



A dynamic change for the better

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Expansions of existing companies are driving both investment and job growth in the 10-county northeast Indiana region.

The new Business Dynamics report, prepared for the Northeast Indiana Regional Partnership by the Community Research Institute of Indiana University - Purdue University Fort Wayne, cataloged plans for 98 expansions of current businesses and nine new businesses that were announced in 2014. The total investment for both is estimated at \$535.8 million.

The expansions are projected to bring 2,992 new jobs to the region over the next few years, two-thirds of them in manufacturing. The companies new to the region said they would create another 585 jobs.

That means that more than 84 percent of the new jobs are being created by companies already in the region, noted John Sampson, the partnership's president and CEO.

"As much as we love to attract new companies, I'm always compelled by how profitable and productive existing companies are when they are expanding," Sampson said.

That's a key factor in how the partnership allocates its time and resources to assist development in the region. It's also the rationale behind Vision 2020, launched by the partnership in 2010 to bring the region together around five key areas for economic growth: 21st century talent, competitive business climate, entrepreneurship, infrastructure and quality of life.

"That's why Vision 2020 is important to the region," Sampson said. "Existing companies are



Clarissa Sheely packs baits for shipping at LureCraft's facility in LaGrange. The company announced last year it would move to Orland and expand its bait making operations.

pleased with the business climate and the opportunity to expand. If they can find the talent and all those kinds of things then we can sell the fact that existing companies are pleased.

"We're not having to bring in a bunch of new companies to replace existing companies. The real engine of growth in the future is the expansion of existing companies. We want to make sure that our environment, our communities, our region has the right kind of talent, the supply chain, all those kind of capabilities to allow existing companies grow. And then other companies will want to be a part of that."

The partnership has targeted key area industries – including automotive, defense, medical devices, insurance, health care and food processing – that are strong in the region and have a good potential

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for growth.

There were very few jobs lost in 2014 to plant closures or downsizings, but two of the larger job cutbacks came in target industries: Federal Mogul, an Avilla auto supplier that shut down, eliminating 95 jobs; and Exelis, a Fort Wayne defense contractor that downsized its local work force by 257 people.

Per capita income in the region, which has fallen further and further compared to the nation over several decades, dipped again. Sampson believes that is in part attributable to the loss of some better-paying defense jobs. Cuts in defense spending have prompted a number of defense contractors to reduce their head counts.

"We know that replacing those jobs with lower impact jobs is not the answer," he said. "We've got to pay attention to higher technology jobs."

Although not a part of the Business Dynamics research, the Community Research Institute also has been tracking what appears to be very promising growth in the labor force.

From December 2013 to December 2014, the labor force in the region grew from 329,730 people to 341,664 people, an increase of about 3.6 percent, noted Ellen Cutter, CRI's director.

"You've got to go back to 1994 to get one-year labor force growth that surpasses 3.6 percent," she said. "So this is the best year for labor force growth that we've had in 20 years."

The new labor force participants probably come from several sources, including new



The shutdown of the Federal Mogul operation in Avilla was one of few closings and downsizings in the region in 2014.

residents and people who may have given up looking for work during the recession but have returned to the work force.

"That's almost back to pre-recession levels," Sampson noted.

The Business Dynamics report does not track the entire regional economy, most notably omitting retail, accommodation and food services. And the events it chronicles tend to be larger ones covered by the media and associated with activities such as building permits, tax abatements and ground-breakings. Smaller job additions or cuts that don't garner public attention are often missed.

All that said, CRI also looks each month at job growth across the entire region's economy, using a private data source. The

Jobs and investments			
County	Jobs created	Investment \$M	Jobs cut
Adams	239	\$25.32 million	0
Allen	1,625	\$301.2 million	630
DeKalb	273	\$48.2 million	16
Huntington	517	\$54.1 million	60
LaGrange	135	\$9.8 million	4
Noble	87	\$16.3 million	95
Stauben	222	\$11.5 million	0
Wabash	22	\$3.2 million	143
Wells	362	\$47.2 million	0
Whitley	175	\$18.7 million	52

Includes jobs moved within region
Source: Community Research Institute, Business Dynamics report

preliminary 2014 numbers indicate a 2.8 percent increase in jobs in the region over the year, faster than the 2-percent pace of Indiana and the U.S.

"We're optimistic about what these numbers are showing," Cutter said. "There's a real indication that the economy is picking up steam and there are significant new

Notable gains and losses

There were many job gains, mostly due to expansions, and relatively few losses across the northeast Indiana region in 2014. Among the most notable were:

- Allied Recreation Group (formerly Fleetwood) announced the addition of 148 jobs in Decatur
- Lutheran Health's shared services center added 320 jobs in Fort Wayne
- Deister Machine announced 110 new jobs in Fort Wayne
- Janus International is creating 100 jobs at a new plant in Butler
- United Technologies is adding 116 jobs in Huntington
- K-Z Inc. is creating 125 jobs in Shipshewana
- Federal Mogul closed its Avilla plant, eliminating 95 jobs
- Exelis cut 257 jobs from its Fort Wayne operations
- Vera Bradley eliminated 150 positions at its New Haven plant
- Harvey Industries laid off 143 workers in Wabash

There were also some intra-region moves:

- Lure-Craft left LaGrange County to expand with a move to Steuben County that added 95 jobs there.
- American Specialty left Roanoke for new digs in Allen County, moving 60 jobs out of Huntington County

opportunities for the labor force."

The full Business Dynamics report can be found in the resource center on the Regional Partnership's Vision 2020 website, neindiana.com/vision.