

# Compete.

Mid-Michigan  
Regional Innovation Assessment

May 18<sup>th</sup>, 2007



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Council on  
Competitiveness



# The Council on Competitiveness



- Founded in 1986 by John Young
- Non-profit, non-partisan
- 170+ members
- CEOs, University Presidents, Labor Leaders
- Set public policy action agenda to drive:
  - U.S. productivity growth
  - High living standards
  - Success in global markets

***“Our agenda is at the nexus of necessity and opportunity—and we all have an obligation to serve the nation.”***

**–Duane Ackerman, CEO, BellSouth Corporation, Former Chairman, Council on Competitiveness**

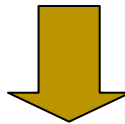
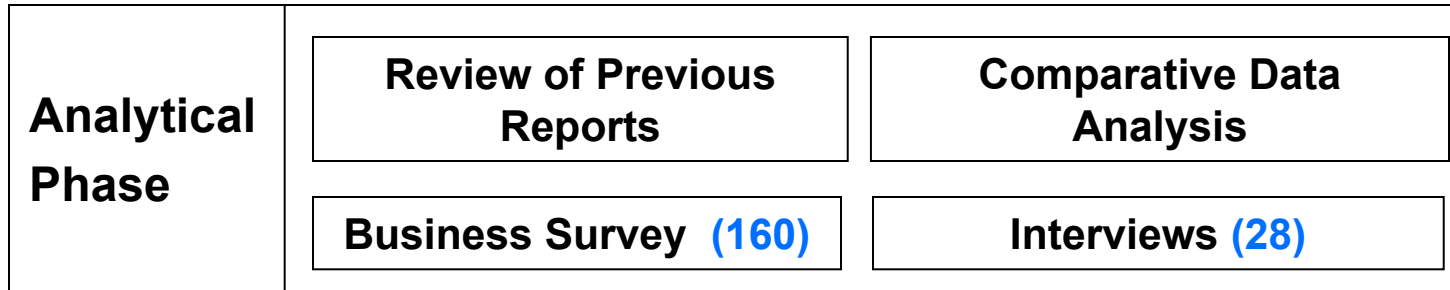
# Mid-Michigan Regional Innovation Assessment Objectives

- **Assist region with an inventory and evaluation of their innovation assets and economic strengths and weaknesses**
- **Develop baseline from which to measure progress**
- **Complement and build upon on-going regional development initiatives**
- **Build consensus among regional leaders on priorities, policies and practices for strengthening the regional innovation platform**

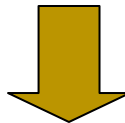


**CATALYZE ACTION**

# Mid-Michigan Regional Innovation Assessment Phases

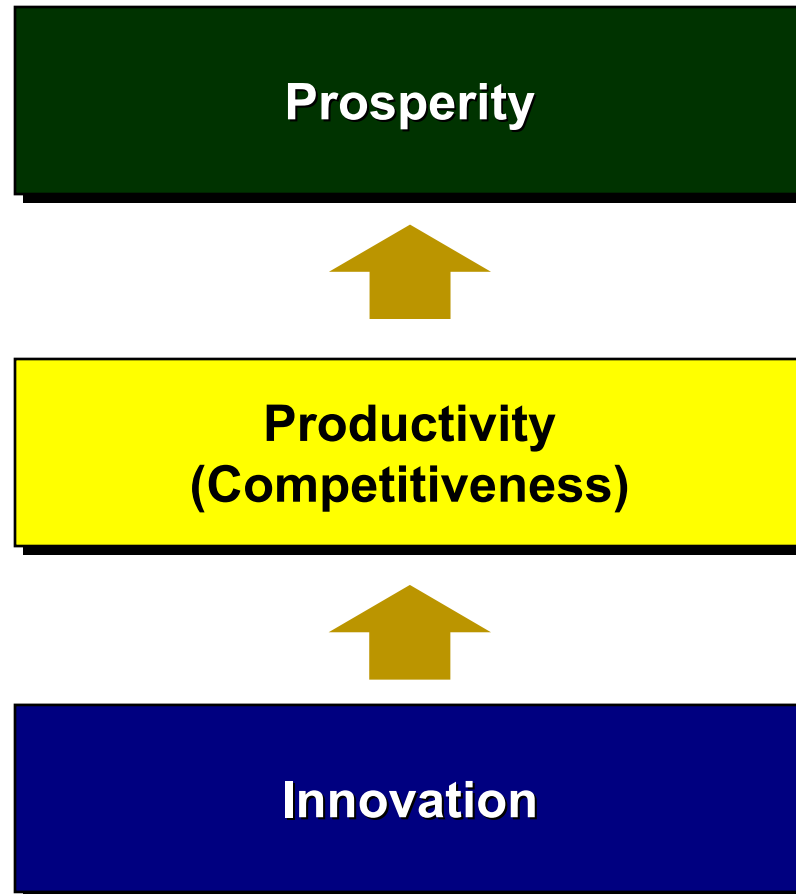


**Identification of Key Regional Issues**

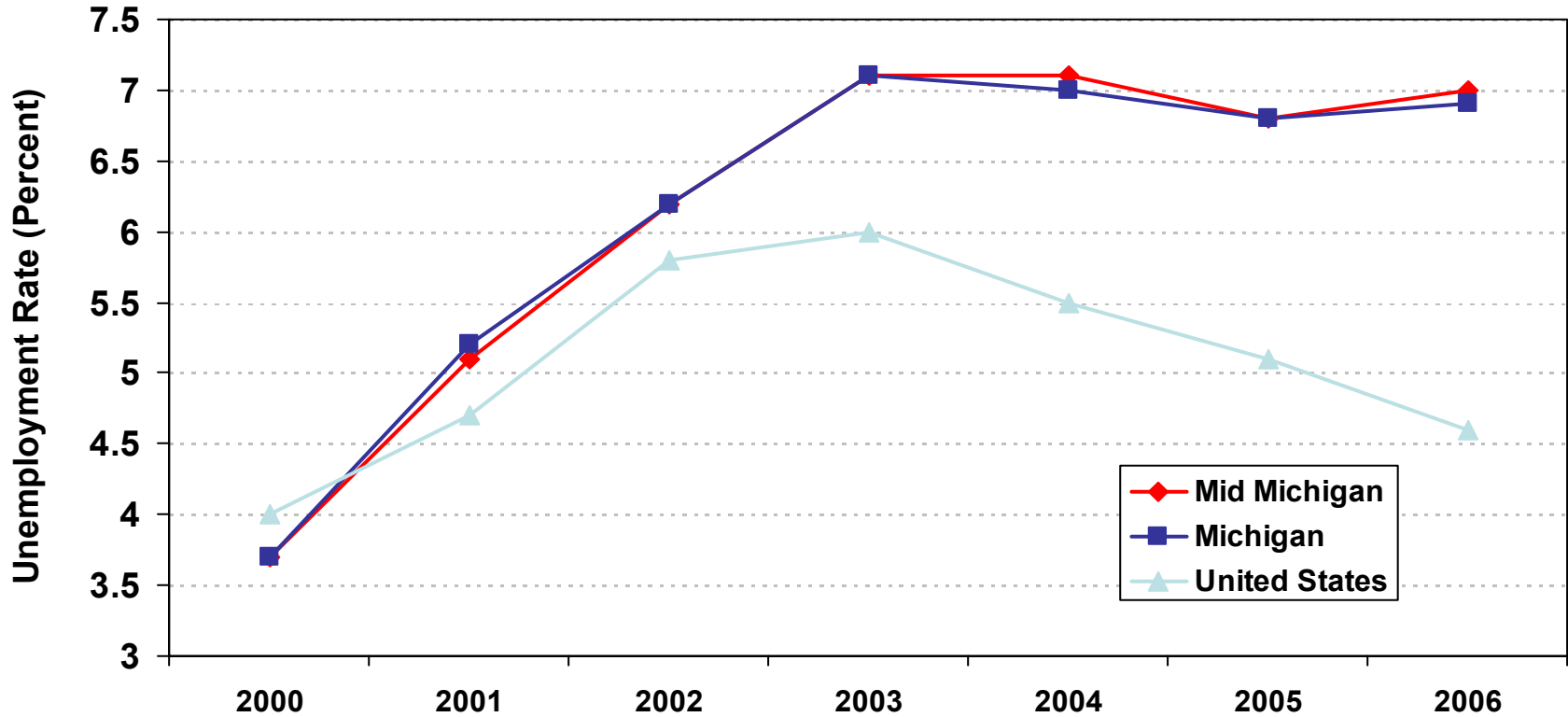


**Recommendations to support Mid-Michigan Innovation Team/WIRED Initiative**

# Mid-Michigan Regional Innovation Assessment Innovation-Based Development Model

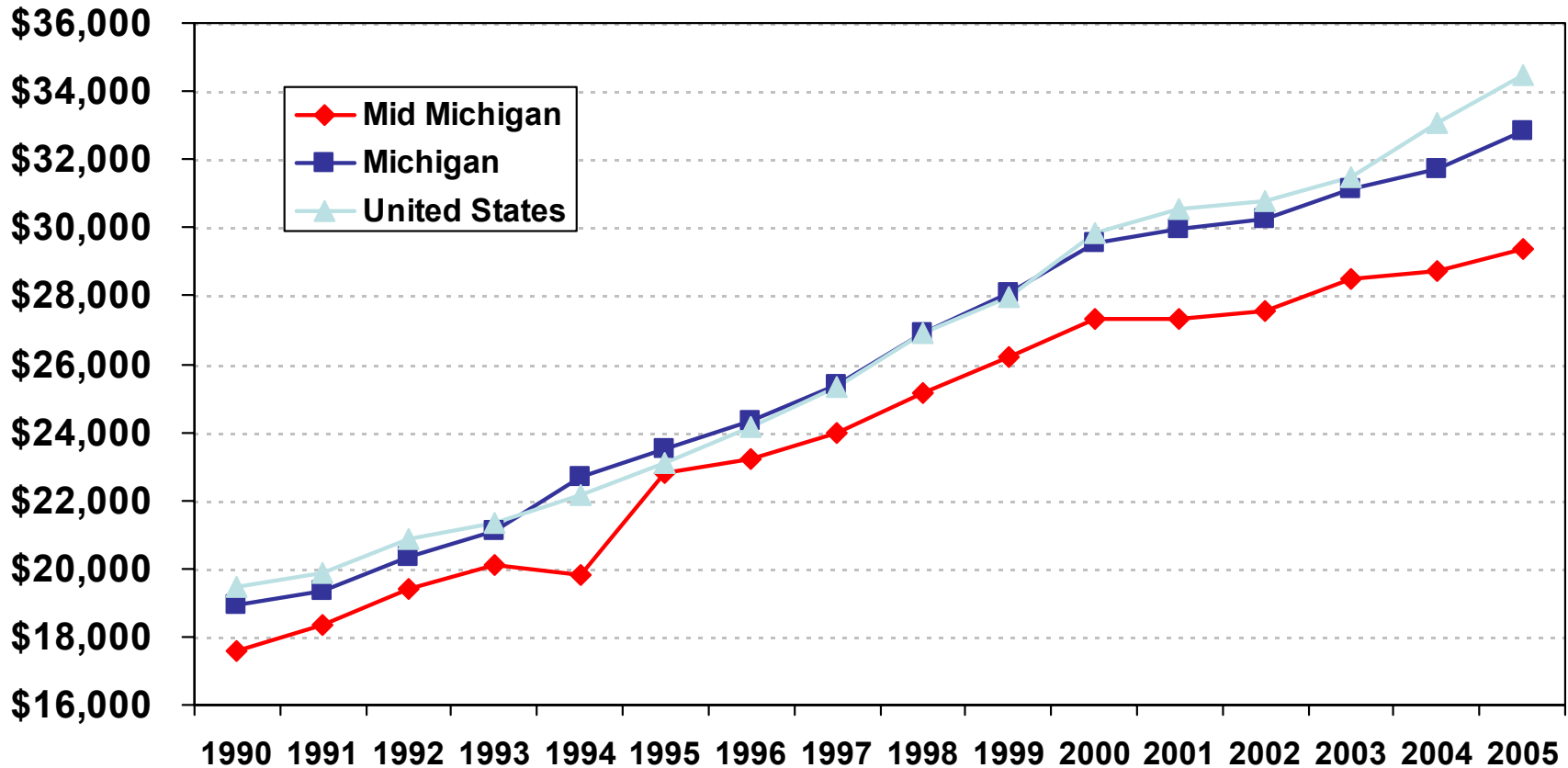


# Prosperity: Unemployment in the Mid-Michigan Region tracks with the state but surpasses the US average



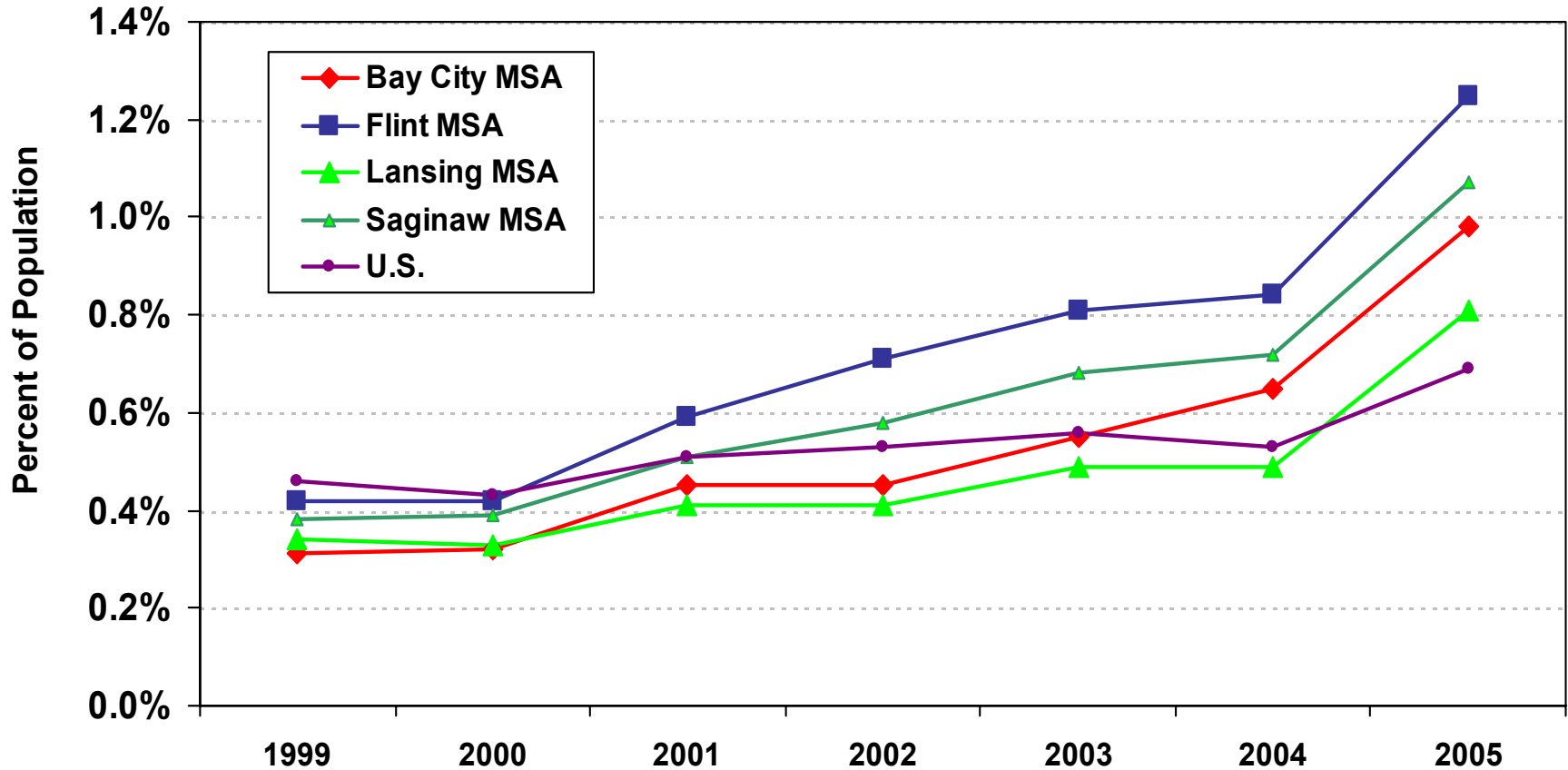
Source: Bureau of Labor Statistics

# Per Capita Income in the Mid-Michigan Region lags the state and the national average



Source: Bureau of Economic Analysis

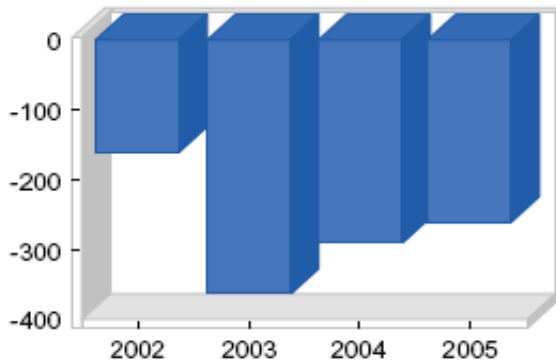
# Personal bankruptcies have outpaced the national average



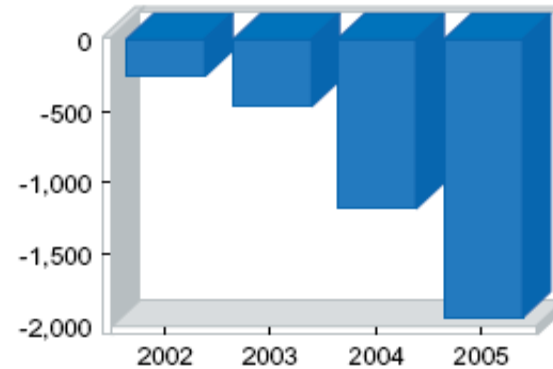
Source: Moody's Economy.com Précis Report, 2007.

# The region is suffering from a net outward migration of residents

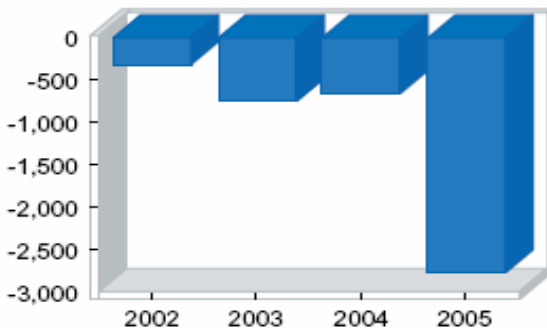
## Bay City MSA Net Migration



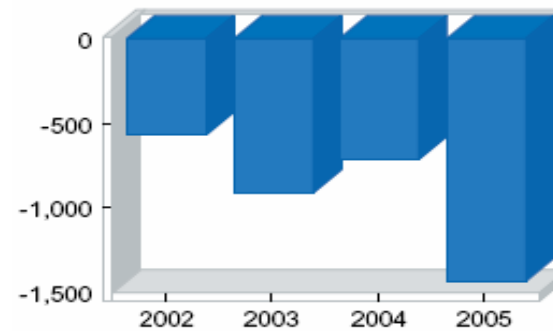
## Flint MSA Net Migration



## Lansing MSA Net Migration



## Saginaw MSA Net Migration



Source: Moody's Economy.com Précis Report, 2007.

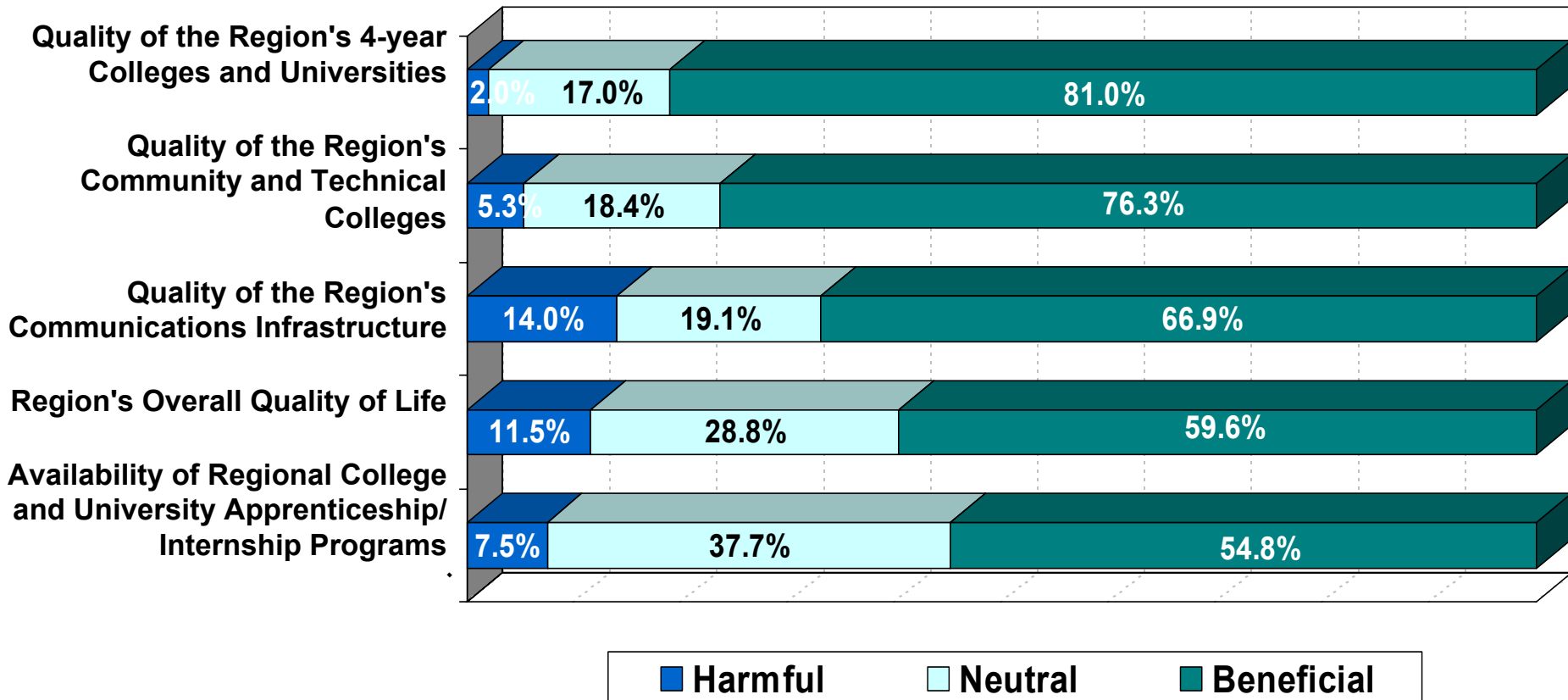
But, there is hope.

The region has strong innovation assets.

And where weaknesses exist in the innovation ecosystem, programs are being implemented to address them.

# The top five positive factors for business success reveal one of the region's strongest assets

How do each of the following factors affect your business?



Source: Council on Competitiveness Regional Survey, N= 160

Note: Non-respondents and "not applicable" responses have been excluded.

# The quantity and quality of Mid-Michigan's higher education institutions are a very strong asset for the region



## **Michigan State University**

**Ranked #70 among National Universities** (US News & World Report)

**Nine Graduate programs ranked in the nation's top five** (US News & World Report)

**Sponsored research totaled nearly \$380 million in 2005-06**

**2006 Endowment of \$1,047,792,000** (The Chronicle on Higher Education)

**Licensing Income at nearly 10% of total research spending, the 7<sup>th</sup> highest in the nation** (The Chronicle on Higher Education)

## **Thomas M. Cooley Law School**

**First ABA-accredited law school in the nation to have an officially-recognized weekend program**

**Offerings include Masters programs aimed at supporting entrepreneurship, developing clusters**

## **Saginaw Valley State University**

**Accelerated Entrepreneurship Initiative**

**Home of the Regional Mathematics and Science Center & the Center for Business and Economic Development**

# The quantity and quality of Mid-Michigan's higher education institutions are a very strong asset for the region



## **Lansing Community College**

Home of the Michigan Small Business & Technology Development Center and the Business & Community Institute

Founding Member of the Global Corporate College

Offerings include a Certificate of Completion for Alternative Fuels

## **Mott Community College**

Home of the Regional Technology Center-MTEC

Operates four Community Technology Centers

## **Kettering University**

#1 ranking for Industrial and Manufacturing Engineering (US News & World Report)

Ranked #12 for Best Engineering Programs (among non-doctoral institutions) (US News & World Report)

“Best Midwestern College” (The Princeton Review)

## **Delta College**

Charter Member of the National League for Innovation in the Community College

## Mid-Michigan's higher education institutions are a very strong asset for the region



**“Our greatest regional asset is our higher education institutions – they will be fundamental to the expansion of my company.”**

**“Michigan State is a TREMENDOUS asset to the region. Embrace and enhance them.”**

**“I partnered with Mott Community College for training for my employees and was very satisfied with the results & relative ease of setting up training. I paid 1/3 of what would the training would have cost me to do myself, and I appreciate the quality of the training and the ability to have all employees trained to the same standard.”**

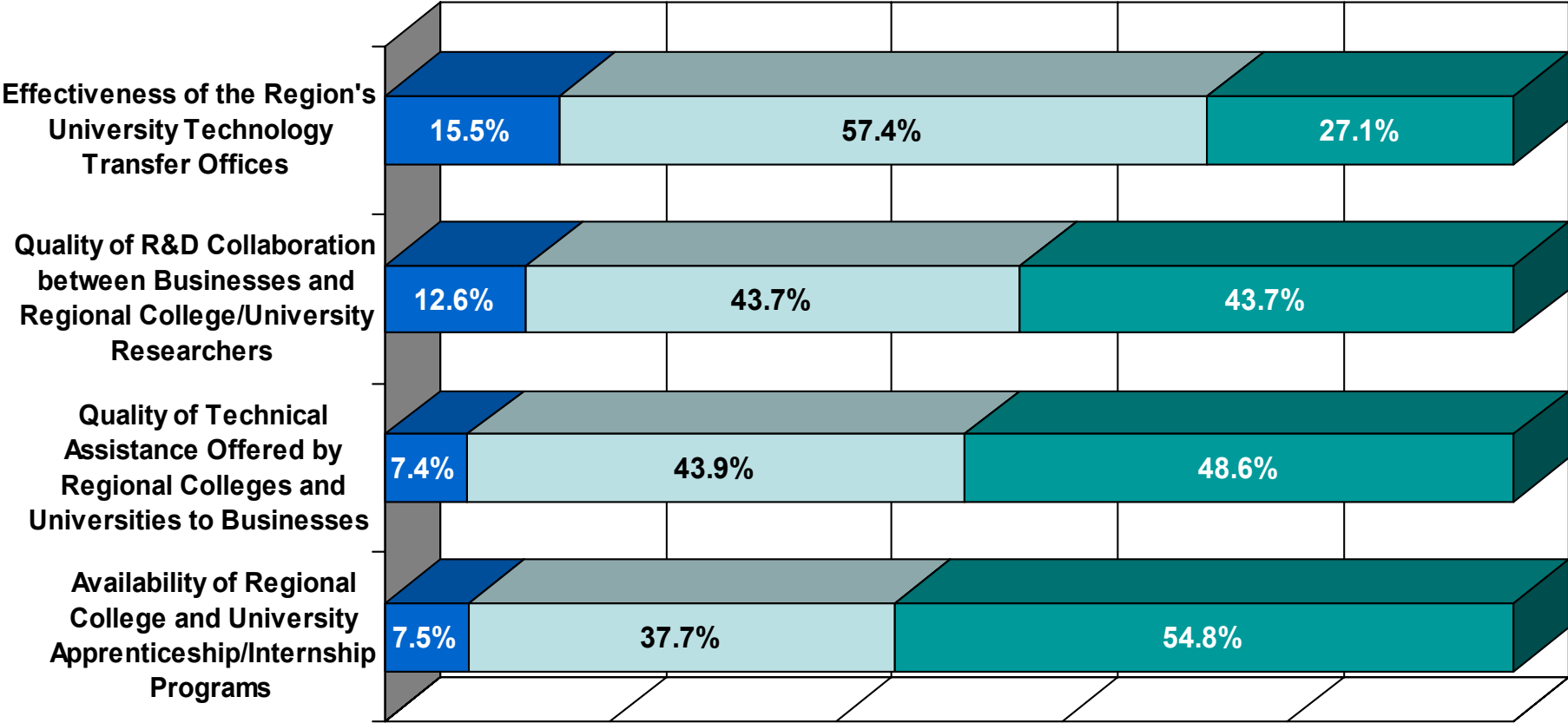
**“Our new plant is located near the Lansing Community College MTEC facility – we leveraged the heck out of it to train our employees before we opened.”**

Source: Council on Competitiveness Interviews, N= 28

# Collaboration between businesses and colleges and universities is described as strong



**Quality of Collaboration with Regional Higher Education Institutions**

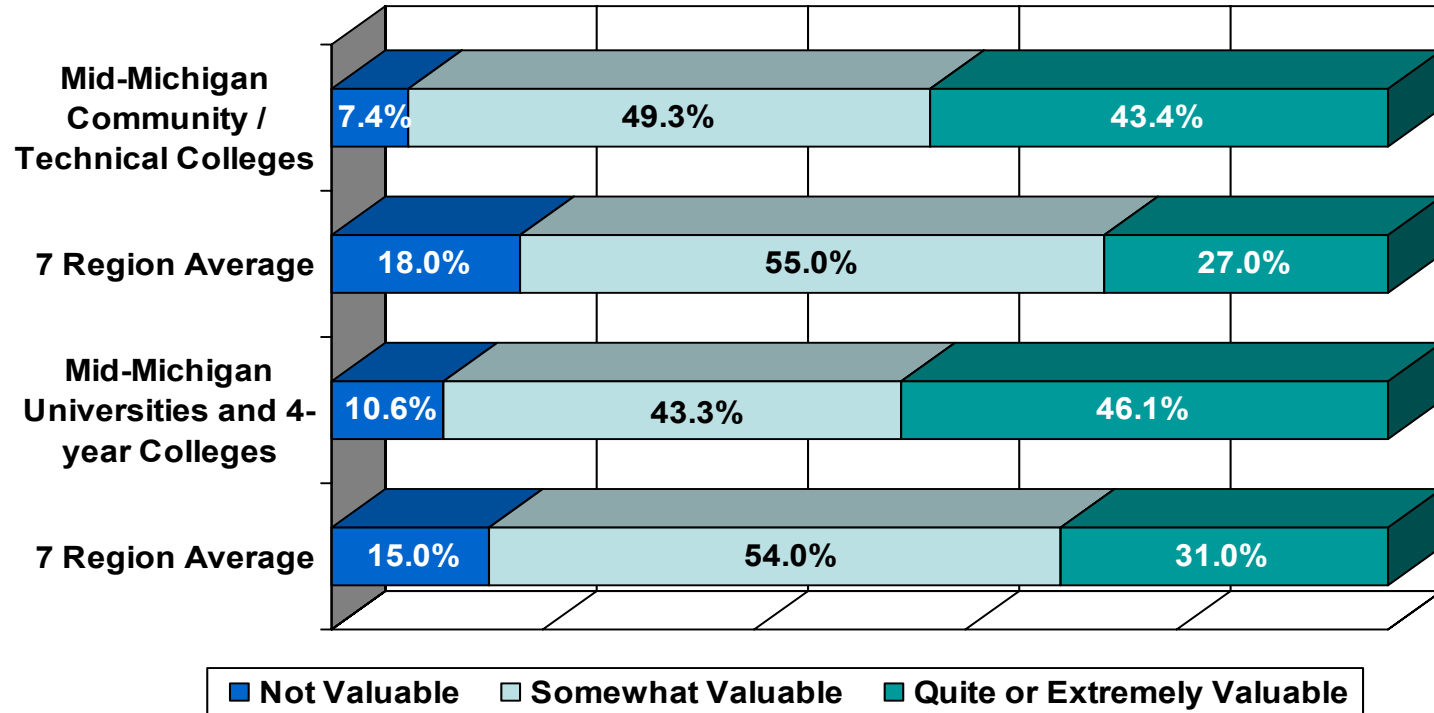


Source: Council on Competitiveness Regional Survey, N= 160  
 Note: Non-respondents and "not applicable" responses have been excluded.

■ Harmful ■ Neutral ■ Beneficial

# Business leaders cite this collaboration as valuable for the success of their businesses.

How valuable is interaction with each of the following regional institutions to your business's capacity to innovate?



Approximately 50% of survey respondents described one or more of the region's colleges and universities as the most valuable institution to their business's innovation.

Source: Council on Competitiveness Regional Survey, N= 160. Seven other regions are: Central New Mexico, Northeast Ohio, Wilmington, Spokane, West Michigan, Rochester, NY, and St. Louis.

Note: Non-respondents and "not applicable" responses have been excluded.

# Mid-Michigan has high quality infrastructure



- › Commute times for regional MSAs are below the national average.
- › The region is served by three regional airports, together serving approximately 1,346,000 passengers in 2006. Airports are expanding passenger and freight services.

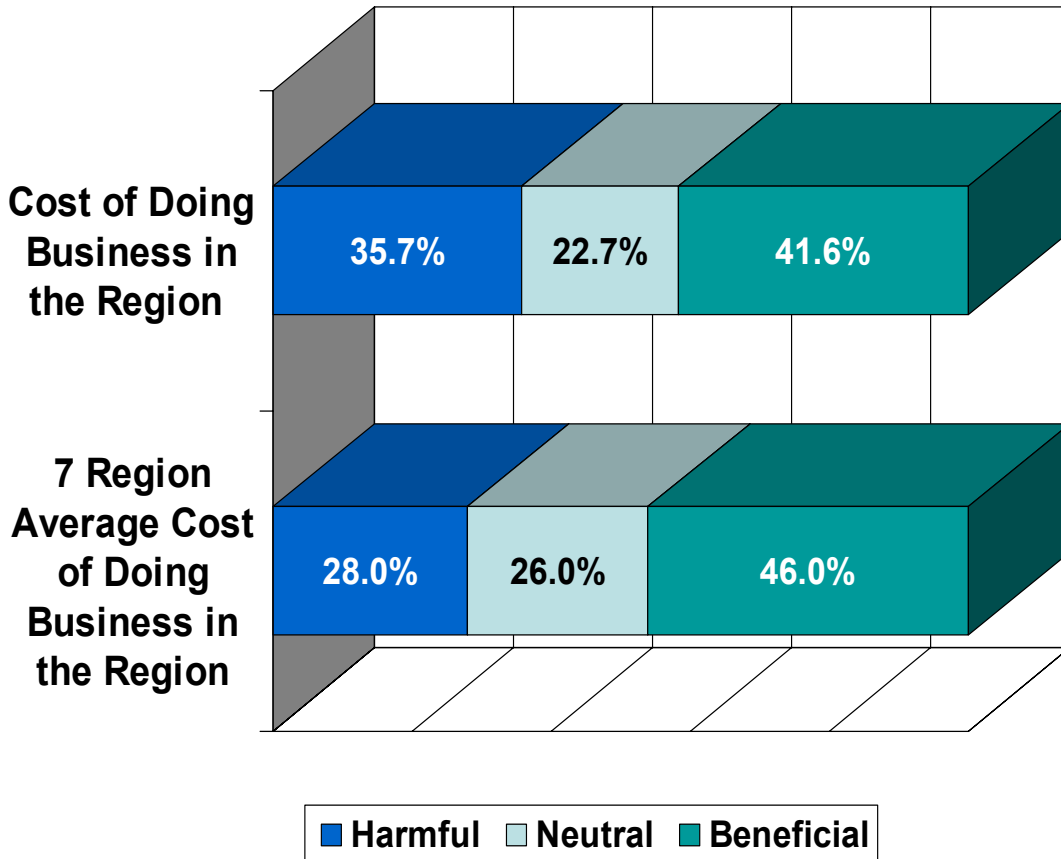
**“One of the reasons we have decided to keep our company here is the excellent rail and highway system.”**

**“We have one of best regional airports in the country – it’s well serviced by airlines and the cargo services are expanding rapidly as well.”**



Sources: Arbitron Inc., 2004. Council on Competitiveness Interviews, N= 28

# Mid-Michigan's overall cost of doing business is just below the national average.



Cost of Doing Business	
Bay City	Flint
101%	97%
Lansing	Saginaw
97%	99%
U.S. = 100%	
Moody's Economy.com Précis Report, 2007.	

Source: Council on Competitiveness Mid-Michigan Regional Survey, N= 160  
 Note: Non-respondents and "not applicable" responses have been excluded.

# There are areas the Mid-Michigan region can enhance to spur growth

- › Skilled Workforce
- › Entrepreneurship and Risk Capital
- › Regional Collaboration



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# Skilled Workforce

# Regional high school students are performing at or above national levels



<b>Graduation Rate, 2004</b>	
<b>Geographic Area</b>	<b>Rate</b>
Bay County	95.2%
Clinton County	94.5%
Eaton County	92.1%
Genesee County	89.0%
Huron County	93.1%
Ingham County	88.1%
Lapeer County	90.4%
Livingston County	95.4%
Midland County	96.4%
Saginaw County	91.0%
Sanilac County	94.3%
Shiawassee County	92.5%
Tuscola County	88.2%
Michigan	89.0%
United States	89.7%

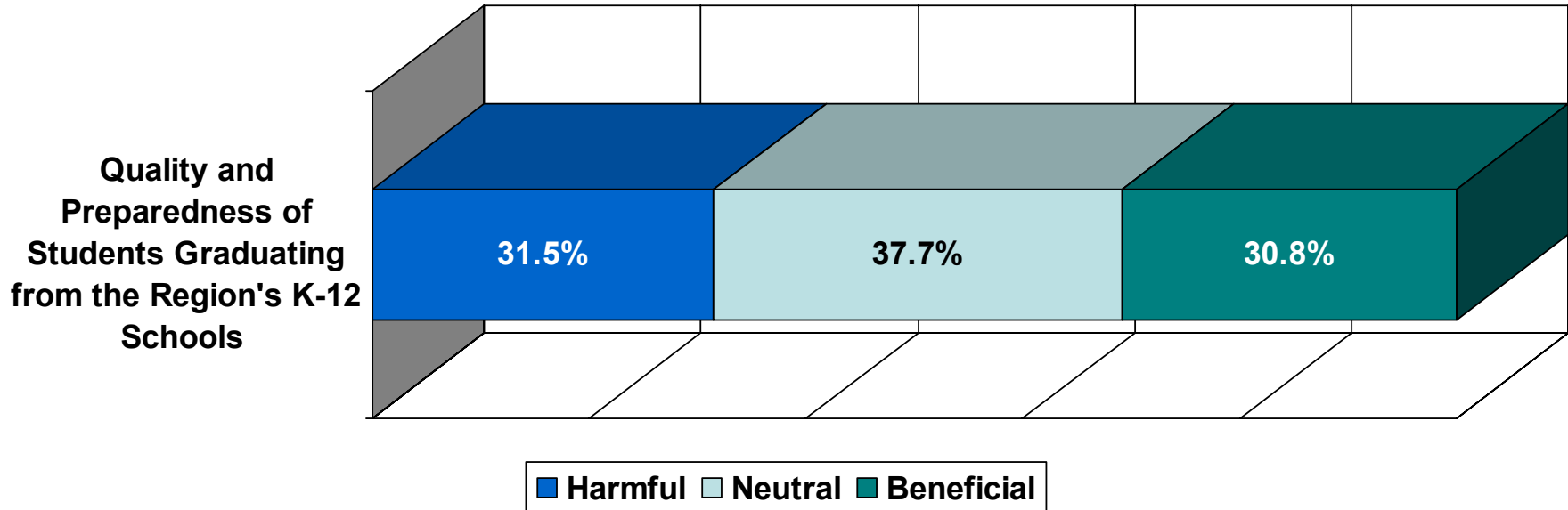
<b>SAT Scores of High School Seniors Graduating in 2006</b>		
<b>Subject</b>	<b>Group of Students</b>	<b>Average Scale Score</b>
<b>Critical Reading</b>	Michigan	568
	National Public	503
<b>Mathematics</b>	Michigan	583
	National Public	518
<b>Writing</b>	Michigan	555
	National Public	497

<b>ACT Scores of High School Seniors Graduating in 2006</b>		
<b>Subject</b>	<b>Group of Students</b>	<b>Average Score</b>
<b>English</b>	Michigan	20.7
	National Public	20.6
<b>Mathematics</b>	Michigan	21.2
	National Public	20.8
<b>Reading</b>	Michigan	21.8
	National Public	21.4
<b>Science</b>	Michigan	21.7
	National Public	20.9

Source: The College Board, the Intermediate School Districts.

# The affect of the quality of K-12 education on the region's businesses seems to be relatively neutral

How do each of the following factors affect your business?



**“K-12 education is awful – it’s a huge drawback for the region.”**

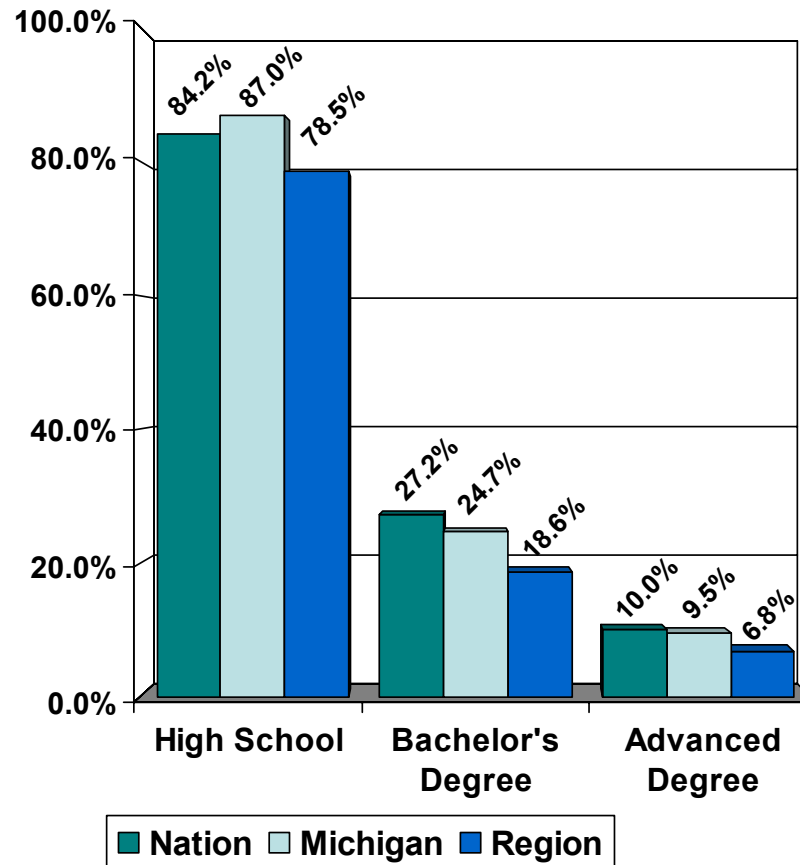
**“K-12 school systems have always been good, not great, but good.”**

Sources: Council on Competitiveness Regional Survey, N= 160. Council on Competitiveness Interviews, N= 28.

Note: Non-respondents and “not applicable” responses have been excluded.

# Despite the positive perceptions about higher education in the region, the attainment of degrees is below the national average

## Percent of People 25 Years and Over Who Have Completed Degrees, 2005



■ Nation ■ Michigan ■ Region

Source: U.S. Census, 2007.

Note: High School Degrees Include Equivalency.

# Business leaders report having access to a high-quality skilled workforce with a strong work ethic, but perceptions of labor challenges remain



“The region has a deep workforce that is trainable and has lots of skills to offer.”

“Our company came to Flint because of the labor market – costs are low and there is a lot of expertise.”

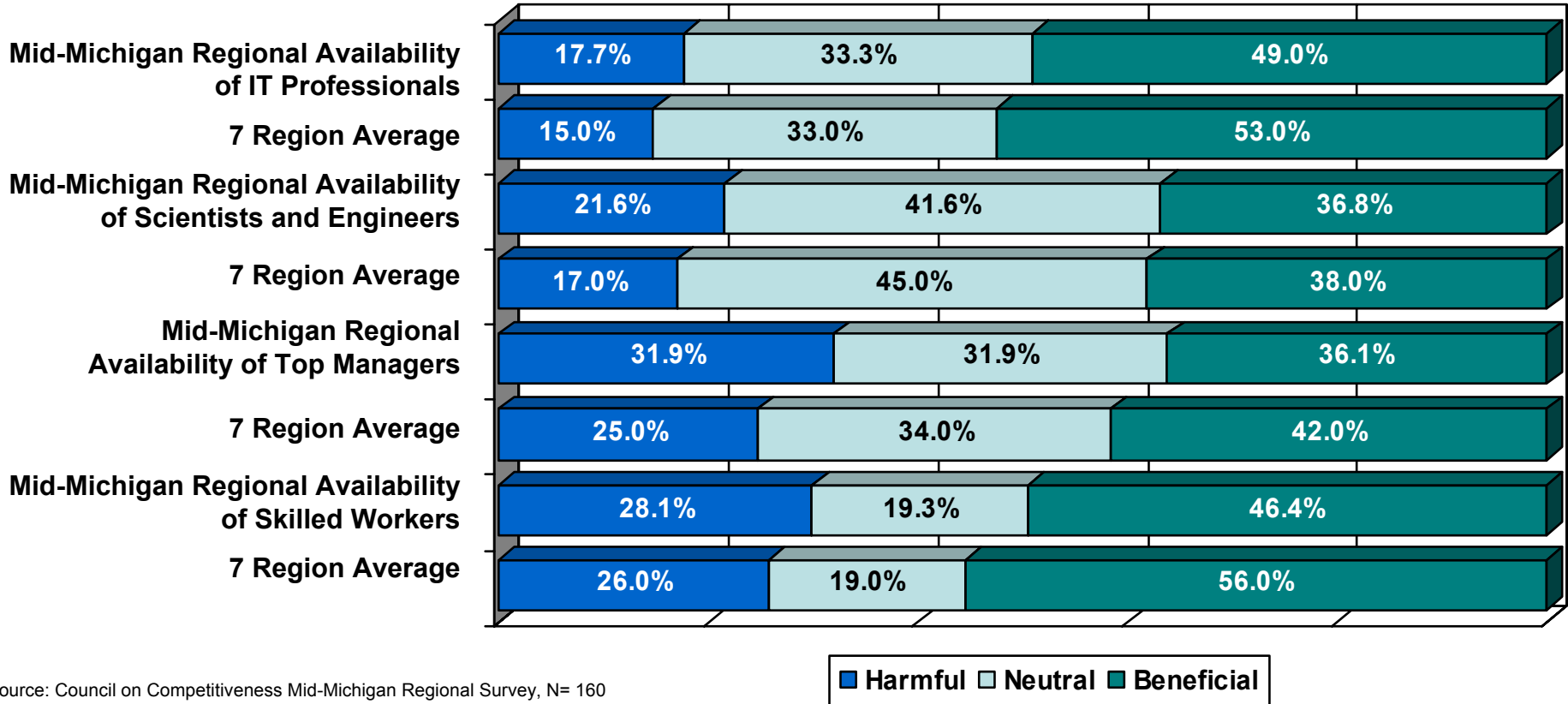
“The work ethic here is by far better – there’s a positive work attitude that can’t be found anywhere else.”

“The UAW agreement at the GM truck plant was as progressive an agreement as anything at Toyota plants, but the bad reputation of the area remains.”

Source: Council on Competitiveness Interviews, N= 28

# However, survey results suggest skilled workers in some key positions are relatively difficult to find

## How do each of the following factors affect your business?



Source: Council on Competitiveness Mid-Michigan Regional Survey, N= 160

Note: Non-respondents and "not applicable" responses have been excluded.

Seven other regions are: Central New Mexico, Northeast Ohio, Wilmington, Spokane, West Michigan, Rochester, NY, and St. Louis.

# And business leaders express concern about finding workers with the skills for the future



“We need more re-training for tomorrow’s jobs.”

“We are trying to attract more students from the region to stave off the brain drain.”

“We need a culture shift to ‘life-long learning’ and ‘re-training’.”

Source: Council on Competitiveness Interviews, N= 28

# But there is definite progress being made towards training the 21<sup>st</sup> century workforce



- › K-12 programs are exposing students to advanced manufacturing skills and encouraging higher education

Capital Area Healthcare and Education Partnership

Lansing Community College's 3-year healthcare initiative

- › Businesses, trade associations, and colleges and universities are collaborating to ensure workers are trained for Mid-Michigan's industries of tomorrow

Regional Skill Alliances

Program for Automotive Labor Education

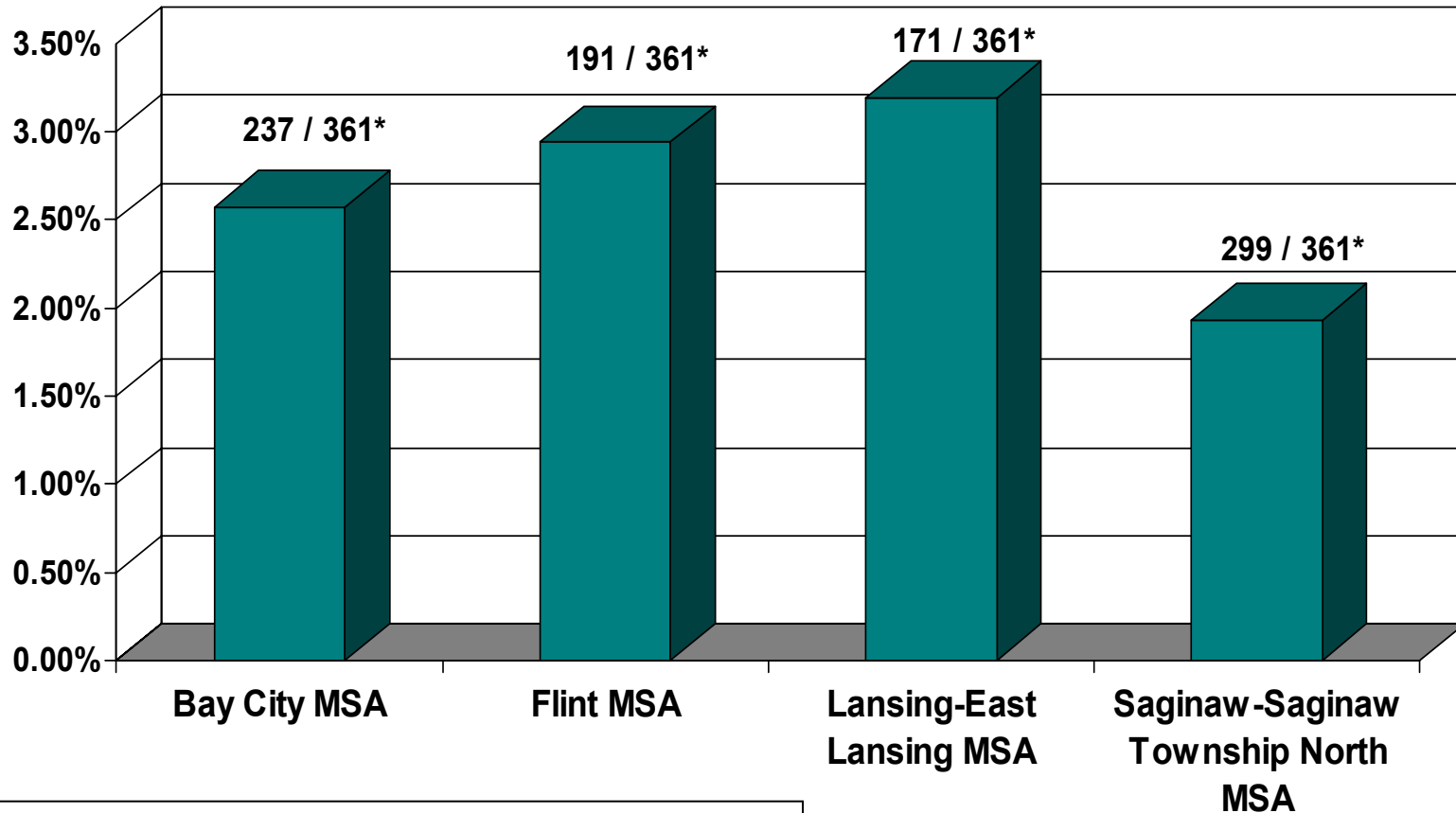
Building and Construction Technology Employment Initiative

Biorefinery Training Facility

# Entrepreneurship and Risk Capital

# New business growth lags the nation

Growth of establishments in traded industries, 1990 - 2004

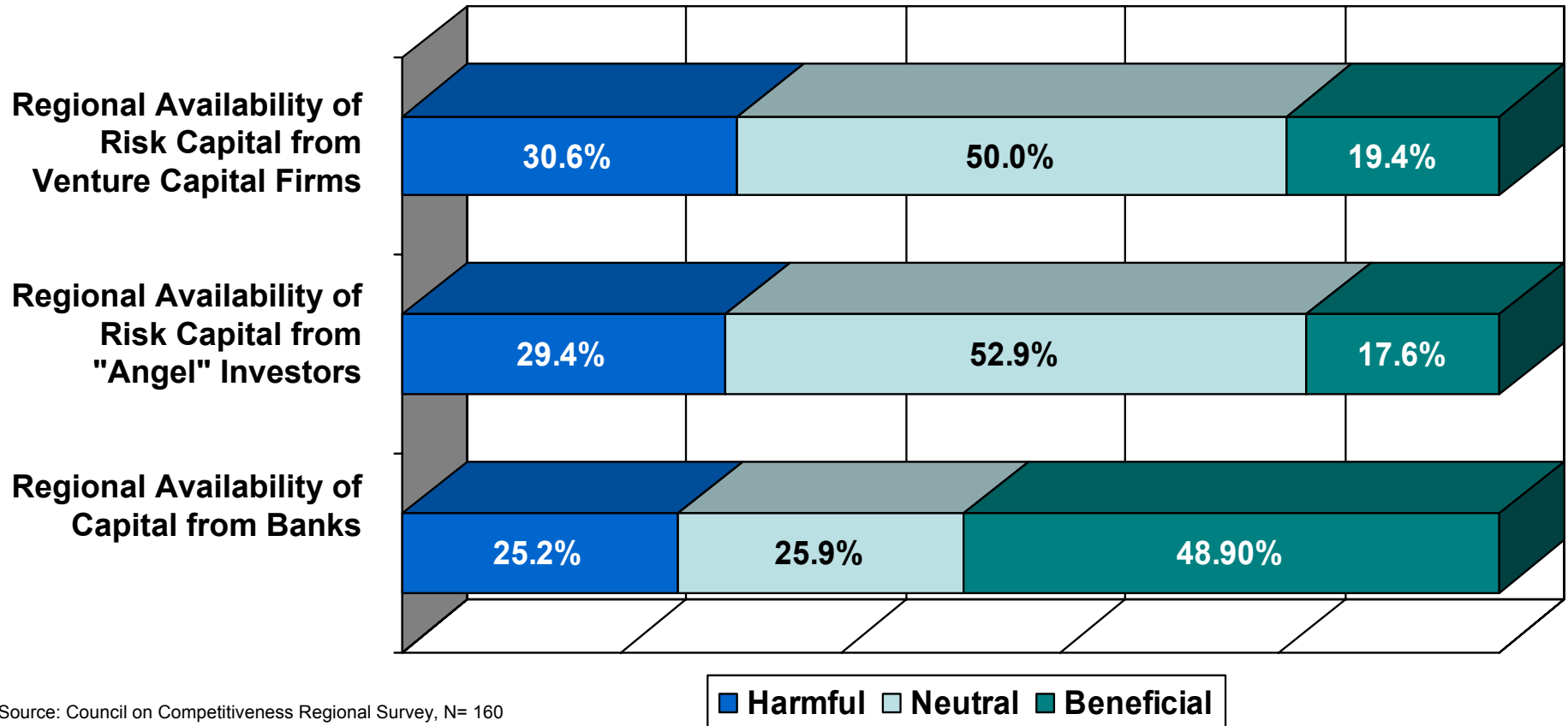


\*Each MSA is ranked in comparison to all other U.S. MSAs.

Source: Prof. Michael E. Porter, Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School, 2007.

# Business leaders perceive that risk capital is not widely available in the region, nor easy to access

## Regional Availability of Risk Capital



Source: Council on Competitiveness Regional Survey, N= 160

Note: Non-respondents and "not applicable" responses have been excluded.

# Business leaders describe difficulty in finding risk capital



“There’s no front door for capital – no place to start if you show up here and want to build a business.”

“There’s a very strong community of capital – if you are integrated, you know who to go to. But a start-up would have no idea where to go.”

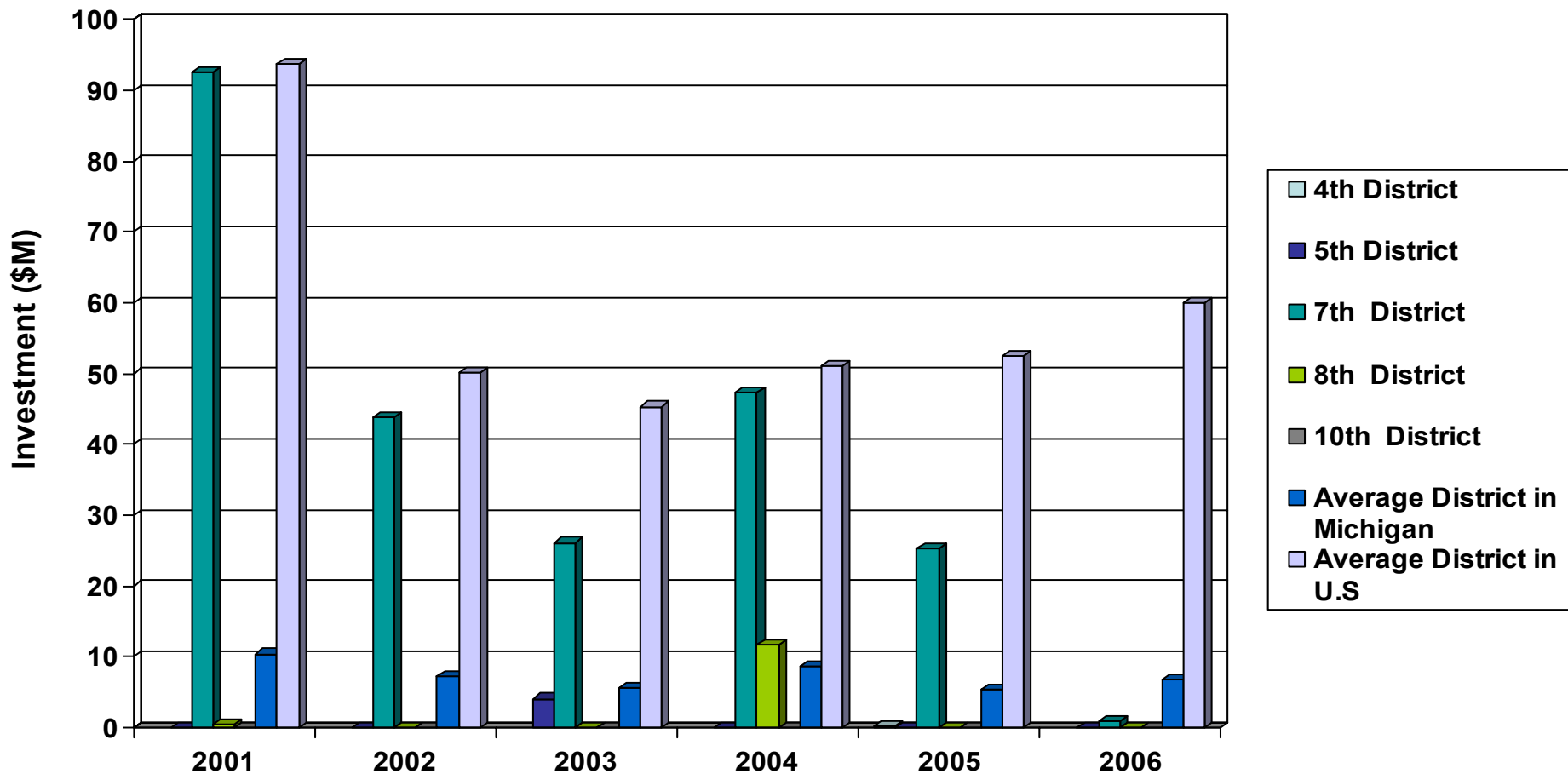
“No VC or angel here – you gotta go to Ann Arbor.”

“There’s private equity investment by individuals, but it seems to be altruistic.”

Source: Council on Competitiveness Interviews, N= 28

# VC funding in the region lags the average in the state and the nation

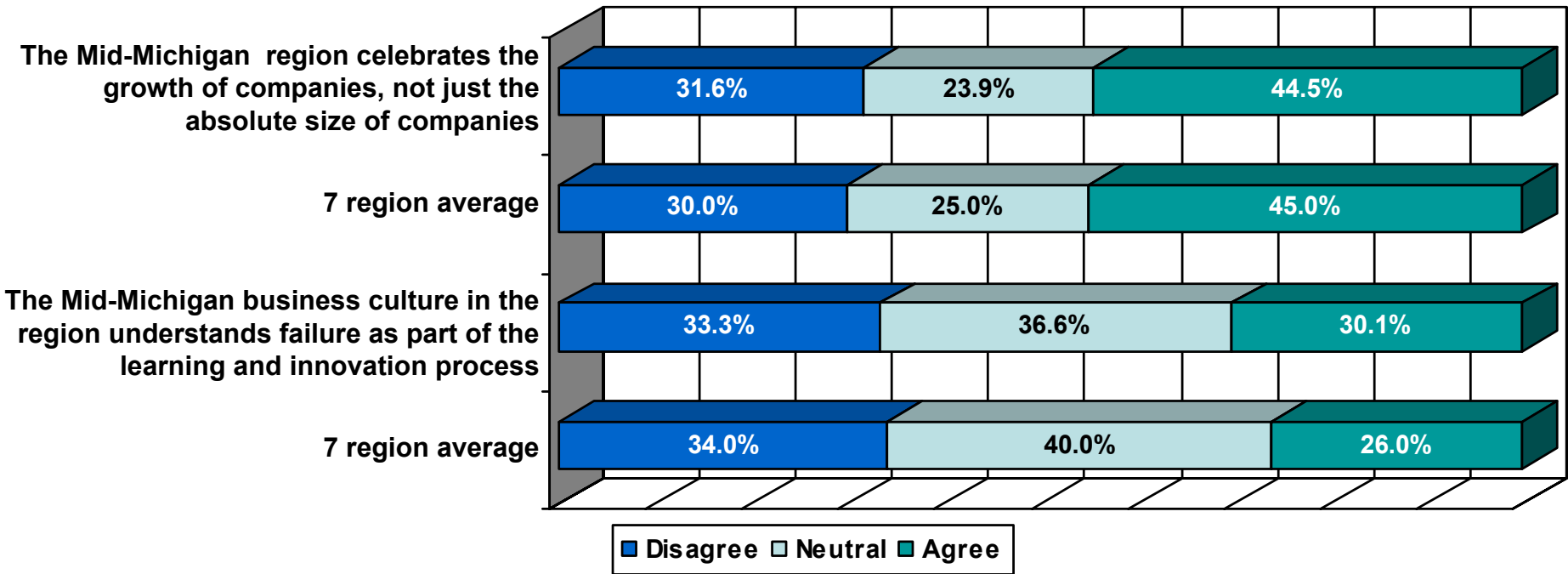
## Venture Capital Investment in Companies by Congressional District



Source: PWC/Venture Economics/NVCA Moneytree Survey, 2007.

# The region's culture of entrepreneurship is still emerging

How strongly do you agree with the following statements?

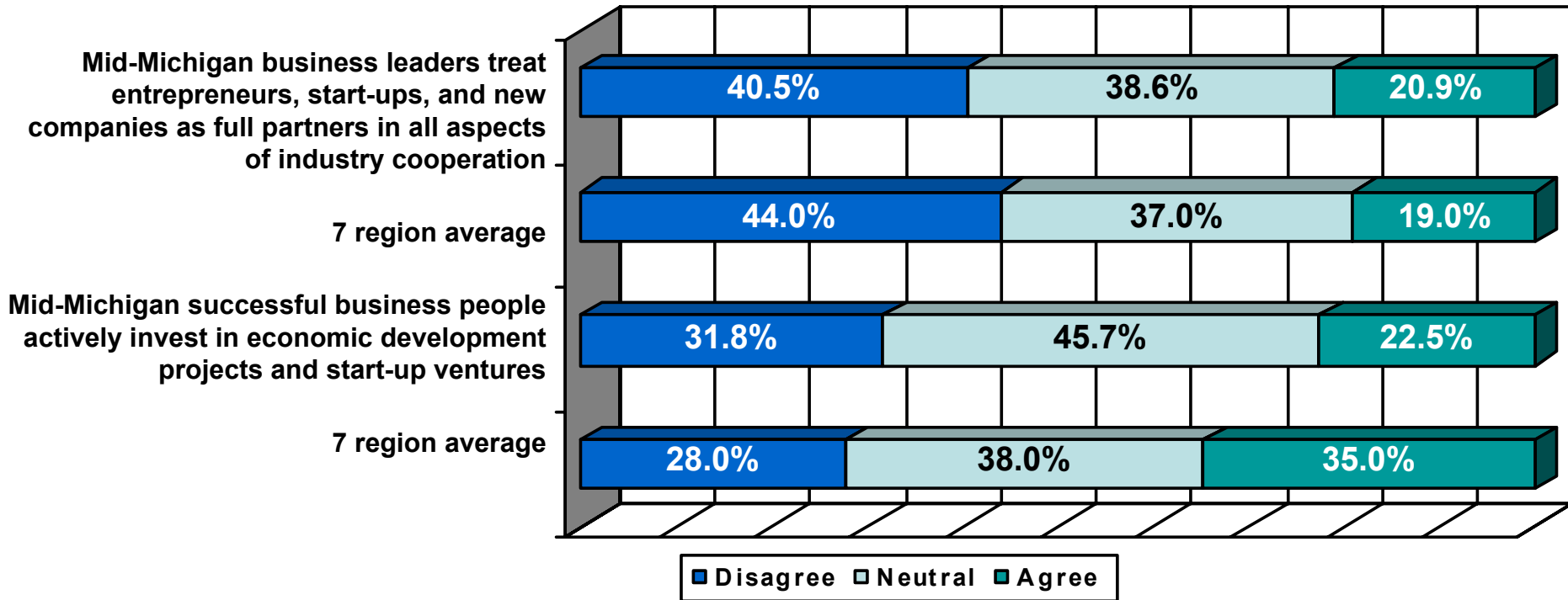


**“We are probably one of the least entrepreneurial areas in the country because we always had lifetime jobs at the factory.”**

Source: Council on Competitiveness Regional Survey, N= 160; Council on Competitiveness Interviews, N= 28  
 Note: Non-respondents and “not applicable” responses have been excluded.

# The region's culture of entrepreneurship is still emerging

How strongly do you agree with the following statements?



**“We need more support for entrepreneurs from the service sector (finance, legal, etc.) and the business community.”**

Source: Council on Competitiveness Regional Survey, N= 160; Council on Competitiveness Interviews, N= 28

Note: Non-respondents and “not applicable” responses have been excluded.

# But there are exciting entrepreneurial environment developments within the region



- › Investor groups springing up in multiple cities throughout the region
- › Entrepreneurship training programs emerging
  - Accelerated Entrepreneurship Initiative at Saginaw Valley State University
  - Lansing Community College Entrepreneurship Studies Certificate and Associates Degree program
- › Curriculum aimed at the K-12 level will help build the culture
  - Center for Fuel Cell Systems and Power Train Integration Summer Program
- › Incubators are being created to foster start-up companies
  - Program for Automotive Renaissance Incubator



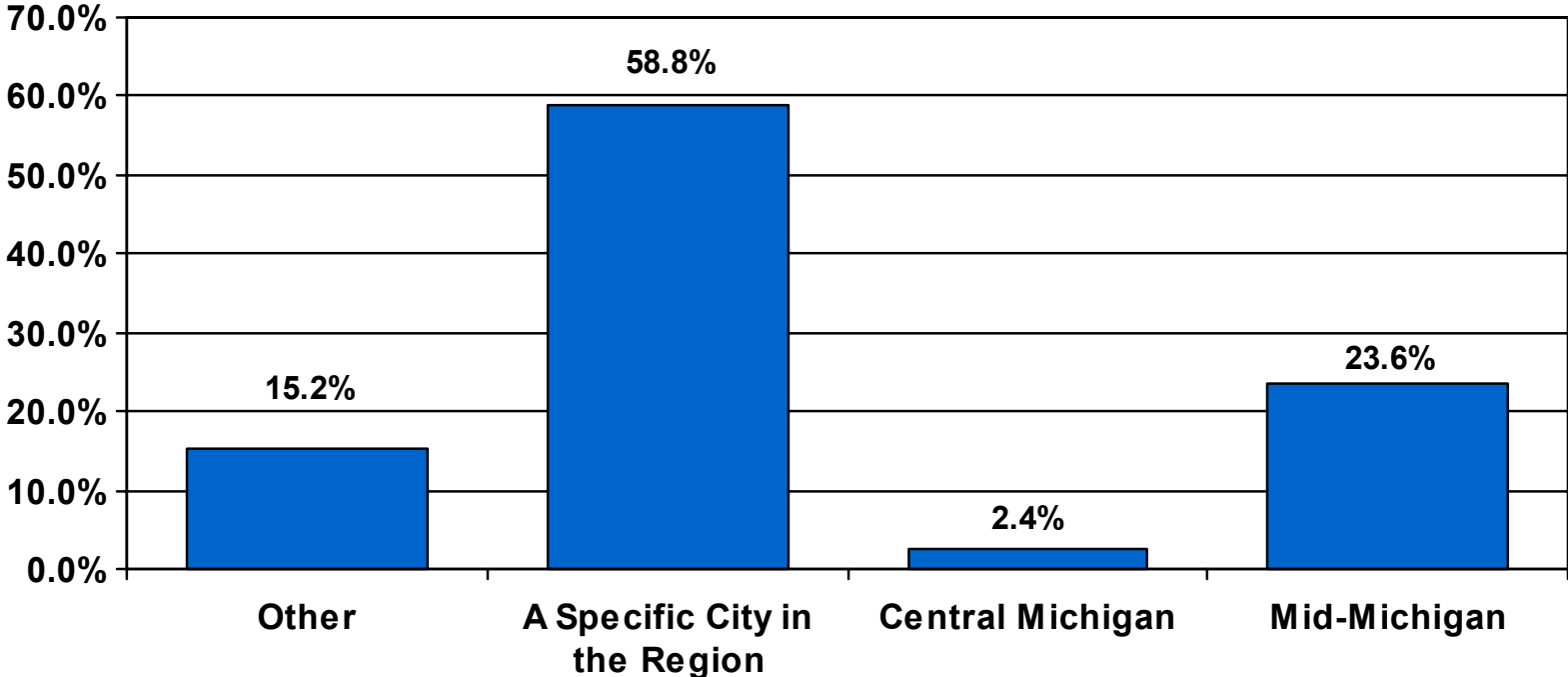
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# Regional Collaboration

# The Mid-Michigan region has yet to build a strong regional identity

**If you were speaking to someone from outside of Michigan, how would you describe your company's location?**



Source: Council on Competitiveness Regional Survey, N= 160

Note: Non-respondents and "not applicable" responses have been excluded.

# Comments from the survey and the interviews reveal that regional leaders don't yet buy into the Mid-Michigan concept



“The population does not see the 13 MMIT counties as a region, but a collection of sub-regions: Tri-Cities, The Thumb, etc. I don't believe too many people would say they are from 'Mid-Michigan'.”

“I was surprised that the WIRED region was designed to include 13 counties - no one ever saw common needs historically.”

“We can take care of ourselves if we are given the resources. There are differences in culture between Thumb region and other 9 counties and trying to group the entire region together may create too much bureaucracy. We know we can trust the folks in the Thumb – but we don't know the folks in Lansing and Flint.”

Source: Council on Competitiveness Interviews, N= 28

**“We must all hang together, or assuredly we shall all hang separately.”**

- Benjamin Franklin, at the signing of the Declaration of Independence

**“I don’t care if it is in Flint or not - it would make the region a better place to live.”**

- Mid-Michigan Business Leader (not from Flint), in a recent interview



**Thank You!**



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