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Region prepares for more manufacturing

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Oct. 6 is Manufacturing Day, and a fun fact to share in acknowledgement is northeast Indiana plants expect to hire almost 24,000 manufacturing workers during the next decade - more than some communities in the region can claim as inhabitants.

That Northeast Indiana Works projection is based on the industry's historic regional growth trend, quantified by Economic Modeling Specialists International. The trends indicate the region's manufacturing employment will grow 5 percent to about 89,160 workers from about 84,570, said Rick Farrant, communications director for Northeast Indiana Works.

In addition to the almost 4,600 new manufacturing jobs regional plants will create, the region will need to fill close to 19,400 job openings expected to occur through attrition as baby boomers retire, he said.

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With average annual earnings of \$65,328, manufacturing compensation ranks first among northeast Indiana's top 10 employing industries, Farrant said.

"We need to change the conversation at schools and homes about what a good career means, and it doesn't necessarily mean a four-year college education," he said. "In many cases you can get into some of these high-skilled positions with a certification or two years under your belt."

The region has hundreds if not thousands of open positions in manufacturing available right now, and "people who go into careers like manufacturing can earn as much if not significantly more than someone with a four-year degree," Farrant said.

"That's not to say that you don't have to work your way up, just like you do with any occupation, but the opportunity for advancement and wage increase is there if you are ambitious and career minded," he said.

Setting goals high

Economic developers in the region, including those with the Northeast Indiana Regional Partnership, are not content to repeat the industry's historic growth trends and are out to surpass them.

"Our pitch for each industry is specific and unique to that industry. But it is always based on the same principles," John Sampson, the partnership's president and CEO, said in an email. "Our starting point is always about skilled talent to do the work and compete in a highly competitive national and global marketplace."

The region's manufacturing talent has proven itself with the production of oboes and bassoons, designer clothing and accessories, Corvette body parts,

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John Sampson
Northeast Indiana Regional Partnership

high-end power boats, artificial hips and knees, raw copper for today's most advanced computers, furniture that will last a life-time, and satellite sensors that feed weather forecasting apps around the world.

"So many products are created, designed and made here in Fort Wayne and northeast Indiana. It all begins with the knowledge, ability and tenacity to make it and get it to market at a competitive rate," Sampson said. "All of this is supported by a best-in-the-US business climate. Our state's governing administrators and elected officials - from mayors to commissioners to legislators and the governor - all appreciate the critical importance of Hoosier manufacturing dominance."

"It is no accident that Indiana is number one in the country for manufacturing employment, and it is no happenstance that northeast Indiana is number one in Indiana for know-how and alignment around the needs of our region's manufacturing employers."

Changing times

Much of today's manufacturing in northeast Indiana is a jolting departure from the industry's stereotype of yesterday.

At Micropulse in Columbia City, for example, CEO Brian Emerick says its production takes place in an air-con-

ditioned, white-floored building that's almost as clean as a hospital.

The internet of things, global logistics and automation incorporating artificial intelligence will drive disruptive change in manufacturing going forward.

Manufacturers in the region are working on their way to making the adjustments technological changes will demand of their industry, learning new processes to remain competitive, Sampson said.

"There will be less demand for manual labor and more demand for tech-savvy individuals who can program, code, design, work in teams and innovate," he said. "There is no question that manufacturing will be subject to highly competitive change in technology and market demands from end users."

"We will either be victims of that change or beneficiaries. The most relevant question for us is which path will we choose as a region and how we will respond as a community to make sure we are supporting and aligning to the needs of northeast Indiana's employers."

The Fort Wayne campus of Ivy Tech Community College scheduled a manufacturing expo for 9 a.m. to 2 p.m. Oct. 6 in the Keith Busse Technology Building, where it expected up to 30 manufacturers from the region to showcase some of what they are doing and have planned.

"They're bringing a lot of what they make and interactive displays," said Kaylene Smith, Ivy Tech's lead program manager for workforce alignment. "It's basically to shine a light on what is manufactured in our area, what opportunities there are in manufacturing, and what Ivy Tech can do to get someone the skills they need in manufacturing."

The vocational college offers technical certifications and degrees in advanced manufacturing, and many of its labs and automotive bays will be open for instructor tours during the event, Smith said.



Manufacturing thrives in northeast Indiana

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The fortunes of Fort Wayne are strongly tied to the prosperity of its manufacturing, which the latest data from the Census Bureau's American Community Survey showed employed 17.8 percent of its workers in 2015.

By comparison, manufacturing's median labor share for 300 of the nation's more industrial cities was just 9.4 percent, according to a Peer Cities Identification Tool launched earlier this year by the Federal Reserve Bank of Chicago.

The Chicago Fed developed the online benchmarking tool to help cities with similar characteristics learn from each other. An official from the bank

visiting Fort Wayne identified labor share as a defining characteristic of the city.

Industrial trends such as offshoring and especially automation eroded the country's manufacturing employment base from 1970 through 2015, and the peer cities tool showed a median manufacturing labor share decline for the 300 cities in the data set for that period was 61 percent.

Fort Wayne showed greater strength in the employment sector, with a smaller manufacturing labor share decline of 44 percent.

Compared with the rest of the country, northeast Indiana has done exceptionally well in retaining and

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expanding manufacturing because of its work ethic and skills, John Sampson, president and CEO of the Northeast Indiana Regional Partnership, said in an email.

"Some of this is rooted in our agrarian heritage, which created a generation of workers who appreciate the intrinsic value of hard work and because the culture of the farm produced workers who have a basic mechanical aptitude fundamental to the know-how to make things work," he said.

"At the heart of what we do well today is a combination of what we did well in the past and because of how we learned to adapt and survive in the global marketplace."

Evolving

Columbia City-based Micropulse is an excellent example of a manufacturer leveraging the region's industrial strengths to thrive through adaptation.

Brian Emerick founded the company in 1988 as a garage tool-and-die shop that did everything for everybody at a time when

the economy and manufacturing environment were a little more forgiving.

As it became increasingly difficult to remain a generalist, Micropulse reinvented itself to focus on medical devices, which he said proved to be an excellent decision.

By specializing in low-volume manufacturing of complex or close-tolerance parts - work that is difficult and highly regulated - the company has grown to about 300 employees working three shifts in a 260,000-square-foot facility with room for further expansion of its operations.

With almost a third of the world's orthopedic industry in the area and hundreds of cottage businesses that have sprung up to supply its original equipment manufacturers as well as their suppliers, Emerick can't think of another place he'd rather be, he said.

"With our universities and tech schools, we've got it all: I feel really good about that infrastructure for education. We have low unemployment but we continue to find good employees," Emerick said. "As far as electricity costs too, I don't think could buy it any cheaper anywhere else. When it comes to taxes and all that, it's one of the

better states in the nation.

"Northeast Indiana is the most regionalized portion of the state, as far as working together, and that is a real advantage not only for manufacturing, but for quality of life."

Gritty determination

Indiana and local governments in the region have been very supportive of the use of industrial revenue bonds - which can reduce project financing costs by about 30 percent - and have been good about contributed to business expansion with other economic development incentives, he said.

In addition to Micropulse, a number of northeast Indiana startups have found ways to make the most of the region's resources and specialize to become the best in the nation and in the world at what they do, Emerick said.

"Think of Lincoln Financial that hatched multiple specialty insurance firms competing from Fort Wayne and northeast Indiana," Sampson said. "Think of what we learned from making GE motors that left with us a legacy of world class wire-

pulling knowledge and experience. How many people connect Philo Farnsworth's efforts from Fort Wayne and his contributions to the RCA television to the current day presence of global communications firms?"

"This did not happen by accident. It is in our DNA: work ethic, legacy knowledge and a gritty Midwest determination to compete and win."

Indiana is the nation's strongest manufacturing state and the industry accounts for 29 percent of its total output, which equates to \$99 billion, according to the Indiana Manufacturers Association.

Northeast Indiana's diverse manufacturing economy supplies the country with products from medical devices to defense electronics, pickup trucks, musical instruments, recreational vehicles and aerospace and aftermarket and OEM vehicle components.

Of the region's 11 counties, Indiana University-Purdue University Fort Wayne's Community Research Institute says seven are in the top 5 percent of counties nationwide for manufacturing employment concentration.

Hoosier manufacturers see growth opportunities

STAFF REPORTS

Indiana's manufacturing sector is in the process of increasing capital investments with a large share of dollars going into automation and technology, according to the 2017 Indiana Manufacturing Survey: Upgrading for Growth released this week.

The annual manufacturing survey, authored by faculty from Indiana University's Kelley School of Business, commissioned by Katz, Sapper & Miller, and promoted by the Indiana Manufacturers Association and Conexus Indiana, aims to assess the state's manufacturing industry and provide insights into management choices made by manufac-

turing companies across the state.

Respondents reflect views from rural to urban communities and industries ranging from industrial equipment, automotive, aerospace/defense, packaging, high-tech, and healthcare.

"Manufacturers are seeing opportunities for growth, and they can't wait for workers to show up to make things happen," said survey co-author Steve Jones, professor of finance at the IU Kelley School of Business on IUPUI's campus. "By investing in automation, they can reduce their reliance on the available labor pool and maintain Indiana's place in the competitive global marketplace."

While the state's manufacturers'

financial metrics look good, they are challenged to operate at full potential because of the shortage of available workers, said Jason Patch, partner-in-charge of Katz, Sapper & Miller's Manufacturing and Distribution Services Group.

"With automation more affordable and reliable than ever, it offers an increasingly attractive solution," he said.

However, employers do not see automation as the answer to all of their problems, according to a statement from Katz, Sapper & Miller.

"In fact, the growth in automation and a more technological workplace ultimately will require more skilled workers, so the grooming and attracting

of a new workforce must continue to be a priority," the statement read.

The survey found that there's a lot of general optimism among employers. When asked about plans to open a new manufacturing facility in Indiana in the next two years, 12 percent of respondents said "yes" compared to 3 percent the year before.

However, the survey also found that manufacturers feel that factors related to national political debates such as healthcare costs, corporate taxes and the general regulatory environment are a drag on growth.

A full copy of the report with complete findings can be found at www.imaweb.com.