



# ***Rockforward!***

Funding the Future We Want Now

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A Five-Year Strategic Plan  
By the Rockford Area Economic Development Council  
June 2007



## THE CHALLENGE

The Rockford Region is home to some of the most desirable jobs and quality of life available anywhere. We offer comparatively low costs of doing business, hard-working people, available land for development and proximity to the largest, most diverse industrial market in the U.S. – greater Chicago. Yet a rapidly changing global marketplace puts our community's prosperity increasingly at risk.

Consider the following challenges identified in a survey of our current employers:

- > **Our industrial properties are functionally obsolete** and, in many cases, not adaptable to modern manufacturing and supply management needs. Furthermore, there is insufficient shovel ready property and land set aside for future industrial development needs, and we lack available, modern target industry appropriate buildings to attract our logistics, office and industrial targets to whom we are aggressively marketing.
- > **A regional comprehensive, coordinated plan for growth is needed** to provide solutions for commercial, industrial, retail and residential development and the infrastructure to support them all in a globally competitive environment.

- > **Our workforce pipeline is insufficient and under prepared** to meet employers' current and future needs. Our employers are concerned with the level of reading and math skills, access to industry-specific training and ability to recruit professionals to the region. Our K-12 performance and access to higher education compare unfavorably with many of the communities with whom we compete on a regular basis.
- > **There is intensified competition for jobs and talented workers** that will push prosperity to those communities that offer world-class education, connections to the international marketplace, quality of life amenities and diversity.
- > Our leadership is talented and committed; however, **there is a perception of insufficient cooperation and understanding between our public and private sectors** that hampers business growth.

The Rockford Area Economic Development Council (RAEDC) must and will be a catalyst for the solutions. Peer organizations throughout the U.S. are amassing significant financial resources that will outstrip the RAEDC's ability to compete. **A global economy demands a sophisticated, targeted approach to job creation, international trade and entrepreneurial development if the Rockford Region is to capture sustainable business opportunity.**

# Our moment is now. We must show visionary leadership and dare to act on it.

## Vision

The Rockford Region will be a world-class community that outperforms our peer MSAs in job growth, capital investment, health care, attraction of talent, educational achievement and personal income growth, while preserving the quality of life and natural amenities that are key assets of our region.

## Mission

The primary role of the RAEDC is to enhance wealth creation in the Rockford Region by marketing the area and helping employers retain and create quality jobs. The RAEDC works closely with many partners to serve as a one-stop resource for clients, to improve the competitiveness of the region and to engage the community in the work of economic development.

## Values

The RAEDC was formed in 1980 by an energetic partnership of leaders from the private and public sectors to address a recession when Rockford led the nation in unemployment. Today, the RAEDC continues to focus on wealth creation by collaborating with regional allies to promote high-quality job growth. Furthermore, the RAEDC partners with economic development organizations within the greater region to market common assets and lobby for improvements in our infrastructure and workforce capabilities.

**Through collaboration  
and teamwork, the  
Rockford Region is  
better prepared to  
compete in today's  
global marketplace.**

# Rockford Area Economic Development Council

## Credible Economic Development Leadership

Since 2004, when the RAEDC reorganized for greater efficiency and impact, we have made significant strides in a variety of economic development arenas. Consider these major accomplishments from 2005 to 2006:

- Celebrated project “wins” resulting in:
  - 3,745 jobs retained or created
  - \$172 Million of capital investment
  - 3.3 Million square feet of space occupied

Among these are:

- UPS \$25 Million expansion, 200 new jobs
- NCO Group expansion, 500 new jobs
- Lowe’s distribution center, 500 new jobs
- Trained 72 companies and 273 personnel in Continuous Improvement and “lean enterprise” techniques.
- Represented the region at 11 trade shows resulting in 13 leads generated, two of which are now active prospects.
- Led a 23-member delegation to Sweden resulting in 100+ business to business trade/joint venture meetings. One Swedish-owned company has recently announced the opening of their North American Headquarters in Rockford, and five additional projects remain active.
- Conducted over 150 critical Voice of the Customer surveys to focus business climate improvement efforts where they are most needed to advance global competitiveness and economic prosperity for our region.
- Initiated and facilitated quarterly meetings between City of Rockford Mayor Morrissey and area manufacturers to assist the City of Rockford with continuous improvement of its business environment.
- Marketed the Rockford Region favorably on the radar screens of Chicago area and national site selectors.
- Collaborated with the Rockford Area Association of Realtors to develop a unique public-private partnership to provide online access to a 15-state database of available buildings and land, which is updated weekly.
- RAEDC has built a solid infrastructure for promoting job growth. Now we need to set the bar higher and raise the Rockford Region to a level competitive with our peer communities in the Midwest and the Nation.

## RAEDC PRIORITY INITIATIVES

In May of 2007, the RAEDC Board of Directors approved five priorities in this five-year strategic plan, which address challenges identified by existing employers, adhere to the mission and vision of the organization and build on the values of our founders. We know that prepared communities win, and these focused strategies will help assure that our region receives its fair share of wealth creation.

**The first two strategies** - “Thriving Business Climate” and “Targeted Marketing and Recruitment” - address the importance of marketing of our region to help existing companies prosper by building on the investments that they have already made in our region and attracting companies to make new investments in our region.

**The next two strategies** - “World-Class Business Infrastructure” and “Workforce Development” - focus efforts on the two primary building blocks of economic development: place and people. A community is prepared to compete to attract and retain jobs when its infrastructure and workforce pipeline are capable of meeting employers’ current and future needs.

**The fifth strategy** - the creation of an “Emerging Opportunities Fund” - will enable private and public sector investors to join forces and allocate resources towards mutually-agreed-upon, forward-thinking initiatives that will greatly impact the future landscape of the region.

**Combined, these five strategies will have a tremendous impact on primary job growth, which will result in achieving our five-year goal of \$2.8 Billion of new wealth for the region.**

The RAEDC will implement a measurement system for quarterly reporting to investors, tracking results against performance measures defined for each strategy.

# PRIORITY:

## Thriving Business Climate

The most successful communities are those that sustain a diversity of employers and talented knowledge workers. At the same time, our existing businesses are our best prospects for new job creation and are our best ambassadors to the global marketplace. Most economic development experts agree that the vast majority of new jobs are created by employers that are already investing in the community; the range of 65 percent to 80 percent is often given as the number of jobs created by existing businesses.

### **Aggressive Business Retention and Expansion.**

We will work to identify our fastest-growing companies and those most at risk, focusing our business retention resources where they can have the greatest impact. We will employ a sophisticated array of information, advocacy and determined effort to help local businesses expand and to prevent or mitigate layoffs.

### **Research to Improve the Business Climate.**

Learning what our employers need to be more successful is paramount to making sure they can experience that success right here in the Rockford Region. Our Voice of the Customer surveys, labor-shed study and data analyses will help us identify and eliminate barriers to a more robust economic environment. Summary reports of surveys, summaries, and analyses will be released so that more focused communications with elected officials and community leaders can lead to improvements for employers.

### **Entrepreneurial Growth.**

Small business still accounts for approximately 75% of job growth across the nation, much of it in the form of spin-offs from large technology companies. The Rockford Region boasts many resources for entrepreneurs, but we can and should do more to foster their success. We will collaborate

with our strategic partners to identify gaps in services to small and entrepreneurial businesses, close these gaps and improve accessibility to these services. We will also expand the Continuous Improvement Series to foster innovation and seek to include small business in appropriate target industry cluster activities.

### **Expanded International Connections.**

With active business prospects and exchanges in trade, technology and education resulting from previous trade missions to Sweden, the opportunities for economic gain are clear. We will continue to grow relationships with Swedish organizations while we market our region for foreign investment and trade. We will assist local companies with developing international business, and then we will expand our efforts in other international markets, with China as our next focus. We will create, in collaboration with Northern Illinois University, an index of international trade and investment for the Rockford Region.

### **Collaborative Advocacy on Business Environment Issues.**

We will work with other business and economic development organizations to improve the regulatory and legislative environment, with emphasis on issues related to primary job creation, capital investment and the sustainability of our economy.

### **Proposed 5-Year Budget: \$2,475,000**

#### **Performance Measures:**

- 3,500 (of 5,000) in net, new primary jobs expanded, 2008-2012
- \$1.96 Billion (of \$2.8 Billion) in new wealth for the Rockford Region (Gross Metro Product)
- Increase the international trade and investment index for the Rockford Region

# PRIORITY:

## Targeted Marketing and Recruitment

“Perception is reality” is not just an old public relations maxim – it plays out daily in the economic development arena. In a world inundated with information, we must ensure that our message is clear, consistent and compelling: **The Rockford Region’s star is rising in the global marketplace.** In order to fulfill that promise, we must invest more heavily in targeted research, public and media relations and marketing capacity.

### Targeted Research and Messaging.

At any given time, there are some 15,000 communities vying for a limited number of corporate locations. The stakes are high and second chances are rare. We will engage the best target industry research available, mine the data to understand our competitive strengths and weaknesses and craft our services and marketing messages to be specific and compelling for each of these target industries: Transportation Equipment Manufacturing and R&D, Aerospace, Industrial Machinery Manufacturing and R&D, Logistics & Distribution, Back Office / Call Centers, Metals Manufacturing and R&D, Food Processing, Chemicals Manufacturing, Plastics Manufacturing, Alternative Energy and Professional and Business Services.

### Consistent Penetration in Target Audiences.

We will maintain consistent communication and marketing contact among site selectors, developers, corporate decision-makers and international foreign direct investment targets. We will use trade shows, membership in professional organizations and industry events to enhance relationships, knowledge and penetration in targeted sectors.

### Focused Media Relations.

Among the sources of information that corporate executives use when making a location decision, objective media coverage and peer referrals rank highly. We will pursue positive media coverage in carefully selected outlets locally, nationally and internationally.

### Website That Performs.

Ninety percent of site location research is now conducted online, typically before any direct community contact is made. That means our internet presence must be state-of-the-art, responsive to the needs of site selectors and continually updated to keep it user-friendly and effective.

**Proposed 5-Year Budget: \$2,850,000**

### Performance Measures:

- 1,500 (of 5,000) in net, new primary jobs recruited, 2008-2012
- \$840 Million (of \$2.8 Billion) in new wealth for the Rockford Region (Gross Metro Product)

# The Rockford Region’s star is rising in the global marketplace.

## **PRIORITY:**

### **World-Class Business Infrastructure**

The landscape for economic development is incomplete without effective government that understands its role in creating a fertile environment for commerce. The Rockford Region has room to accommodate growth, but there is also significant need to improve our infrastructure planning, our inventory of construction-ready sites for business and our incentive and regulatory environment.

## **We must improve the “product” of the region in order to compete in today’s global marketplace.**

#### **Comprehensive Plan for Growth.**

In order to achieve a sustainable, high-quality lifestyle and economic vitality, good community planning is essential. Thoughtful preparation must be given to appropriate land use, with set-asides for commercial, industrial, residential and recreational areas. Effective infrastructure planning to support business and families is needed. We will work with local and county governments to promote coordinated comprehensive planning across jurisdictions.

#### **Competitive Commercial and Industrial Properties.**

We will increase our knowledge of the real estate requirements in our target industries, working with governments, developers and real estate professionals to provide competitive property choices with the infrastructure onsite to support business needs. We will work closely with partners to ensure that available sites and buildings are effectively promoted.

#### **Continuous Improvement in Client Services.**

We will work with local governments to provide more seamless, responsive service to business clients and site selectors.

#### **Prudent Incentive Policies and Business-Friendly Regulation.**

We will strive for continuous improvement in these areas, monitoring the competition to ensure our business environment and incentive policy is attractive and achieves the desired impact.

#### **Infrastructure Links to Chicago and the World.**

We will promote the Rockford Region’s connectivity to advance the movement of people, goods and information to enhance our global appeal.

#### **Proposed 5-Year Budget: \$825,000**

#### **Performance Measures:**

- Significantly increase the amount of development-ready parcels by 2012
- Increase client exposure of the Rockford Region’s assets

## **PRIORITY: Workforce Development**

Our economy is shifting due to rapid technological change and globalization, and the Rockford Region is losing its share of educated young professionals. These trends demand a proactive, strategic and collaborative approach from community and economic development professionals to retain and attract workforce talent.

**Knowledge workers are a community's most significant assets; they are mobile and entrepreneurial.**

The Rockford Region must think strategically about promoting advantageous population growth.

### **Enhanced Urban Destination.**

Talented younger workers are attracted by urban lifestyles and pedestrian access to a wide range of amenities. We will work with the City of Rockford and other municipalities to renovate and transform underperforming downtown spaces throughout the region.

### **Improved Workforce Pipeline.**

We will foster collaborative education and training

partnerships among business, government, education and nonprofit sectors to ensure that our workers have competitive skills, to improve customized training services for employers, to identify and pursue innovative workforce development strategies that show promise for our region and to support K-12 and higher education efforts to improve student performance.

### **Developed Immigrant Workforce.**

We will develop a strategy with the expectation of rapidly moving the immigrant workforce up the wealth curve into middle class and improving educational attainment.

**Proposed 5-Year Budget: \$525,000**

### **Performance Measures:**

- Increase population growth in the Rockford Region, with a significant percentage of growth in the urban core
- Steady improvement in Voice of the Customer survey results on workforce issues

## **PRIORITY:**

### **Emerging Opportunities Fund**

Some issues require vision, courage, foresight and commitment from acknowledged leaders coming together for the benefit of the community and its future. Some opportunities require decisive action and a nimble response. RAEDC will convene a leadership council of its top-tier public and private investors to respond to such challenges at a macro level, placing an Emerging Opportunities Fund at their disposal for investment in their chosen initiatives. The leadership council will meet a few times per year to discuss regional issues and allocate resources towards mutually-agreed-upon, forward-thinking initiatives that will propel positive change for the future landscape of the region.

Possible investment strategies that the leadership council may consider include:

- **Projects to move and shape public opinion** on sensitive issues relating to the region's capacity to grow such as infrastructure, education funding or other public policy opportunities.
- **Focused efforts to remove stubborn or difficult barriers to growth.**
- **Large-scale projects** that capture the community's imagination and enhance quality of life for the entire region.

Other communities' leadership councils using this model have allocated resources and have had major impact in areas like infrastructure development, mass transit, airline service and education initiatives.

**Proposed 5-Year Budget: \$875,000**

#### **Anticipated Results:**

- Strengthened leadership and greater public/private collaboration
- Seeded initiatives critical to economic vitality
- The resolution of "barrier" issues to community success

**The leadership council will allocate resources towards forward-thinking initiatives that will propel positive change for the future landscape of the region.**

## RETURN ON INVESTMENT

RAEDC investors recognize the importance of a strong economic development program. They also recognize a good investment and demand a return on that investment.

The following page contains a summary of the five-year economic impacts projected to accrue in the Rockford Region from the successful implementation of the initiatives proposed herein. Specifically, the model shows projected impacts from the *incremental* job growth from these initiatives (10,636 over five years) and not the total job growth from the RAEDC's entire program, which is greater.

The model uses the U.S. Bureau of Economic Analysis' standardized Regional Impact Modeling System (RIMS) and conservative job spin-off assumptions. It is based on data specific to Winnebago/Boone County MSA.

# RAEDC PROGRAM - ROCKFORD IL MSA ECONOMIC IMPACT 2008 - 2012

(in 2006 Constant \$)

	MULT	Assumptions	2008	2009	2010	2011	2012
<b>JOBS TARGETED (DEMAND)</b>							
Recruited Jobs	1.43	\$39,091	200	250	300	350	400
Expansion Jobs	1.00	\$37,069	600	700	800	900	900
Primary Jobs		\$37,676	700	850	1,000	1,150	1,300
Secondary Jobs (at Average Pay)	1.13	\$28,000	785	956	1,127	1,298	1,470
Average Pay (Incremental Primary & Secondary Jobs)			\$32,562	\$32,549	\$32,542	\$32,542	\$32,542
Total Job Impact (Cumulative)			1,485	3,291	5,418	7,866	10,636

	5.3%	5.2%	5.1%	5.1%	5.0%
<b>UNEMPLOYMENT</b>					
<b>WORKFORCE DEVELOPMENT (SUPPLY)</b>					
Participation Increment	1,514	3,309	5,407	7,900	10,616
In-Commuting Increment	1,040	2,270	3,693	5,402	7,226
Net-Migration Increment	193	415	686	1,005	1,373
	282	624	1,028	1,493	2,018

	347,235	350,493	353,905	357,471	361,192
<b>POPULATION</b>					
Increment from Program (Included)	606	1,345	2,218	3,228	4,374
<b>HOUSING</b>					
Units from Total Program	245	544	897	1,305	1,769
Building Increase over normal projection	10%	22%	36%	52%	70%
Total Housing Sales Increase over Normal	2%	4%	7%	10%	13%
Residential Real Estate Investment	\$30,600,000	\$67,900,000	\$112,000,000	\$163,000,000	\$220,900,000

	330,000	401,000	472,000	544,000	615,000
<b>COMMERCIAL-INDUSTRIAL SPACE UTILIZED</b>					
Commercial Real Estate Investment	\$32,300,000	\$39,300,000	\$46,300,000	\$53,300,000	\$60,300,000

	48	55	67	79	91
<b>NEW BUSINESSES</b>					
<b>BANK DEPOSITS</b>					
Operating Profit Increment	\$56,600,000	\$125,500,000	\$206,600,000	\$300,000,000	\$405,700,000
	570,000	1,260,000	2,070,000	3,000,000	4,060,000

	\$48,300,000	\$107,100,000	\$176,300,000	\$256,000,000	\$346,100,000
<b>EMPLOYEE INCOME FROM NEW JOBS</b>					
<b>NEW EMPLOYEE EXPENDITURES</b>					
Auto Payments	\$39,400,000	\$87,200,000	\$143,600,000	\$208,400,000	\$281,700,000
Clothing & Apparel Stores	3,750,000	8,320,000	13,690,000	19,870,000	26,870,000
Educational Institutions	2,170,000	4,810,000	7,920,000	11,490,000	15,530,000
Electric & Gas Utilities	690,000	1,530,000	2,510,000	3,650,000	4,930,000
Entertainment & Recreation Facilities	1,300,000	2,880,000	4,750,000	6,890,000	9,320,000
Furniture & Appliance Stores	2,120,000	4,700,000	7,730,000	11,230,000	15,180,000
Grocery Stores	1,790,000	3,960,000	6,520,000	9,470,000	12,810,000
Health Care Providers	3,420,000	7,570,000	12,460,000	18,080,000	24,450,000
Home Mortgage Holders (Interest only)	1,230,000	2,720,000	4,480,000	6,510,000	8,800,000
Insurance Agents (Home, Auto, Health, Life)	2,890,000	6,410,000	10,560,000	15,330,000	20,720,000
Professionals (Atty's, Accts, Architects, etc)	2,820,000	6,240,000	10,270,000	14,910,000	20,150,000
Rental Housing	160,000	350,000	570,000	830,000	1,130,000
Restaurants	2,230,000	4,950,000	8,150,000	11,830,000	16,000,000
Telephone/Communication Providers	2,470,000	5,470,000	9,010,000	13,070,000	17,670,000
Misc Retail, Product & Service Providers	960,000	2,140,000	3,520,000	5,100,000	6,900,000
	11,400,000	25,150,000	41,460,000	60,140,000	81,240,000

	\$3,934,000	\$9,057,000	\$15,441,000	\$23,164,000	\$32,300,000
<b>LOCAL GOVERNMENT REVENUES</b>					
COUNTY	335,553	1,080,459	2,309,160	4,097,042	6,519,996
CITIES	3,598,872	7,976,297	13,132,274	19,066,804	25,779,887

	\$15,857,000,000	\$16,161,000,000	\$16,499,000,000	\$16,869,000,000	\$17,272,000,000
<b>GROSS METRO PRODUCT</b>					
Normal	\$15,713,000,000	\$15,843,000,000	\$15,974,000,000	\$16,106,000,000	\$16,239,000,000
Increment	\$144,000,000	\$319,000,000	\$525,000,000	\$763,000,000	\$1,033,000,000

	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
<b>RETURN ON INVESTMENT (GMP Increment/Program Investment)</b>					
Program Investment	96	213	350	509	689
TIMES INVESTMENT RETURNED					

Summary
1,500
3,500
<b>5,000</b>
5,636
\$32,550
<b>10,636</b>

10,616
7,226
1,373
2,018
0.99%
0.26%
4,759
38%
7%
<b>\$594,400,000</b>
2,361,000
<b>\$231,400,000</b>
340

\$405,700,000
10,960,000
<b>\$933,800,000</b>
760,300,000
72,500,000
41,920,000
13,310,000
25,140,000
40,960,000
34,550,000
65,980,000
23,740,000
55,910,000
54,390,000
3,040,000
43,160,000
47,690,000
18,620,000
219,390,000

<b>\$83,896,000</b>
14,342,209
69,554,133
2.2%
<b>\$2,784,000,000</b>
7,500,000
371

## RAEDC 2007 BOARD OF DIRECTORS

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# Rockford

I L L I N O I S  U S A

ROCKFORD AREA ECONOMIC DEVELOPMENT COUNCIL

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