KMK Consulting Company, LLC

The CEO Resource

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The CEO Resource is a periodic hot sheet of resource information for our colleagues, Chief Executives and Senior Management in business and leadership.

Our focus is to help senior management and company owners accelerate their pathways, first to "success" and then to "making a difference"- a significant difference for their families, their stakeholders and their communities. *The CEO Resource* is a time sensitive tool directly responsive to this critical focus.

The New Brazil: Getting Connected to Abundant Opportunities

By: Terry Grimble

Brazil is rapidly solidifying itself as one of the premiere destinations for emerging economies and developing markets. As the global economy expands from the recent downturn, it is important to consider the abundant opportunities that can be found in Brazil.

In Newsweek's 2010 World Predictions is the following number 7 prediction: "Brazil Is the New China"

"Certainly, Brazil has already received its fair share of hype from international investors, development economists, and the International Olympic Committee, which selected Rio de Janeiro for the 2016 Games. But as 2010 unfolds, the distance between Brazil and the rest of the BRICs will only grow. Russia long ago dropped out of the running, as Putin's chilling, authoritarian tendencies became more apparent, scaring away foreign money. India is still growing strongly, but it's locked in an unstable region with threats on all sides. China, of course, is still the delight of the international moneymen, but a number of risks—a real-estate or equity bubble, ethnic unrest, an environmental catastrophe—hover on the horizon.

"For Brazil, it's all upside. The economy will grow at 8 percent in 2010. Exploiting the new offshore oil find—the largest in the Western hemisphere in three decades—will create jobs for Brazilians and riches for the government. (It will also solidify Brazil's enviable energy independence.) New infrastructure projects are in the pipeline as the country gears up for the 2016 Games. Next year's presidential election will likely be a snoozer, but that's only because it's hard to outshine Brazil itself these days."

Moreover, in The Economist, of November 12, 2009 – "Brazil takes off Now the risk for Latin America's big success story is hubris"

"WHEN, back in 2000, economists at Goldman Sachs bracketed Brazil with Russia, India and China as the economies that would come to dominate the world, there was much sniping about the B in the BRIC acronym. Brazil? A country with a growth rate as skimpy as its swimsuits, prey to any financial crisis that was around, a place of chronic political instability, whose infinite capacity to squander its obvi-

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Economic Upturn: Deal Flow Increases as 2010 Winds Down

While we are currently witnessing the natural ebb and flow of a long, drawn-out economic recovery, there are several signs that the U.S. economy is on the rise. Indicative of the positive expectations of the next twelve to twenty-four months are companies expanding current facilities and a dedication from state and federal lawmakers to maintain economic development efforts and incentives.

KMK Consulting is currently involved in site selection and incentive negotiations for several public corporations in 7 states. These facility expansions encompass over 3,500 jobs, over $550 million of new capital investment, in excess of 1.5 million square feet of additional facilities and more than $50 million in annual new payroll.

It is clear that state and local decision-makers are determined to work with companies and consultants to put together attractive incentive packages for such expansion

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The Post Panamax Mississippi River Opportunity
Should it be Part of Your Strategic Plan?

By: James J. McGraw, Jr.

Multiple studies have been done on both the Upper Mississippi River (UMR) and the Lower Mississippi River (LMR) to determine industries, industrial potential and the relationship between these regions and a total of 173[1] to 252[2] counties included in the Mississippi Delta Region.

> 'The Upper Mississippi River basin encompasses large portions of the central and western Corn Belt and the eastern fringes of the Northern Great Plains. Five of the nation's top agricultural production states ¾ Iowa, Illinois, Minnesota, Missouri and Wisconsin ¾ have traditionally relied on the Upper Mississippi River – Illinois Waterway (UMR – IWW) navigation system as their principal conduit for export bound agricultural products ¾ mostly bulk corn and soybeans. The low cost, high-volume capability of the UMR-IWW system has long provided an important competitive advantage for U.S. agricultural products in international markets." [3]

This approach to transporting and/or exporting corn and soybeans was the norm for all of the 60's, 70's and 80's; things started changing thereafter.

> "Since the development of the UMR-IWW navigation system, the UMR-IWW region's agriculture and economic development have been linked to barge transportation on the Mississippi River System. However, over the past decade it appears that domestic and international developments have gradually been changing the nature and intensity of that linkage."[4]

For a moment in time, and in 2004 and a few years later, this freestanding statement was true and exemplary of short-term trending. Changes in multilateral agreements, increased agricultural production in South America (especially Brazil and Argentina) and lack of locks and infrastructure maintenance had farmers and logisticians looking to land-based solutions to get their product to the Pacific Northwest for shipping to Asia and south to Mexico.

Today, however, two dynamics will once again make the UMR-IWW extremely relevant. These dynamics are: (1) the expansion of the Panama Canal creating a dedicated commercial lane capable of handling the world's largest container ships which will discharge and re-load their containers in the Gulf of Mexico; and, (2) the increased containerization of commodities like corn, soy and an extended buffet of value-added agricultural products. Container-on-Barge will ultimately replace much of the former bulk barge approach to using the Mississippi River system for commodities — multiple origins and countless destinations throughout the globe will dictate more containerized agricultural products versus the traditional large and costly receiving-and-distribution facilities. For decades the mega container ships have been returning to Asia from the west coast of the U.S. with empty containers. Containerized commodities returning to Asia via the Mississippi System and then the Panama Canal will become one of the new-normals. Consequently, intermodal container infrastructure on the Mississippi waterways is not only relevant, but critical.

The United States has 25,482 miles (41,009 km) of navigable inland channels (rivers and canals), exclusive of the Great Lakes. Out of this total, 12,006 miles (19,322 km) is used in commerce. About 15,000 miles (24,150 km) of the Mississippi River System are presently navigable, although not all is used for commerce.

North America and Central & South America have a total of 5,449,577 sq. miles / 3,487,729,280 acres of arable land[5] – 1,066,230,068 acres for North America and 2,421,499,301 acres for Central and South America. Nearly 400 million acres of arable land are in cultivation in the U.S. to produce food. Included are about 215 million acres planted to grains. Of this, 68 million acres are used for food products and 68 million acres for livestock feed. The remaining nearly 80 million acres are planted to corn, wheat, rice, and other grains for export. These exports produce a return in excess of $40 billion per year. An additional 70 million acres suitable for crop production are held in reserve and are not being used at present.

Sub-Saharan Africa has 2,594,811,602 acres of arable land and utilizes 389,457,849 acres of arable land (6.67:1 ratio) – Sub-Saharan Africa cannot feed itself. Asia and the Pacific have 1,835,182,478 acres of arable land and utilize 1,180,437,233 of these acres (1.55:1 ratio) – today, Asia cannot feed itself. Let's look at one more telling statistic.

The State of Kansas has 46 million total farmland acres with <u>28 million acres in crops</u>. Minnesota has 27 million acres in farm land of which <u>22 million acres are in crops</u>. Iowa has 30.8 million total farmland acres with <u>26.3 million acres in crops</u>. The total acres in crops for Kansas, Minnesota and Iowa are <u>76.3 million acres</u>. Mexico, with today's population of 111 million, currently has <u>79 million acres under cultivation</u>. This comes close to maximizing Mexico's growing capacity. Approximately 12% of the 79 million acres (8.5 million acres) are utilized by small farms for family and local consumption. The other 88% (<u>69.5 million acres</u>)[6] is used for export crops and for grazing cattle.

[1] Congressional Research Service
[2] Delta Regional Authority
[3] CRS Report for Congress. Agriculture as a Source of Barge Demand on the Upper Mississippi and Illinois Rivers: Background and Issues. May 26, 2004. Randy Schnepf, Specialist in Agricultural Policy, Resources, Science, and Industry Division.
[4] Ibid.

[5] This includes forest land as well.
[6] Many of these acres used for coffee and flowers, would not be useable for staple crops because of altitude and other climatic conditions.

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Mississippi River Opportunity (Continued from Page 2)

Otherwise said, the corporate farmers of Mexico decided decades ago to grow their own alfalfa hay for protein conversion and to use their proportionately limited number of high-end arable acres – much with micro-climatic conditions, to produce higher dollar per acre yield crops such as coffee and flowers in order to produce cash rather than feed people. Simply put, the U.S. feeds Mexico supplying many of the staple food stuffs including all varieties of corn, wheat, flower, soy, soy products and much more.

The bottom line is the waterways of the composite Mississippi system are underdeveloped and underutilized to address and facilitate the current global need for food needs and finished products manufactured near the Mississippi system. With the expansion of the Panama Canal, the Mississippi River system and the surrounding states are in a position to reassert the Mississippi basin and delta and associated areas as an economic powerhouse by virtue of intermodalism, containerization and routinized container movement to the Gulf of Mexico. No other infrastructure can be so transformational to a small agricultural community or multinational manufacturing plant. **In one instance connectivity to the world marketplace is achieved for the first time; in the other, transportation economies and connectivity create a competitive edge which mean more throughput, less cost, more jobs — new and more prosperity.**

Between the God-given waterways of the Mississippi system, new and enormous foreign marketplaces, and the new-normals of logistics created by the Panama Canal expansion, the farmers of America are in an envious position of optimizing and exploiting the final competitive edge on which they can depend, **logistics**. By creating and participating in Container-on-Barge on the Mississippi waterways, the American farmer and American manufacturer can take advantage of price points control with better and less expensive transportation costs and logistics, logistics for which they have almost total control.

While agriculture is so important to the Mississippi basin including 92% of the U.S. agricultural exports and 78% of the world's exports in feed grains and soybeans, regardless of the constant negative soundbiting of newscasters who say America doesn't make anything today, manufacturing remains an important economic activity in the United States. The evidence of this is everywhere. Illustrative of finished products manufactured in 14 states of the Mississippi basin area are:

- Food Manufacturing and Products – cake mixes, breakfast cereals, milk, butter, cheese, frozen and canned vegetables
- Beverage & Tobacco Products
- Textile Mills, Textile Products, Apparel Manufacturing
- Leather & Allied Product Manufacturing – Footware & Luggage
- Lumber and Wood Products – Dimensional Lumber, Furniture, Flooring, Veneers, Plywoods
- Paper Manufacturing and Paper Products – printing, publishing & books, adhesives
- Petroleum & Coal Products
- Chemical Manufacturing
- Plastic & Rubber Product Manufacturing
- Primary Metal Manufacturing & Fabricated Metal Product Manufacturing
- Home Appliance Manufacturing
- Aircraft & Aerospace Parts, Aircraft Engines, Automobiles, Trucks, Buses, Railroad Rolling Stock
- Industrial Machinery, Agricultural Machinery, Metal Working, Heating & Cooling, Machines for Making Microchips
- Electronic Equipment, Computer & Electronic Products, Medical Devices, Computer Components, Communications Equipment

The list is impressive with world-class diversity and quality. In spite of the presence of items manufactured outside the country, domestic industry remains paramount, and it is rare for any medium-sized U.S. town to be without at least some local employment in manufacturing. In fact, there is a steady trend for manufacturing to be expanding to rural areas. Many of these products can compete on a global basis if the transportation economies are in place. Just like the containerization of agricultural products, river ports and multi and intermodal port facilities are the key to creating a competitive advantage and controlling price points in order to optimize these products value in the global marketplace.

About 12 million Americans live in the counties and parishes that border the Mississippi River proper and over 70 million people live in the Mississippi basin. 31 states are connected by the Mississippi tributaries. For large or small enterprises, this is one of the largest and most diversified manufacturing regions in the hemisphere. There is data indicating that 62% of the U.S. economy is accessible by the Mississippi composite waterways.

Private and public interests in both the St. Louis area and Cincinnati are currently exploring the development of new container-on-barge port facilities. Cities, economic development corporations and private investors should be analyzing their own agriculture and manufacturing base in preparation for immediate access to a state-of-the-art multi and inter-modal container-on-barge facility.

There is a compelling story on why this strategy makes sense and why St. Louis and Cincinnati are trying to get out in front and set a new benchmark of competitiveness.

We have had the opportunity to work with G&A USA on these Mississippi River strategies. If you would like to consider container on barge options as part of your economic development strategy, give us a call.

For more information contact Jim McGraw at JMcGraw@kmkconsulting.com or 513-639-3968 .

The New Brazil (continued from Page 1)

ous potential was as legendary as its talent for football and carnivals, did not seem to belong with those emerging titans."

"Now that scepticism looks misplaced. China may be leading the world economy out of recession but Brazil is also on a roll. It did not avoid the downturn, but was among the last in and the first out. Its economy is growing again at an annualised rate of 5%. It should pick up more speed over the next few years as big new deep-sea oilfields come on stream, and as Asian countries still hunger for food and minerals from Brazil's vast and bountiful land. Forecasts vary, but sometime in the decade after 2014—rather sooner than Goldman Sachs envisaged—Brazil is likely to become the world's fifth-largest economy, overtaking Britain and France. By 2025 São Paulo will be its fifth-wealthiest city, according to PwC, a consultancy.

"And, in some ways, Brazil outclasses the other BRICs. Unlike China, it is a democracy. Unlike India, it has no insurgents, no ethnic and religious conflicts nor hostile neighbours. Unlike Russia, it exports more than oil and arms, and treats foreign investors with respect. Under the presidency of Luiz Inácio Lula da Silva, a former trade-union leader born in poverty, its government has moved to reduce the searing inequalities that have long disfigured it. Indeed, when it comes to smart social policy and boosting consumption at home, the developing world has much more to learn from Brazil than from China. In short, Brazil suddenly seems to have made an entrance onto the world stage. Its arrival was symbolically marked last month by the award of the 2016 Olympics to Rio de Janeiro; two years earlier, Brazil will host football's World Cup."

If you have been wondering how to connect to this beautiful country and its economic opportunities, here's how !

The four BRIC countries are **B**razil, **R**ussia, **I**ndia and **C**hina. Brazil is the only one in the Western Hemisphere, right in your back yard. With the 5th largest world population, 5th largest labor force in the world, the 8th largest GDP, 6th in automobile production and growing imports and exports, Brazil is a rich environment for new business relationships.

Brazil's automobile industry is now more than 50 years old. High-tech engineering and automation are normalized throughout all industries, and there is no better example than the production of private, commercial and military jet airplanes by *Embraer – Empresa Brasileira de Aeronautica* (Brazilian Aeronautics Company). *Embraer* is the third-largest aircraft company in the world only exceeded by Boeing and Airbus.

Brazil is energy independent by virtue of an aggressive alternative, bio-fuel and flex-fuel industry that produces 29% of the world's ethanol, which is more than the combined production of Asia and Europe. Additionally, natural gas imports from Bolivia and the recently discovered Tupi light crude oil fields off the coast of Rio de Janeiro were recently measured at 8 billion barrels.

Evidence of the energy opportunities in Brazil can be seen from an October 2010 Bloomberg, which reports the following story: "Brazil Field May Be Americas Top Oil Find in 34 Years".

> "Oct. 28 (Bloomberg) -- Brazil said its deep-water Libra field may hold as much as 16 billion barrels of oil, twice previous estimates, which would make it the biggest crude discovery in the Americas in more than three decades.
>
> "The field in the Santos Basin off the coast of southeast Brazil may have 7.9 billion to 16 billion barrels of oil, said Haroldo Lima, the head of the national petroleum regulator known as the ANP, according to the agency's press office. The government owns 100 percent of Libra.
>
> "Oil reserves of 16 billion barrels would make Libra the biggest find in the Americas since Mexico discovered Cantarell in 1976…"

In addition, Brazil's financial markets have fully evolved to meet the sophisticated needs of the global economy. Emblematic of Brazil's financial and technological sophistication is Brazil's stock exchange called BM&F. Bovespa which was created in 2008 by the merger of the Brazilian Mercantile & Futures Exchange (BM&F) and the São Paulo Stock Exchange (Bovespa). The integrated BM&F Bovespa offers a host of products for trading such as stocks, ETFs, futures, commodities, forwards, options, corporate and government bonds. Nearly 450 firms are listed on Bovespa. All trading in equity and equity derivatives take place at Bovespa on an order driven electronic trading platform called Megabolsa. The Bovespa trades about 6 billion reais per day (3.5 billion usd). Additionally, the second largest stock exchange in Brazil is the Rio de Janeiro Stock Exchange (BVRJ), which trades in government bonds and currencies, is thriving.

Brazil's largest city is São Paulo, with a metro-area population in excess of 20 million with an Expanded Metropolitan Complex (EMC) in excess of 29 million inhabitants and Brazil's largest state is the State of São Paulo with a population in excess of 40 million. The State of São Paulo produces 34% of the Brazilian GDP. The City of São Paulo, beyond being the 6th largest City in the world, is a vibrant city and this author's opinion the banking and financial center of all Western Hemisphere countries south of the United States. It is a city rich in assets and rich in people with an enormous appetite for growth and new opportunities. São Paulo is home to over 30,000 millionaires of the 50,000 in Brazil and 10 billionaires in a league with Tokyo, Mumbai and Chicago. The metro system moves 5.2 million people per day and the EMC contains 8.2 million vehicles. São Paulo has the largest helicopter fleet in the world and most new high-rises have their own helipad on the roof. No place on earth can compare with São Paulo's restaurants.

New financial and corporate headquarter neighbor-

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hoods are being created in São Paulo to house and support corporate headquarters from around the world. Additionally, new institutionalized support and development structures have been created whereby regionally renowned universities supported and financed by the State of São Paulo provide the corporate world with important Research and Development. As an example, one of these new and full-service neighborhoods is called New Brooklin. Together all of this makes São Paulo the 10th richest city in the world and it is expected to be the 6th richest in 2025 – 5th richest according to a Pricewaterhouse-Coopers report.

Air transportation to and inside of Brazil gets easier by the month. With the recent creation of Star Alliance, Continental, United, Lufthansa, Swiss Air and TAM (TAM: Brazil's largest airline founded in 1976 with a fleet of 148 Airbus A340-500 aircraft and 103 ships on order serving 63 locations including almost all domestic locations [42% of domestic traffic], Argentina, Chile, Uruguay, Paraguay, Peru, Venezuela, U.S., U.K, France, Spain, Italy and Germany [85% of international market share] operate in tandem.

Two years ago David Neeleman, founder of Jet Blue, raised $235 million to start up Azul, Brazil's newest airline; this was a record investment for a new airline including $13 million of Neeleman's own money. As is the case in the U.S., Azul is using alternative airports and Brazilians are adapting to the approach by changing their ground transportation services.

Visa applications can be originated on the internet, and G&A USA has a long-term relationship with a visa agency in order process entry documents as easily as possible. Brazil's process at the international airports is very professional and includes scrutiny of one's entry documents minutes after landing and baggage clearance shortly thereafter.

Another major issue in Brazil is need for infrastructure. In fact, it is the BRIC issue with the most buzz currently. In March, the Brazilian government announced plans to spend $500 Billion on infrastructure over the next four years - half of which is expected to go to energy spending. These expenditures will greatly improve the economic environment and room for opportunities.

Representing clients in Brazil is led by Terry Grimble and Gilles Maumus for G&A USA. Together they have more than 20 years of living and working experience in Brazil and each reside there now as well as the U.S. and France. G&A USA has numerous other experts and disciplines it can bring to the table as needed to satisfy its clients needs.

There are more opportunities in Brazil for American business and American communities and organizations than can be enumerated. *For more information, contact Terry Grimble at TGrimble@GrimbleAssociadosBrasil.com.*

Site Selection:
It's Not Just Tax Breaks and Cost, The Community Matters

By: Bradford Meacham

In my roles as both a site selector and a community economic development advisor, I am always interested in how members of a community view their own business environment, living environment, and the quality of local and state elected officials, versus how outside decision makers view these vital factors.

Past engagements have underscored an important point: everybody in a community can identify its problems, but when it comes to solving them, only half of the solution is ever advanced.

A business location is more than just the place from which a company's commerce originates. It is a place whose laws that company must follow, whose taxes that company must pay, and whose elected officials with whom that company must work. It is a place whose schools the employees' children must attend, whose social setting they must enjoy, and whose organizations they must support. In short, a business location is not just a place where a company operates. It is a home for the company and its people.

Contrary to what many in the political community appear to believe, business incentives are the beginning of the conversation, not the end. To be clear, business expansion is an expensive proposition, and it is critical for states and localities to have strong and *broad* incentives for job creation, capital investment, and equipment purchases if for no other reason than to verify that the locality actually cares about job creation. More places now than in the past understand this concept and are working to broaden their incentives offerings and streamline the processes for obtaining them. There is still work to be done - particularly in the area of offering more refundable tax credits - but progress is clearly being made.

However, beyond a tangible cost of business analysis to facilitate a move or expansion, communities must understand that intangible factors – the "community matters" - can have more impact than one initially realizes. Now more than ever, companies seeking to relocate or expand both from within the country and outside of it are looking at a location's total infrastructure. They are no longer picking cities, but rather *regions*. They are no longer content with places in which the business community and the elected officials are at odds with each other, but rather places where elected officials listen and respond. Their executives will not move to a place where they cannot raise their families and educate their children. Finally, top recruits will be reluctant to move to a place whose social atmosphere is not condu-

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The Regional Economic Development Impact of Higher Education's Experiential Learning Programs

By: Dale McGirr

Experiential Learning Programs at your local higher education institution(s) have many familiar names:

- Cooperative Education
- Academic Internships
- Student Teaching
- Community Engagement Course Projects
- Community/Urban Institutes and Studios
- Community Service Programs and Clinics

In other words, any organized campus academic or student affairs program which advances the learning quality and human development of the institution's students through interaction with the industries, communities, and K-12 education systems of the region is a part of their Experiential Learning Programs. Having spent 29 years as the CFO at the University of Cincinnati, which founded Cooperative Education in 1905 and still has one of the largest programs in the United States, I have been a part of trying to use and grow their Experiential Learning Programs to create positive impacts for all parties.

The mutual benefits of a strong and active management relationship between the institution and the regional economic development leadership are very strong. But it takes a mutual understanding of both cultures, a mutual understanding of the symbiotic benefits of success, and a "commitment at the top" on both sides to maximize those benefits.

Let discuss each of those factors.

The Cultures

Every institution of higher education is a very decentralized organization. Programs are designed and manage at the college/department level, and that unit has total control over the program's strategy, requirements, participants, and partnerships. From the standpoint of quality control of a student's academic and development progress, this level of unit control makes perfect sense. But, from the standpoint of leveraging the impact of all such programs together on regional development, it leaves much to be desired. Thus, it requires the institution of higher education to create a "focused management structure" which knows that its job is this leveraging, not to replace or interfere with the program management at the unit level. A focused management structure, properly structured and supported, can be viewed by experiential learning program leaders as a useful ally rather than a source of interference.

The culture of regional economic development leadership has its first big issue within its title, namely it often has problems being truly regional. Thus, it can sometimes look hard to relate to by an institution of higher education in developing a central strategy for the region because its structure is "intertwined" with the overlay of cities, counties, townships, industries, and companies from which it is formed. It almost looks as if you have to "choose" between the formal structure and the informal power centers of the region when deciding where to start a conversation about leveraging the impacts of Experiential Learning Programs.

So, what is worse?

1) A loose federation of academic and management units that is the central, and essential, character of higher education; or

2) An equally loose federation of governments and companies with some alignment on strategic goals for the region but lots of "overlay" conflicts to manage.

The truth is that neither can or should change all of its basic history and character, and that understanding those limitations going in should still let a mutual strategy evolve concerning increasing the benefits of Experiential Learning Programs.

Symbiotic Benefits

What are these benefits? It is easiest to start with the "basic" benefits that have been recognized for decades or even over a century at the University of Cincinnati.

Student Learning – Whether formally structured as part of a course, a degree program, or as a part of a voluntary student program, students learn more deeply by applying their coursework to a real world situation and being a part of doing productive work. The experiences not only hone their problem-solving skills, but they bring back into the classroom a greater sense of the need to temper theory with practical situations and less than perfect information available. It is also a critical part of learning to work in groups, which is one of the most important types of learning for students cited by prospective employers.

Industry Workforce - Student workers are a very important source of labor for local companies. Indeed, the original conversation that led to founding the "Co-op program" at the University of Cincinnati in 1905 was between the Dean of a UC college and the President of the Cincinnati Milling Machine company, who was having problems finding well-trained workers. I have often thought that the "value per dollar" of interns and co-ops was as high as it gets. They work hard, bring innovation and energy, and willingly take low pay for it. Where else do you get that combination? And these part-time relationships often turn into those students becoming employees of firms in the region in a few years.

So far, so good. But there is so much more that could be captured as regional benefits. I have discussed before in the KMK Newsletter two issues that bear directly on capturing the maximum benefits of Experiential Learning Programs.

Workforce Retention vs. Workforce Attraction – One of the previous articles discussed that more than 40% of America's higher education students live in the shadow campus of the neighborhoods around the institution. As such, they are already off campus residents of the region and should be treated as residents to be *retained by the region.* Every metro region in the country is trying to attract the young, creative class to their area. But how many are actively courting those types of resi-

Regional Economic Impact
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dents while they are already in the region as students? Too often, this concentration of students near campus is treated as a problem to be managed, rather than trying to see it as an opportunity to retain *exactly* the type of young worker that they spend so much time trying to get to move into the region from the "coasts". What is that old saying about the cost of creating a customer vs. keeping a customer? Just substitute "young workforce members" for customer and see if it doesn't fit. And just ask the likes of Tucson, Lincoln, and Gainesville if retention of university graduates in the region is a big problem.

<u>Community Quality as Attractor and Job Portability as Assumption</u> – Another previous article talked about how young, professional workers increasingly want a vibrant, urban environment with a sustainable lifestyle and little or no commuting. In the knowledge economy, they assume the work is portable and can come to them in these lifestyle locations. So creating strong, vibrant, and often urban residential opportunities in the region is a critical factor in attracting young, professional workers. Given the comments above about *retaining* students already in the region as workers after they graduate, it follows that one of the most important strategies is to create attractive housing opportunities for them. Thus, the topic of "student housing" and "young professional workforce housing" **fuse** into a single topic. With all that experiential learning going on, it is hard to tell when they are a student and when they are a young professional worker anyway. So, not only are current higher education students a temporary workforce source, they are a major source of young workers in the region and housing strategies for them should be influenced by both their short-term **and** long-term needs. This could lead to the development of lifestyle communities that mix both students and young workers as residents, and to lifestyle communities that reach out towards downtown employment centers and provide direct public transit options back to the campus. Indeed, this is a central strategy for the streetcar project in the City of Tucson in collaboration with the University of Arizona. All of this suggests how critical it is to joint collaborative planning between the region and the institution concerning housing development all over the region.

<u>Commitment at the Top</u>

Experiential Learning Programs are already a high-traffic connector between higher education and its region, but it typically only captures the traditional, basic, and short-term benefits for the students, companies, and communities it involves. Capturing the long-term, strategic value of Experiential Learning Programs at the regional level requires a comprehensive view that can only be initiated and governed at the top. So, the Board and President of the higher education institution and the regional leadership of both the government and corporate sectors must combine to take this view, set the goals, define the plan, and provide the resources. If they truly have a vision for their region in the knowledge economy of the 21st century, then they must form new alliances that transcend old relationships and use the assets they already have to better ends.

Experiential Learning Programs already get people out of the "Ivory Towers" of higher education and out into the real world of their regional communities. But unless both sides of that relationship realize that they are not using this relationship to its fullest potential, it will not achieve the impact it could have and the road to a transformed regional economy and strong, vibrant community for the 21st century will simply be much longer.

A region's economic development leadership should understand the massive impact these programs can have and should actively cultivate their relationship with those programs to produce those positive impacts. It doesn't pay to let something this important to the region be managed by the institution "in pieces" and miss the opportunity to increase its overall positive impact.

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Site Selection
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cive to enjoying life outside of work.

In so many instances, these concerns are conceptualized as political issues that are merely highlighted to unite and divide people every few years at election time, but never fully resolved so that they can be best positioned to grow jobs. The reality is that these are business issues that communities must resolve internally in order to become and remain competitive places for attracting new investment.

This is the introduction in a series of articles that will address the relationship of site selection and these "community matters" in more depth. Following articles will address the importance of collaboration between the business community and the political community, of creating an attractive social atmosphere, of fostering a strong educational system, and of developing an interconnected region that provides the foundation for a vibrant supporting economy.

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Economic Upturn
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and relocation projects. In our client's expansion projects, we are working with local and state governments to structure unprecedented financial incentives to win the associated job growth for their communities.

The economic prospects of 2011-2012 look bright, despite the slow recovery in the housing market and the lingering effects of high unemployment. To take advantage of similar opportunities for growth in the near future, businesses must pay special attention to where they locate their facilities and how their deals are structured.

For more information on expansion or relocation incentives contact Jim McGraw at JMcGraw@kmkconsulting.com or (513) 639-3968

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Recent KMKC Client Highlights

- "Baton Rouge is the new economic development rock star of the South." — Southern Business and Development Magazine. Baton Rouge was recently ranked as a top 10 destination for businesses looking to expand or relocate.
- In the November, 2010 Area Development Online, Tucson Regional Economic Opportunity, Inc. (TREO) was praised as a "game-changing' public private partnership literally transforming southern Arizona at break-neck speed." "We are dong well and adding new players every week. You (KMK Consulting) are the visionary behind this." — Joe Snell, TREO, President & CEO.
- One of the most aggressive aspirations of the leadership in Lincoln, Nebraska is the development of a new Innovation Campus at the University of Nebraska. (Google Nebraska Innovation Campus to download the Strategic Plan). Now, discussions on Capitol Hill about banning earmarks could slow down the progress of this new campus, since its first building is to be a USDA Agricultural Research Center.