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New Elements in a RiverLands Manufacturing Strategy

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Meeting Overview

Regional business and economic development leaders gathered on July 13 to review the state of manufacturing in RiverLands and explore ways to seize new opportunities. The focus of the meeting was on generating a list of assets in each of these areas that set the region apart from others and on how the region can capitalize on these assets in the future. Meeting participants agreed that the region has a lot of potential in manufacturing. That said, they also emphasized that the region must be honest and specific about its competitive position in manufacturing. Several participants noted that both markets and supply chains in manufacturing are undergoing enormous changes—creating both huge challenges and exciting opportunities. To capitalize on the opportunities, RiverLands must bring new focus to its large base of manufacturing. Participants explored three options in particular: addressing chronic concerns about the workforce for its factories, tackling issues that threaten the business climate for manufacturers, and using a cluster approach to capturing better synergies across firms.



Strategic Assets

Riverlands' manufacturing sector has many things going for it. One is location—the region has access to more than 30 million people within a 250 mile radius of Dubuque. This enables it to plug into many diverse industrial supply chains. The region boasts workers with a strong work ethic and valuable mechanical know-how, rooted in the region's agricultural past. The region also has many locally owned industrial firms. This has resulted in significant wealth creation in the region. It also means that many firms are nimble in responding to new market opportunities.

Farm machinery and equipment manufacturing has long been an area of competitive advantage for the RiverLands region. Given the cyclical nature of that industry and the ongoing consolidation in it, however, leaders in RiverLands continue to pursue ways to diversify the manufacturing base. One industry with obvious synergies with farm equipment is the auto industry. However, the turmoil in that industry makes it imperative to explore other promising opportunities on the horizon.

The region's food processing industry, and especially dairy processing, is a notable source of stability and strength. RiverLands has abundant dairy production, and its surplus of water is attracting producers from other parts of the country. As herds continue to get bigger, more of the processing may actually happen "on the farm." That said, large dairy operations require sophisticated waste management technologies to deal with animal waste and runoff. Currently, farmers contract outside of the region to meet these needs, so there is an opportunity for the region to develop more expertise in wastewater treatment technology.

Manufacturing Strategic Options

Despite its large and highly developed manufacturing sector, RiverLands does not have a comprehensive development strategy to seize industrial opportunities. Such a strategy seems even more important given the current turbulence in many key industries. Participants focused on three strategic options, though they were still unclear how these might fit into a comprehensive strategy.

1. Workforce

There was strong consensus among participants that a skilled workforce is the limiting factor holding back growth in the region's manufacturing sector. The workforce is aging, there is a youth flight, and manufacturers report that it is particularly challenging to find quality workers to meet their needs. General problem solving skills appear to be in especially short supply. While RiverLands is home to a strong collection of educational institutions, business leaders express concerns that training does not always match employer needs.

While specialized training in areas such as welding is appreciated, the most pressing need of employers seems to be adding employees that can adapt to rapidly changing business needs. The ideal employee is often one with general mechanical skills, coupled with the ability to reason/problem solve and communicate effectively. In short, there is an excellent opportunity for businesses to partner with educational institutions to reevaluate and fine-tune the workforce training they provide. While some business-educational initiatives have already been successful or are under way, participants agreed there is a need for greater collaboration in this arena.

2. Business Climate

Leaders agree that the region can benefit from working to **align its tax and regulatory procedures** across state lines. While Wisconsin, Iowa, and Illinois have had success working as allies in expressing their needs to Washington (infrastructure needs are but one example), they have been far less successful at working directly together with one another. Leaders agreed that competition for success across state lines need not be a zero sum game.

3. Cluster Strategy

While the region's manufacturers already have many interconnections through buyer-supplier relationships, the region currently lacks any way to formally recognize these networks. Participants quickly agreed that there is no recognized manufacturing cluster strategy. There has been some talk about developing such a strategy, but the region appears to be a long way from tangible action steps to move a strategy forward. In part, this reflects the lack of a visible cluster approach on the ground in RiverLands. It also reflects a lack of trust. Many business leaders are reluctant to share with others information about their own business, often failing to see how cooperation could result in a win-win situation. Other participants noted that because firms have not witnessed the benefits of a cluster strategy in the past, they may not be willing to commit the time required to make this approach work. One way forward is to present business leaders in the region with strong examples from elsewhere in the nation that show how a manufacturing cluster strategy could benefit them—both individually and as a region. Once this is clear, a cluster strategy could be a lightning rod around which the private sector can come together.