



## Executive Summary

### Missouri Strategic Initiative for Economic Growth

April 11, 2011

#### Overview

On May 21, 2010, at the Kauffman Foundation in Kansas City, Governor Jay Nixon launched a strategic planning process to “make a comprehensive assessment of Missouri's strengths, assets and opportunities for growth, and make sure we are investing our resources in industries poised for growth.”

The purpose of this planning process was to produce the Strategic Initiative for Economic Growth, a set of detailed, concrete strategies and tactics to transform Missouri's economy for the 21<sup>st</sup> Century. The **Final Report of the Strategic Initiative for Economic Growth** includes eight strategic objectives designed to provide effective and efficient tools to make Missouri's economy more competitive. The report also identified seven targeted industry “clusters.” These clusters represent the industries that, in the opinion of the leaders who drafted the plan, offer the best prospects for job-creation in Missouri in the years to come.

By implementing the strategies and tactics outlined in the Final Report of the Strategic Initiative for Economic Growth, Missouri will be better positioned to create jobs and spark investment in these targeted clusters – and across our economy.

#### Developing the Plan: Input from Every Corner of Missouri

This effort involved the collective efforts of more than 600 business, labor, economic development and higher education leaders from across the state who participated on the Executive Advisory Committee, the Steering Committee, and six Regional Planning Teams; the development of 40 white papers, comments and suggestions; and several online surveys. The entire set of draft and final reports, white papers, meeting results, demographic analysis, surveys and other information are available on the project website at [www.ded.mo.gov/Strategic.aspx](http://www.ded.mo.gov/Strategic.aspx).

The Executive Advisory Committee, whose purpose was to provide overall guidance and direction on the process, includes Mr. William Downey of Kansas City Power & Light (Kansas City), Ms. Ann Marie Baker of UMB Bank (Springfield), Mr. David Steward of World Wide Technologies (St. Louis), and Mr. Paul Combs of Baker Implement (Kennett). The Executive Advisory Committee began its work in June 2010 and continued throughout the completion of the Final Report.

The 41 person Steering Committee was given the charge to (a) review and analyze information and data regarding Missouri's economy, current and potential initiatives and strategies and other related material; (b) provide input and recommendations on proposed strategies and tactical action plans; and (c) review and comment on the content of the Final Report. The Steering Committee met four times, starting on July 29, 2010, through March 10, 2011. The members of the Steering Committee include:

- Mr. Randy Allen, President, Jefferson City Chamber (also Chairman, Missouri Economic Development Council in 2010)
- Mr. Jim Anderson, President, Springfield Chamber (also a member of the Missouri Tax Credit Review Commission in 2010)
- Ms. Rosana Privitera Biondo, President, Mark One Electric
- Mr. Tom Bleigh, Owner/President, Bleigh Construction and Concrete
- Ms. JoAnn Bunten, Senior Regulatory Advisor, Walsworth Publishing
- Mr. Jeffrey Byrne, President/CEO, Jeffrey Byrne and Associates
- Mr. Richard Cavender, Executive Director, Meramec RPC (former Chair, Missouri Association of Regional Councils and former Co-Chair, Missouri Commission for Intergovernmental Cooperation)
- Mr. Bob Clark, President/CEO, Clayco, Inc.
- Dr. Delbert Day, Former President, Mo-SCI Corporation
- Mr. Mike DeCola, President/CEO, Mississippi Lime Co.
- Mr. Richard Fleming, President, St. Louis RCGA
- Mr. Larry D. Gardner, President, Gardner Tax Accounting
- Dr. Dan Getman, President, Kansas City Area Life Sciences Institute
- Mr. Kelly Gillespie, Executive Director, Missouri Biotechnology Association
- Ms. Linda Greaser, Site Public Affairs & Industrial Engineering, Proctor and Gamble
- Mr. Steven Harris, Partner, Rubin Brown LLP
- Dr. Michael Helmstetter, President, Midwest Research Institute
- Ms. Jeanette Hernandez Prenger, Owner, Ecco Select
- Mr. Herb Johnson, Secretary/Treasurer, AFL-CIO
- Mr. Jeff Kostos, President, Industrial/Medical, Dow Kokam
- Mr. Danny Ludeman, President/CEO, Wells Fargo
- Mr. Bob Marcusse, President, Kansas City Area Dev. Council
- Mr. Hugh McVey, President, AFL-CIO
- Mr. Dan Mehan, President, Missouri Chamber of Commerce and Industry
- Mr. Randy Mooney, Chairman, Dairy Farmers of America
- Dr. Michael Nietzel, Advisor to Gov. Nixon for Education Policy, State of Missouri
- Mr. Roderick Nunn, Vice Chancellor, Workforce/Community Development, St. Louis Community College
- Dr. William A. Peck, Former Dean, School of Medicine, Washington University
- Ms. Ora Reynolds, President, Hunt Midwest
- Mr. Evans Richardson, Director, Government Affairs, Boeing Integrated Defense Systems
- Dr. Donn Rubin, Executive Director, Coalition for Plant/Life Sciences
- Mr. Jim Schwarz, President/CEO, Able Manufacturing and Assembly
- Mr. Greg Sullivan, President/CEO, Global Velocity
- Mr. Jon Swope, President/CEO, St. John's Health System

- Ms. Sandra Van Trease, Group President, BJC Health Care
- Mr. Dennis Vinson, President/CEO, Signature Packaging
- Mr. Tom Voss, President/CEO, Ameren Corporation
- Dr. Bruce Walker, Lansford Professor of Leadership, University of Missouri-Columbia Business School
- Ms. Janet Wear-Enloe, Chief Marketing Officer, Jefferson City Medical Group
- Mr. James Webb, President/CEO, St. Louis Minority Business Council
- Ms. Karen Zecy, President, American Micro Co.

The six Regional Planning Teams were requested to provide input and comments on key strategies and tactical plans for the state and their region. Composed of leaders in business, education, labor, economic development, research and other fields, there were more than 500 Missourians that participated in two rounds of forums held in the six regional areas. The first round of six forums was held Sept. 21-24, 2010, at Kansas City, Poplar Bluff, Kirksville, St. Louis, Springfield, and Jefferson City. The second round was held Jan. 10-14, 2011, at Kirksville, Springfield, Cape Girardeau, St. Louis, and Jefferson City. (The initial and a rescheduled second forum for Kansas City were cancelled because of inclement weather; however, the regional planning team participated in an online survey in lieu of the forum.)

To gain a national perspective on best practices, new innovations and market trends, Market Street Services, a national economic and workforce development consulting firm based in Atlanta, Georgia, was retained to assist in the facilitation of the process. Also, special recognition should be provided to the Hawthorn Foundation for providing all the funding for this comprehensive research process.

The Final Report of the Strategic Initiative for Economic Growth outlines the strategies and tactics that will transform Missouri's economy for the 21st Century and lead to growth in the target clusters. A separate analysis provides details on the target clusters. Additional documents also provide a demographic and economic analysis of the state and a marketing analysis of the state's economic development programs.

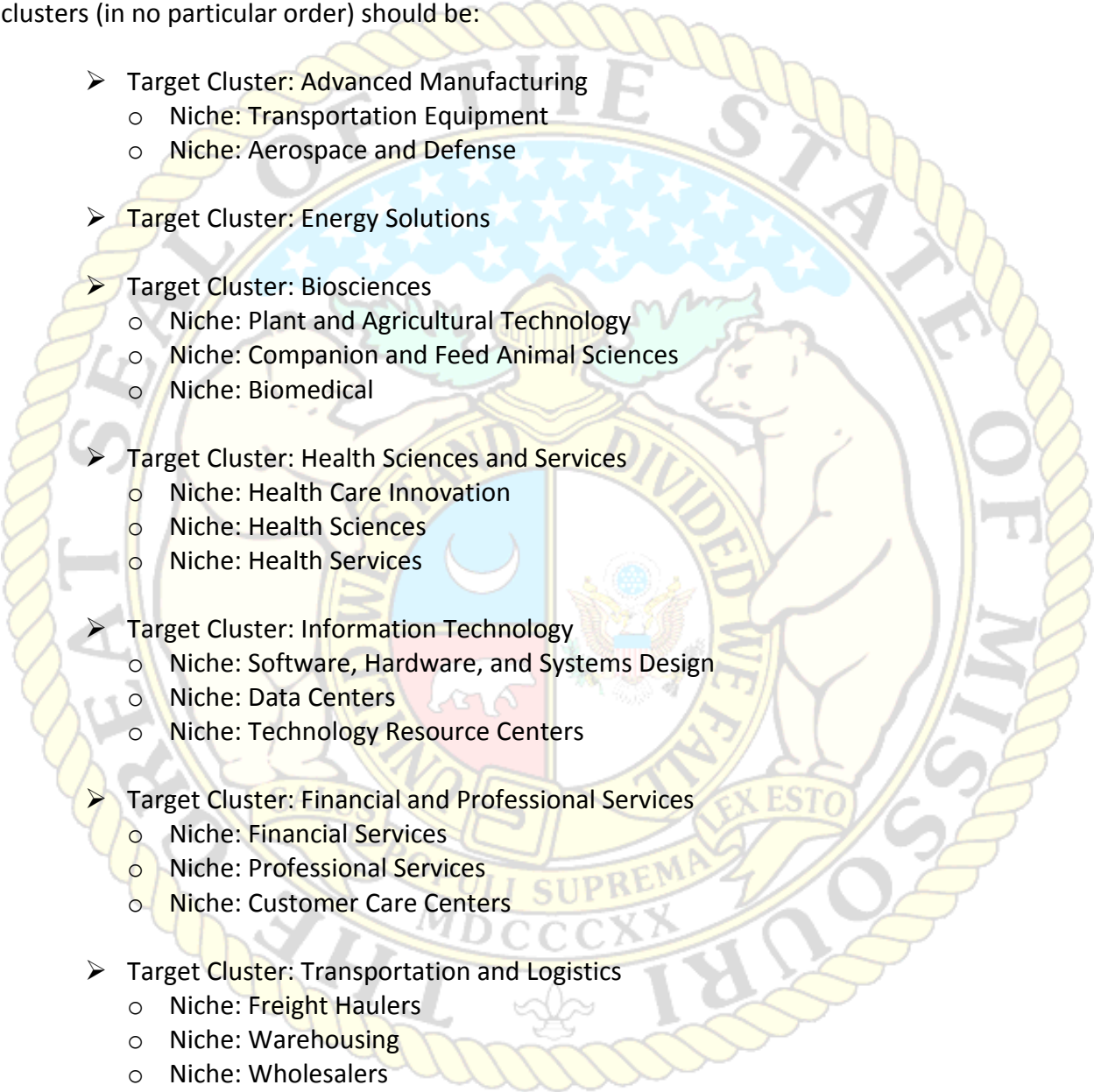
### **Target Cluster Analysis: Pinpointing the Jobs of the Future**

According to the National Governors Association's report "A Governor's Guide to Cluster-Based Economic Development", a "cluster of innovation" is defined as a group of competing and cooperating companies, suppliers, service providers and research institutions found within a particular state or region. To compete in the 21st-Century economy, each state must exploit its unique advantages relative to other states and building on the strengths found in its unique clusters. The economic strength of a state depends on its ability to capitalize on those clusters and compete in the global marketplace.



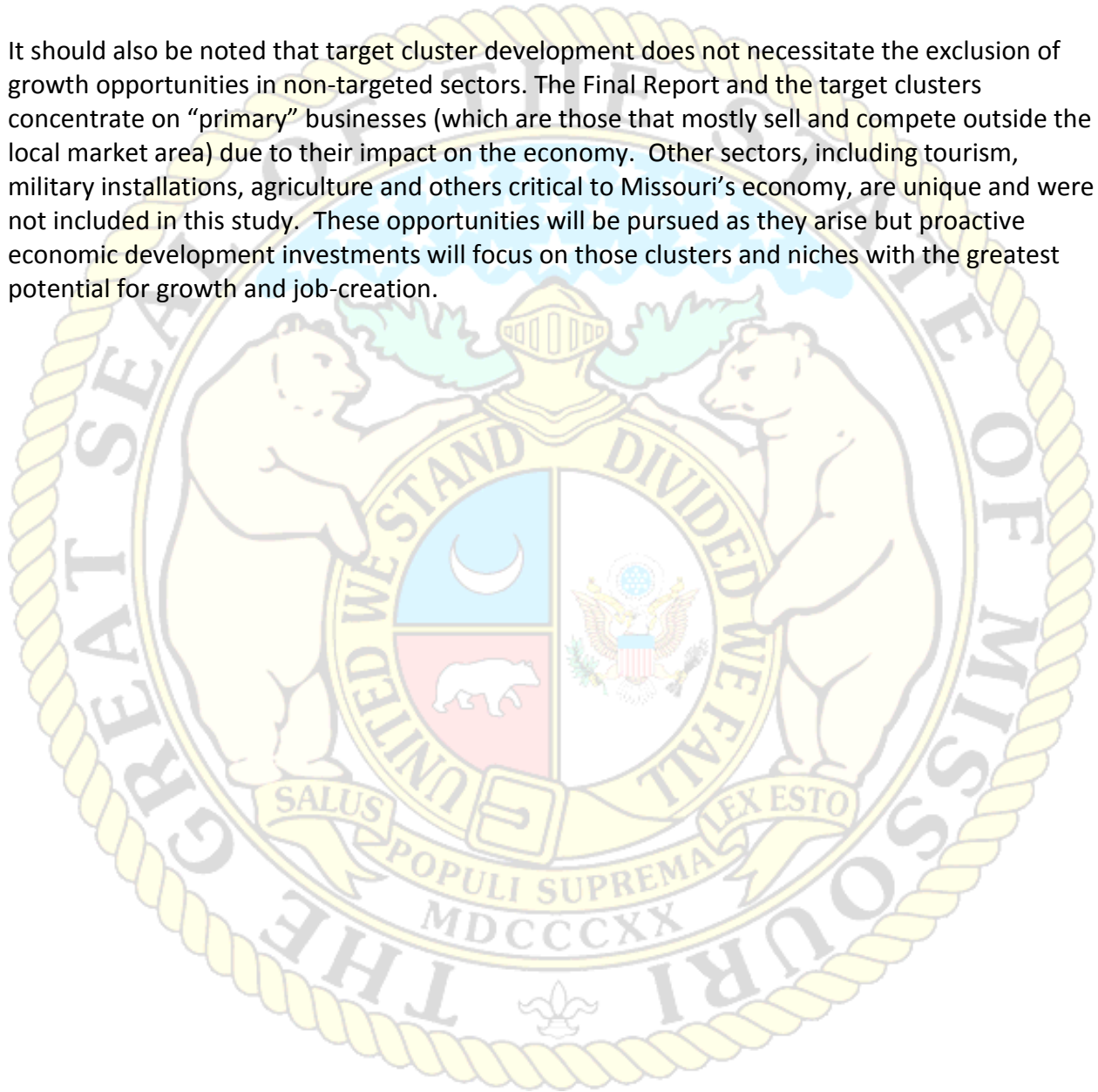
Missouri's clusters represent our strongest possibilities for job-creation and economic growth. The purpose of the Final Report of the Strategic Initiative for Economic Growth is to outline strategies and tactics that will lead to growth and expansion in Missouri's target clusters, as well as in other areas of our economy.

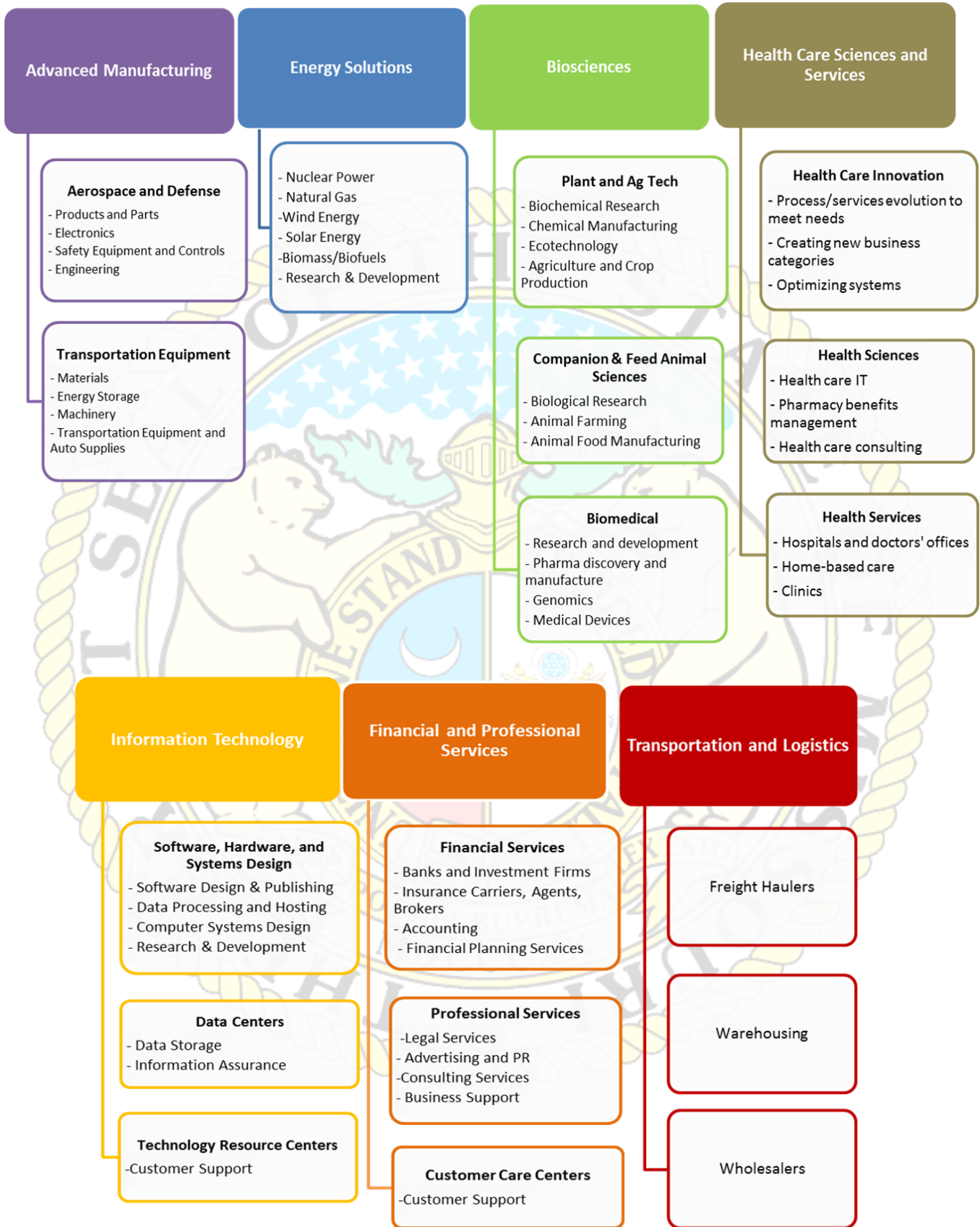
Based on the research conducted throughout this planning process, Missouri's proposed target clusters (in no particular order) should be:

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- The seal of the State of Missouri is a large, faint watermark in the background. It features a central shield with a crescent moon and a star, flanked by a bear and a plow. The shield is topped with a crest of a woman holding a cornucopia. The shield is surrounded by a rope-like border. The text "SEAL OF THE STATE OF MISSOURI" is written around the border. The motto "SALUS POPULI SUPREMA LEX ESTO" is written on a banner below the shield. The date "MDCCLXXXII" is written at the bottom.
- Target Cluster: Advanced Manufacturing
    - Niche: Transportation Equipment
    - Niche: Aerospace and Defense
  - Target Cluster: Energy Solutions
  - Target Cluster: Biosciences
    - Niche: Plant and Agricultural Technology
    - Niche: Companion and Feed Animal Sciences
    - Niche: Biomedical
  - Target Cluster: Health Sciences and Services
    - Niche: Health Care Innovation
    - Niche: Health Sciences
    - Niche: Health Services
  - Target Cluster: Information Technology
    - Niche: Software, Hardware, and Systems Design
    - Niche: Data Centers
    - Niche: Technology Resource Centers
  - Target Cluster: Financial and Professional Services
    - Niche: Financial Services
    - Niche: Professional Services
    - Niche: Customer Care Centers
  - Target Cluster: Transportation and Logistics
    - Niche: Freight Haulers
    - Niche: Warehousing
    - Niche: Wholesalers

“Niches,” which are listed under several of the target clusters, reflect high-value opportunities for State economic growth based on Missouri’s competitive strengths. Effective development of these subsector niches leads to possibilities for growth of larger target groupings of affiliated companies and employment. The Final Report also provides a brief overview of cross-target “catalysts,” or business sectors that if recruited, expanded, or developed could provide entryways into multiple target areas.

It should also be noted that target cluster development does not necessitate the exclusion of growth opportunities in non-targeted sectors. The Final Report and the target clusters concentrate on “primary” businesses (which are those that mostly sell and compete outside the local market area) due to their impact on the economy. Other sectors, including tourism, military installations, agriculture and others critical to Missouri’s economy, are unique and were not included in this study. These opportunities will be pursued as they arise but proactive economic development investments will focus on those clusters and niches with the greatest potential for growth and job-creation.





## Final Report of the Strategic Initiative for Economic Growth

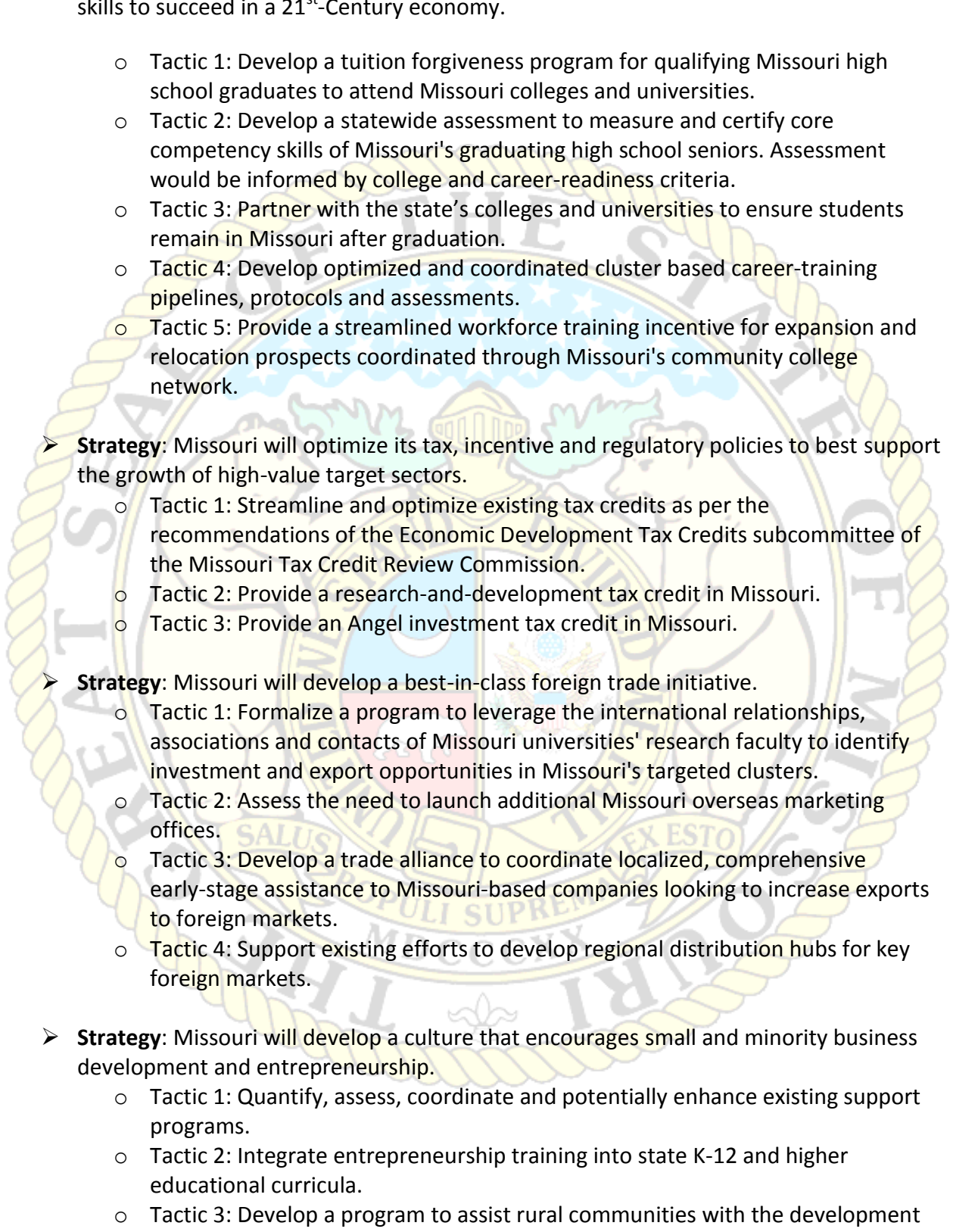
The Final Report of the Strategic Initiative for Economic Growth represents the culmination of all research completed and presents action items geared toward addressing challenges and capitalizing on concrete opportunities for growth, particularly in the target clusters. The Final Report serves as a tool to unify the State of Missouri's public and private leadership behind a consensus blueprint for Missouri's economic future. The Final Report includes best practices as well as benchmarks and performance measures.

By implementing the strategies outlined in the report, we will provide more effective and efficient tools to help businesses compete in the 21st Century, especially in the targeted clusters and throughout our entire economy.

The eight strategies are in no particular order, but the tactics under each report are in priority order, as determined by the Steering Committee.

- **Strategy:** Missouri will support its local developers in the retention and expansion of existing businesses and employers.
  - Tactic 1: Develop statewide high level planning teams to help guide Missouri's development strategies for specific target sectors.
  - Tactic 2: Develop a statewide business retention and expansion plan utilizing best practices that provides consistency of approach with enough flexibility to meet unique local and regional needs.
  - Tactic 3: Develop a program to provide rural officials and practitioners with development of skill sets that would enable them to better work with businesses to retain and expand employment.
- **Strategy:** Missouri will invest in technology and innovation to attract, launch, and sustain the growth companies of the future.
  - Tactic 1: Develop a Science and Technology/Innovation Fund in Missouri to facilitate the creation of best-practice capital-provision, support and infrastructure-development programs and projects.
- **Strategy:** Missouri will aggressively market the state to domestic and select international audiences.
  - Tactic 1: Review and optimize existing economic development marketing programs.
  - Tactic 2: Promote rural Missouri as a "farm-shoring" location for technology and services companies.
  - Tactic 3: Work with Missouri's border states to one day formalize non-compete policies designed to prevent incentivizing the movement of companies within bi-state metropolitan areas.
  - Tactic 4: Attract federal and non-profit research centers and institutions to Missouri.



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- **Strategy:** Missouri will attract, develop and retain a workforce with the education and skills to succeed in a 21<sup>st</sup>-Century economy.
    - Tactic 1: Develop a tuition forgiveness program for qualifying Missouri high school graduates to attend Missouri colleges and universities.
    - Tactic 2: Develop a statewide assessment to measure and certify core competency skills of Missouri's graduating high school seniors. Assessment would be informed by college and career-readiness criteria.
    - Tactic 3: Partner with the state's colleges and universities to ensure students remain in Missouri after graduation.
    - Tactic 4: Develop optimized and coordinated cluster based career-training pipelines, protocols and assessments.
    - Tactic 5: Provide a streamlined workforce training incentive for expansion and relocation prospects coordinated through Missouri's community college network.
  - **Strategy:** Missouri will optimize its tax, incentive and regulatory policies to best support the growth of high-value target sectors.
    - Tactic 1: Streamline and optimize existing tax credits as per the recommendations of the Economic Development Tax Credits subcommittee of the Missouri Tax Credit Review Commission.
    - Tactic 2: Provide a research-and-development tax credit in Missouri.
    - Tactic 3: Provide an Angel investment tax credit in Missouri.
  - **Strategy:** Missouri will develop a best-in-class foreign trade initiative.
    - Tactic 1: Formalize a program to leverage the international relationships, associations and contacts of Missouri universities' research faculty to identify investment and export opportunities in Missouri's targeted clusters.
    - Tactic 2: Assess the need to launch additional Missouri overseas marketing offices.
    - Tactic 3: Develop a trade alliance to coordinate localized, comprehensive early-stage assistance to Missouri-based companies looking to increase exports to foreign markets.
    - Tactic 4: Support existing efforts to develop regional distribution hubs for key foreign markets.
  - **Strategy:** Missouri will develop a culture that encourages small and minority business development and entrepreneurship.
    - Tactic 1: Quantify, assess, coordinate and potentially enhance existing support programs.
    - Tactic 2: Integrate entrepreneurship training into state K-12 and higher educational curricula.
    - Tactic 3: Develop a program to assist rural communities with the development and growth of retail businesses.



- Tactic 4: Provide small-business-development instruction as a component of displaced and state-sponsored worker training.
- Tactic 5: Adapt and adopt the Lichtenstein and Lyons (L&L) Investing in Entrepreneurs strategy in Missouri's Small Business and Technology Development Centers and Procurement Technical Assistance Centers.
- **Strategy:** Missouri will provide the infrastructure necessary for companies and communities to be successful.
  - Tactic 1: Market, leverage and enhance existing efforts and tools, specifically Missouri's statewide broadband initiative and the Missouri Certified Sites Program.
  - Tactic 2: Develop a state-funded Authority with broad statutory powers to support high-impact infrastructure projects.
  - Tactic 3: Support local capacity-building by assisting Missouri communities with the development of strategic vision plans.

**Conclusion: A Blueprint for Transforming Missouri's Economy**

Hundreds of small-business owners, educators, skilled tradesmen and economic-development professionals participated in dozens of meetings and forums throughout this planning process, and the Final Report represents their best insights and ideas about how to create jobs and spark growth, with a focus on creating jobs in our targeted clusters and across Missouri's economy. The strategies and tactics outlined in the Final Report offer innovative tools to make Missouri a more competitive and prosperous state for generations to come.