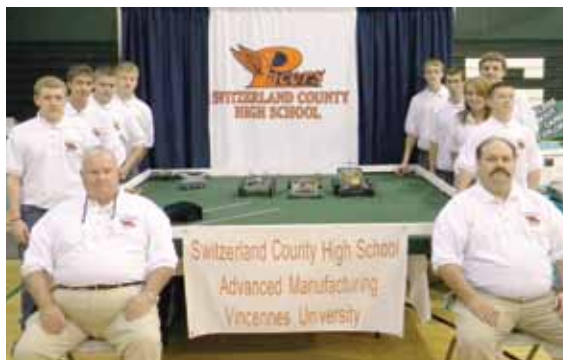
- Retain the five goals from the 2004 plan
- Stay focused on the core SCEDC mission
- Reduce active programs to a manageable number

The current goals are as follows:

1. Build the county's capacity for aggressive economic development initiatives
2. Retain and expand the county's existing business base
3. Attract new businesses that provide high-paying, high-skill jobs to the community
4. Maintain and enhance a quality of life that will encourage young workers to remain in and return to the county
5. Form a community-driven economic development approach with buy-in from all community interests

Continuing some key programs, but with a modified set of objectives under these goals, would result in the following:

1. Identify and pursue a revenue stream for economic development
 - Maintain or increase current annual contract with county government
 - Build a local fund for economic development using the Community Foundation of Switzerland County, Inc., or another foundation, with completion by the summer of 2012
2. Improve infrastructure for economic development
 - Continue to work on obtaining additional sewer capacity for the Markland Business Park
 - Infrastructure efforts should also include access to wireless and fiber optic services, with significant improvement by the end of 2012
3. Create an Entrepreneurs' Support Network
 - Create an aggressive small-business development program that starts with adding more information on small business development to the SCEDC website, with movement starting on this effort by the end of 2012
 - Because of Switzerland County's small population, the SCEDC's small-business development program might also focus on businesses that serve the local market (these non-basic employers would be part of an import-substitution program)
4. Create a program for providing services to established basic employers (includes agriculture)
 - Explore the concept of offering marketing research services to established employers by the end of 2012
 - Review SCEDC website for more client-focused information to include new-business recruitment, retention and expansion, and small-business development
5. Assess and enhance the county's current and future workforce
 - Continue EcO15 programs and prepare for the end of Lilly Endowment, Inc. funding of those programs
 - Emphasize lifelong learning – regardless of the career sector – and establish a lifelong learning network by the end of 2012



Revised Strategy Recommendations Continued

6. Prepare county information for prospective business inquiries
 - Create a new targeted marketing campaign to recruit new basic employers
 - Add more information on Markland Park to the website, including the following utility data, broadband data, property tax rates, information on available buildings, information on workforce training and education (WorkOne Center and EcO15 or its successor in the county), and a quarterly e-newsletter to site-location consultants serving the Midwest
7. Undertake guerrilla marketing:
 - Explore regional targets alone, including Cincinnati, Louisville, and Lexington
 - Identify companies that wish to serve both Louisville and Cincinnati markets: Such marketing should focus on the Markland Business Park, which is well-suited for this two-city market; consider advertising in the *Cincinnati Business Courier* and the online Louisville journal, *Business First*
8. Participate actively in regional economic development organizations, such as the Southeastern Indiana Growth Alliance, for national marketing and international marketing
 - Explore partnerships with counties across the Ohio River
 - Explore an Ohio River economic development corridor organization (IN-OH-KY)
 - As the SCEDC increases its marketing, consider acquiring an answering service or a computerized system that notifies staff of each telephone call
9. Solicit community input on economic development efforts
 - Quarterly newsletter for county residents and workers
 - Annual economic development open house and report to the community

What Remains to be Done

For the next two years, SDG recommends that the SCEDC focus on the nine core economic development approaches listed above because the SCEDC has the financial resources to perform well in these areas. There are insufficient resources to take the lead on affordable housing, arts and cultural-asset development, and brain drain. These are all connected to economic development, but they are longer-term issues. The SCEDC should work with other groups in the community on all of these issues, but – unless significant new resources are discovered for these activities – SDG recommends that these not be a major focus of this organization at this time.

Nonetheless, the core economic development initiatives are connected to quality of life and the retention/attraction of young workers. A healthy economy that respects the values and the environment will attract more people and should provide the financial resources to expand cultural activities. ■

Conclusion...

Looking Forward

The implementation of the 2004 Economic Development Strategy took nearly six years. This was largely due to the extensive range of projects called for in the strategy. This strategy update is more focused and should see a faster implementation. In fact, the action steps call for some progress on each of the new strategy's objectives by the end of 2012. While work on each of these priorities will begin in 2012, they are all ongoing projects that will take several years to fully develop.

Switzerland County has the potential to create a bright future. It is up to all of us to build the community we want for ourselves and our children. To do this, it will be critical to create opportunities for our current and future citizens to succeed. Once the recommendations in this strategy are successfully implemented, Switzerland County will be better positioned to attract better-paying jobs and to bring new opportunities to county residents.

We encourage the community and anyone interested in Switzerland County's economic development efforts to track our progress at www.switzerlandusa.com. This website will contain economic development news and quarterly newsletters to keep the community updated. ■



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