

**Rockford Area Economic Development Council  
Annual Meeting and Dinner  
December 2, 2009**

**“Stone Soup Economic Development”  
By RAEDC President Janyce Fadden**

Thank you, John and Bill for your kind introduction. John, your leadership over the past two years is one of the major reasons behind the successes and strategies I will discuss tonight. Please let's give John our thanks one more time.

I recently bought an iPod nano and I just so enjoy the device. I am listening to more music now than anytime since I was a teen. Just as then, I find that certain phrases stick with me because they mirror what's important to me. In one song, I heard the line “Time only goes one way” by Mary Chapin Carpenter - wow simple and true. “Time only goes one way.” We cannot go back, we can only go forward.

This song made me think, then, about Gary Hamel's quote of “you're either going forward or backward. There is no in between.”

I began to wonder who was right. Mary Chapin Carpenter, singer/songwriter, or Gary Hamel, whom Fortune magazine called the world's leading expert on business strategy.

And, how could both of these statements apply to our situation in the Rockford area?

Let's go with the premise that both are correct. My proposal is that even though time only goes one way, we choose actions that take us forward or backward. Tonight you will hear about *Rockforward!* results and my thoughts about moving our region forward, further and faster.

In May of 2007, the Board of Directors of the RAEDC approved our five-year strategic plan called *Rockforward!* which includes five powerful strategies focused on increasing wealth creation. The basis of wealth creation in our region is jobs at primary employment companies that export their goods or services outside our region such as manufacturing, professional business-to-business services, or logistics. At the heart of this plan are the expansion, retention, and attraction of employers who create quality jobs. We know that *Rockforward!* results impact our region to be better than it would have been without the work. But before we look at the results to date of the *Rockforward!* strategy, let's delve deeper into our economic situation.

In 2008, I reported to you that all measurements to goals were on or above track to achieve wealth creation and job targets. Our staff was successfully implementing tactics to achieve the desired results. All was going as planned until the beginning of the fourth quarter of 2008 when the global economy declined at rates not seen since the great depression. At our annual meeting last year, we talked about not knowing how this shift in the economy would affect us and outlined three calls to action for our

region, which were: (1) Grow our International connections; (2) Improve our education system; and (3) Build a strong, sustainable region.

We know that the impact of the recession in our region has been very deep, especially measured by our unemployment levels which have been number one in the state for several consecutive months. In 2008, over 4,000 primary jobs were shed from the Rockford Metropolitan Statistical Area – the MSA which includes Boone and Winnebago counties. This year, we have seen distress increase throughout the entire region ... with increasing business layoffs or closures, a rising use of public aid, and an increase in home foreclosure rates. We are experiencing unemployment higher than nearby areas: Decatur at 12.7%, Peoria at 11.7%, Quad Cities at 9.1%, and Dubuque Iowa at 5.7%. Just a reminder, we are at 15.7%. This is NOT the list we want to lead. As you ponder this list, does a question come to you like, “How did these other cities that had such similar unemployment rates to the Rockford Region in the early 80’s perform better than we at retaining jobs during this downturn?”

Let’s pick out Dubuque and examine their path over the last 20 years. Why? Because I had an “aha” moment with one of my colleagues from the Greater Dubuque Economic Development Council earlier this year. First, recall that Dubuque’s history in the 1980s included the farm crisis which devastated large sections of the Midwest, as well as the dramatic rust-belt manufacturing shift that affected Rockford. Unemployment soared. In one month in 1982, Dubuque had 23% unemployment. It was the highest in the nation! Dubuque did not recover from this until the late 1990s. Isn’t this nearly the same story we tell about the Rockford Area in the 1980’s?

So, back to my “aha” moment. It happened in April of this year with the Tri-State Alliance, which is our regional public/private partnership of economic development officials, business leaders, and elected leadership from Illinois, Iowa, and Wisconsin and Northern Illinois University, who both hosted the American Assembly, a national think tank, for a conference on “Rebuilding the Economy of the Tri State Region.” At the event, the leaders from Dubuque had just finished speaking about their 20-year community improvement journey that resulted in a 2008 announcement that IBM selected Dubuque as the location of choice for 1,200 high-paying jobs and the potential to grow to 4,000 jobs. That is quite a turnaround; one that took 20 years of concerted, focused effort working on the right things together in alignment as a community. Dubuque did this by focusing on assets that they could change. They knew that by improving these assets they could attract employers who would bring jobs.

So I complimented them about how well they are doing. The economic development leader turned to me and said, “Thanks, but we will never have what you have.” “Have what?” I asked. “Your location; proximity to Chicago and infrastructure,” he answered. Then he said, “When you wake up, you will be so powerful.” The questions then became very clear to me and maybe to you . . . “WHEN will we wake up? HOW will we take advantage of our assets, and how will we change at a rate faster than the 20 years it took for them?”

I sought answers to these questions when thinking about our past annual meetings. We had:

- Rebecca Ryan with her expertise in attracting and retaining the next generation of talent.
- Angelos Angelou with his knowledge of what site selectors are seeking and how to compete.
- Paul Brophy with his examples and experience in rejuvenating America’s older industrial cities.

- And, City of Chicago Mayor Richard Daley with his talk about of the importance of central cities, change, and being connected to the global world.

After each of these annual meetings, our staff took actions from their ideas to improve. And, I have reported annually on the results.

Next, I recalled a childhood story called Stone Soup. Stone Soup is a parable that has been told in many civilizations about a community coming together and sharing during difficult times.

Stone Soup is a parable that has been told in many civilizations about a community coming together and sharing during difficult times. In the book, a traveler came upon a village and was told to move on as there was no food. The traveler said, "I have what I need. In fact, I'll make some Stone Soup and I will share with all of you." The traveler took an iron pot from his knapsack, filled it with water, started a fire and carefully placed a stone in the pot. The villagers began gathering out of curiosity. "If only I had an onion to add to it," mused the traveler. A villager hesitantly gave him one. "A potato would be good," the traveler added. Another villager shared a small potato. Other villagers added some mushrooms, carrots, and even some salt beef. Soon there was a pot of delicious soup, which the traveler shared with all of the hungry villagers.

This story rang a bell so loud in my head that I brought this book to the staff and we all read the story again. The key to change in our region is located right here tonight Each and everyone of us in this room. By combining our talents and our resources, we can accomplish more for our region. Like the villagers in the Stone Soup story, RAEDC investors are pooling their resources during difficult times. By connecting people, projects, and pocketbooks, the RAEDC is bringing our community's leadership together in new ways with new results. But there is more that we can do!

Let's look at ten examples of how Stone Soup works in the Rockford Region. Sometimes the RAEDC is the stimulus to the idea and sometimes we accelerate the idea to move forward faster.

1. First, let's start with the Attracting and Retaining Talent to the Rockford Area steering committee which just completed its fourth year with their keynote event, LiveBig Weekend and the Jobapalooza professional career fair. The ARTRA steering committee includes leadership from 14 organizations that work together - first to hire Rebecca Ryan to conduct a "handprint" report for the Rockford Area - and now to raise money and implement many of the 21 recommendations to attract the next generation of talent and to make the Rockford Area a more attractive place to live and work. We know people have come to our region because of this collaboration.
2. The second example of how Stone Soup is working in the Rockford Area is the Tri State Alliance. Now entering its third year, this Illinois, Iowa, and Wisconsin alliance for advancing infrastructure and commerce is convening resources among a collaboration of leaders from 17 counties. With a budget that is generated through the event, this year's successful summit in Dubuque had over 150 federal, state, and local officials discussing how to better align our regional efforts. The AMTRAK passenger rail initiative is a key focus of the group.

3. The third example of Stone Soup is the annual “Go Global” international conference and exhibition. This premier event in our region attracts over 200 attendees. The steering committee includes leadership from the RAEDC, Greater Rockford Airport Authority, SupplyCore, Rockford Chamber of Commerce, and US Bank. By working together, we bring world-renowned experts to assist our local companies with global connections. We know that local companies have been positively affected by implementing plans from the advice they heard at the conference.

The next 4 examples of how Stone Soup works are projects that were seeded by the RAEDC *Rockforward!* Leadership Council. Our five-year strategic plan includes the Emerging Opportunities Fund to help the region achieve its wealth generation by seeding projects that move the region in new directions. The work being done - and the dedication by - the 50-plus Leadership Council members is truly impressive.

4. First, the Freedom Field Renewable Energy Project led by Winnebago County Board Chairman Scott Christiansen and John Holmstrom is under construction. The project is a \$3.5 Million demonstration area for showcasing how our region can use and prosper from alternative energy. Using grants from the State of Illinois and matching funds from the Emerging Opportunities Fund and Winnebago County it is drawing national and international attention to the Rockford Region.
5. The second Stone Soup example seeded by the Leadership Council is the Rockford Charter School Initiative. This community-wide, collaborative effort has successfully organized and brought to Rockford School District 205 three charter public schools to date. This committee of over 25 community leaders continues to work with the approved charter schools and more closely with District 205. Their work to date has been funded by the Emerging Opportunities Fund and local foundations.
6. Third, the Leadership Council funded the Rockford Area Career Clearinghouse to connect college students and recent grads to jobs and internship opportunities at local companies. This initiative led by and co-funded by the Higher Education Alliance of the Rock River Region, or HEARRR, and is housed at the Rockford Chamber of Commerce. It established a website for local employers and regional students and grads to connect by posting their jobs and resumes.
7. And, the fourth Stone Soup example seeded by the Leadership Council is the Rock River Development Partnership. This focuses on a master plan for our region’s central core – Downtown Rockford. We all know how important it is to revitalize the heart of our community. Combined with matching funds from the Greater Rockford Airport Authority and the Rockford Housing Authority, this new collaboration led by Peter Provenzano is working closely with government, non- profits and private sector businesses.

Finally, I complete our top ten list of Stone Soup examples with three exciting ideas that are vital to our future success.

8. First, through funding from the Rockford Metropolitan Agency for Planning and facilitation from NIU, a Winnebago and Boone bi-county group of 35 private and public sector leaders met earlier in 2009 to prepare and submit a Comprehensive Economic Development Strategy to the Economic Development Administration of the federal government. This key step now qualifies the Rockford

MSA for federal assistance on projects related to job creation. We are preparing to submit grants to diversify our markets, a local food strategy, and a water tower for an industrial park. It is possible that our region can receive funding in the millions of dollars.

9. Second, exciting changes are underway for Rockford Area Ventures, the parent of the EIGERlab. They are working closely with Rock Valley College and the RAEDC to accelerate how entrepreneurship is done in our region. These three, along with NIU and Rockford College, are participating in a six-county partnership application for an automotive-industry distressed region entrepreneurship grant request that includes Boone, Winnebago, Rock, Walworth, Kenosha, and Racine counties. Imagine a new collaboration that brings resources and talent from these six counties to our innovators.
  
10. I am proud to announce that number ten on our list of Stone Soup examples is the recent approval of a new Winnebago County Regional Collaboration Policy developed and signed by municipalities investing in the RAEDC. This document on display tonight formalizes what we already do well in the Rockford Region - collaborate to win jobs. We know that collaboration among cities, villages and counties is crucial to success, and we are very pleased that all of these municipalities approved this Policy. Can you please come to the stage as I call your name so we can get a group photo and show our appreciation for your support of this collaboration? Let's hold our applause until they are all up front: City of Loves Park Mayor Darryl F. Lindberg; City of Rockford Mayor Larry Morrissey; Village of Cherry Valley Mayor Jim Claeysen; Village of Machesney Park Mayor Tom Srickland; Village of Rockton Mayor Dale Adams; Village of Roscoe Mayor Dave A. Krienke; Village of Winnebago Mayor Frank Eubank; and Winnebago County Chairman Scott Christiansen.

What is important in all ten of these examples is how we used the power of Stone Soup to move our community further and faster today than yesterday. My personal thanks go to each leader and committee member who worked of these Stone Soup Stories.

So now let me talk about how the staff and I carefully and continuously adjusted our 2009 tactics to meet our current economic situation.

We began to increase contact with existing companies. As most of you know, 70% of job creation comes from the businesses that are already here, so existing businesses are our best source for new jobs. A quarterly "feet on the street" survey keeps us abreast of the local market situation. We also increased the number of Voice of the Customer Surveys and business-retention calls. VOCs are one-on-one interviews with existing employers to gain their insight on their business conditions and their needs to prosper. The close to 100 VOC calls this year has yielded over 150 action items including requests for connections to people and programs.

Business attraction work became more targeted to international and aerospace industries. Did you know that the Rockford Region has over 80% of the aerospace employment in Illinois? This is a growing global industry and many international aerospace companies are looking for U.S. locations. Our aerospace industry investors assisted us in developing and refining this plan. With the Chicago Rockford International Airport as a major asset, we have much to promote.

Our marketing work on behalf of the region includes many tactics. Here are just three:

- Our new website was launched with interest increased threefold. We are seeing over 1,400 unique visitors per month. If you haven't seen our website lately you will discover a site that has received praises from site selectors and real estate professionals- the primary audience for the site.
- We hosted 14 international delegations, attended 28 trade shows and traveled on 6 international sales missions. We sent our first international intern from the Rockford Region, Katy Chadwick, who is working in Lidköping to attract Swedish companies to attend our bio-energy conference in the Rockford Area.
- We received over 100 project referrals.

And, the number of active client projects has not declined significantly, as the RAEDC and regional partners coordinated 110 confidential client projects that represent over \$440 Million of capital investment and over 2,900 retained and new jobs for the region. We work closely with the economic development professionals in our region, meeting formally two times per month to review projects and next actions.

In spite of these tough times, the region celebrated several significant client wins for both attraction and retention/expansion. These successes bring over 750 jobs. Some of the 2009 project celebrations for the community include:

- Balanced IT Solutions
- Benedictine University
- FMS
- Thermo Fisher Scientific
- Tigerfish/ Kaney Aerospace
- Trident Manufacturing
- Wanxiang America
- Whitney/MegaFab

We are grateful to these companies for their investments in our region and look forward to many years of growth and success for them.

To accelerate aerospace successes, the State of Illinois supported the RAEDC at the Paris Air Show. The results were strong with 33 meetings and seven leads that can close within the next few years. We made a trip to China where we had over 35 sales calls that yielded three client meetings in the following month. We supported our friends at Growth Dimensions of Belvidere and Boone County on their trip to Torino, Italy. They went with the Center for Automotive Research for a trade mission to Fiat. We also assisted on the recent trip by Rockford Mayor Morrissey to Milan, Italy where he attended a conference on emerging from this global recession. We prepared presentation materials on the region and developed a special Rockford Area book based on our Sister Cities. Site selection is both about meeting the needs but also about having people know you.

Our network of potential clients grows and our consistent marketing program is one reason we are gaining more opportunities. At a recent networking event, a senior economic development professional told me that three years ago you rarely heard the Rockford Region sited in a search and now searches consistently seek a Rockford Area solution.

As I mentioned earlier, the *Rockforward!* Leadership Council plays an important role. Each time the council meets we are building a stronger network of community leaders focused on seeding projects that produce a wealthier future. In addition, the President's Circle, our highest level of investors, initiated the idea to engage a grant writer and First Rockford Group provided the seed money.

For 2010, the staff and I discussed what further changes would be needed for another potentially tough economic year. We often look to data to provide direction to our actions.

A recent analysis from NIU provides an interesting view of the changes in our manufacturing landscape. The source of our region's wealth begins with companies that export goods and services outside our region. For us, manufacturing companies dominate that list. A new tool lets us analyze and compare locally owned or managed firms to those that are branches or subsidiaries of companies domiciled elsewhere. Although data exist only for 2006 and 2007, we can see a pattern that many may have intuitively expected.

From 2006 to 2007 we had a net gain of 20 manufacturing companies in the Rockford MSA or 1.5%. For that same data of manufacturing companies, the employment fell 9%. Half of the region's manufacturing employment is in nonresident businesses and that fell 15% .

For the resident businesses, there are four stages or levels of employment:

- Stage 1 which is 1 to 9 employees
- Stage 2 which is 10 to 99
- Stage 3 which is 100 to 499
- Stage 4 which is 500+

Looking at the data and combining stages 1 and 2 they grew 89% by adding 10,244 jobs while stage 3 and 4 declined almost 100% by 6,245 jobs. Now some of the data changes could be explained by a private company being sold to a nonresident or by shrinking employment back to a stage 1 or 2.

Wow is that powerful data! It impacted our plans for 2010. This data focuses us to tactics that can retain nonresident companies and grow smaller resident companies from stage 1 and 2 into larger stage 3 and 4 companies.

Therefore, new tactics for 2010 include:

1. Conduct more Voice of the Customer Surveys to include employers of less than 100 people. We want to help employers move and grow from smaller Stages 1 and 2 into larger Stages 3 and 4.
2. Call on Corporate Headquarters. We will meet with nonresident companies to explore opportunities to bring more business to our region and assure we are meeting their current needs.

3. Update targeted marketing analysis and the laborshed study. This is vital information on which employers make decisions about whether to keep our region on their list or to eliminate us. Keeping it up to date will help us move forward in site searches.
4. Expand our international work. We know that exports in 2008 were almost 12% of our GMP and were up \$130 Million even in spite of the recession.
  - a. Participate in the Farnborough Air Show in the United Kingdom. Consistently showing up at major industry events solidifies our interest to expand, retain, and attract employers. This will expand our network of decision makers who can influence companies to consider the Rockford region.
  - b. Host International BioEnergy Days in the Rockford Area to include exhibitors, sponsors, conference speakers and tours. Our target is over 400 participants at this September event.
  - c. And, market our Immigration through Investment Program which allows high-wealth immigrants a permanent visa by investing money and creating jobs in our region.

These new tactics, combined with our existing strong marketing program and regional cooperation, are bringing promising opportunities to our region. Based on recent discussions with leading economic development professionals, despite the tough economic times, our results for client project bidding and closure are above average for our peers in the State of Illinois. So the work in which you have invested is returning better results than our peer group.

But we know that these results are not enough. We must do more.

There is an old African proverb that says, "If you want to go quickly, go alone; if you want to go far, go together."

We have to go far, quickly. We could use a bigger better pot of Stone Soup. What needs to be added to the soup that will move our region further faster? Many are looking for a quick fix. There is no quick fix, only dedication and determination. Implementing strategies that change and improve entire regions is sheer hard work. There is no substitute for it. We didn't do it in the 1980's. We cannot afford to skip it this time.

Tom Paterson, one of the most successful corporate strategy consultants said, "Success is not unlimited opportunity, but focused possibilities. In other words, achievement comes from picking the best from all of the good options, and aligning massive amounts of resources behind those few things."

I propose tonight that our region needs focused possibilities so that we can retain, expand, create, and attract employers and quality jobs. When we focus together we can advance the following four areas that will significantly improve the competitive nature of the Rockford Region. Using Stone Soup Economic Development we can start changing tonight. The tools and resources are here. We all need be at the table and get started:

1. First, let's work together to embrace and assist our local companies. There are over 1,100 Rockford Area companies in stage 1 and 2 so knowing all is difficult but you can really help! The staff at the RAEDC is small in number but there are more than 700 people here tonight. You can suggest to

companies that you know are growing or capable of growing to call us at the RAEDC. You may also have a connection that could help us position our region with a major corporation so they can grow.

2. Second, we can work together to grow our international connections. Let's become America's best mid sized international region! It is a unique marketing position that we can claim. We have competitive advantages that others do not have. When we grow internationally, we strengthen our region. We have the assets here that can help international parent companies competitively manage their U.S. operation. You may have an international delegation or visitor coming to the region. Please call us and let us show them how the Rockford Region could be the right choice for their future U.S. location.
3. Third, let's come together to improve our education system. We know that our future workers come mainly from people who live here. For many, their credentials are from our local education facilities from K to 12 through college and career training. Let's support the educational institutions to meet current and future workplace needs by building stronger ties with each institution. You can get involved in one of the many community service groups focused on our youth by calling the education institutions or the RAEDC.
4. Finally, we can work together to build a strong, sustainable region. This is more than being green, which is certainly a need. We need to build a region that excels in low cost for operating a business. We need vibrant communities that are well regarded for quality of life. That means planning, investing, and preparing for businesses and residents. You can get involved in the public-planning processes that governments use to help with their decision making, you can support one of our many quality-of-life venues to assure their success or you could join one of the many organizations that work to make a more beautiful region.

So tonight I ask you to focus on four strategic breakthroughs. You can be a part of this work. You ARE part of this work. Your call to action is to be a part of a Stone Soup project. Pick one, get involved and see what you can do to help us move further, faster, together. You can help shape a region that retains, expands, creates, and attracts employers and quality jobs.

Tonight, I have covered many areas of work that the RAEDC and the community are doing. If I missed an initiative that you worked on, it is only because of the time limit that caused me to make difficult choices.

In these challenging economic times we are grateful to those of you who make the choice to invest in the RAEDC. I know that writing the check to the RAEDC was difficult for many of you this year. We know that without you we would not have had the successes highlighted tonight. Without you, we do not have the ingredients for making successful Stone Soup. Your continued support of *Rockforward!* assures that our region is moving forward.

Let's dedicate ourselves to fund and create the future we want now, more than ever.

Thank you.

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