



The report also suggests workplace readiness issues could hamper Indiana's future competitiveness.

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## [UPDATED] Conexus Report Card Suggests Manufacturing Growth

*InsideIndianaBusiness.com Report*

CBER Director Mike Hicks tells Inside INdiana Business there are plenty of positives in this year's report card, but also some challenges.

The 2010 Manufacturing and Logistics Report Card from Conexus Indiana projects a manufacturing sector recovery in the second half of 2010 and into 2011. The report, put together by Ball State University's Center for Business and Economic Research, shows Indiana's total manufacturing compensation is expected to grow by almost \$2.5 billion over that period. It has been falling, or remaining flat, since mid-2007.



Source: Inside INdiana Business

### Press Release

(INDIANAPOLIS, Ind., June 10, 2010) The 2010 Manufacturing and Logistics Report Card was released today by Conexus Indiana, observing that Indiana remains among the strongest states in the nation when it comes to making and moving goods. The state ranks with the leaders in per capita employment, economic output, exports and foreign investment. But the annual report card, developed by the Ball State Center for Business and Economic Research, also notes shortcomings – most notably in workforce readiness – that could erode Indiana's future competitiveness.

The Manufacturing and Logistics Report Card also includes an economic forecast that shows a sharp manufacturing recovery during the second half of 2010 and 2011. The state's total manufacturing compensation is projected to grow by nearly \$2.5 billion during this period, after falling or staying flat since mid-2007.

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"This year's Report Card shows that manufacturing and logistics are bouncing back along with the rest of the economy," said Conexus Indiana President & CEO Steve Dwyer. "But it also shows that our leadership position is tenuous, and that we can quickly lose ground if we don't focus on building tomorrow's workforce and regaining a leadership position in innovation."

Sector is Growing

The Report Card, created by a team of economists at the Ball State Center for Business and Economic Research, gave Indiana "A" grades in overall Manufacturing Industry (ranking first among states in share its economy focused on manufacturing), Global Position (measuring indicators like manufacturing exports and foreign investment) and Tax Climate. The state also received a 'B+' for the breadth of its Logistics Industry, ranking among the top ten in per capita logistics employment.

"Logistics is another area where Indiana has great natural advantages, given our geography," Dwyer continued. "But like manufacturing, we have to keep making smart investments – in workforce, in infrastructure, and in creating global supply chain capabilities – to maintain our edge."

Conexus Indiana released a statewide strategic plan for logistics earlier this year to help identify these priorities, Dwyer noted.

Indiana earned its most negative grade, C-, in Human Capital, accompanied by a 'C' in Productivity/Innovation. Indiana ranks among the bottom tier of states in percentage of workers who have graduated high school or gone on to complete more advanced training or a college degree. This lack of an educated workforce takes a corresponding toll on worker productivity and innovation.

These findings mesh with the mission of Conexus Indiana. The initiative is working with its industry and educational partners to create new training programs appropriate to emerging careers in manufacturing and logistics, while encouraging young Hoosiers to enroll in these programs through its 'Dream It. Do It.' marketing outreach campaign.

"The 2010 Report Card continues to confirm what we hear every day from private industry – qualified workers are the most critical need for manufacturers and logistics companies today," said Claudia Cummings, Vice-President of Workforce and Community Programs for Conexus. "We're facing a tidal wave of Baby Boomer retirements, and it's imperative that we re-energize our workforce pipeline and prepare young people to take advantage of these high-tech job opportunities."

Other key findings from the 2010 Indiana Manufacturing and Logistics Report Card:

- Indiana ranks first among states in per capita manufacturing employment economic output and 9th in logistics employment per capita, helping lift the state to its respective 'A' and 'B+' grades in overall industry performance;
- Indiana ranks first in per capita income derived from foreign-owned manufacturing operations, fifth in reach of foreign direct investment (the number of countries from which the state attracts foreign investment), and 14th in manufacturing exports per capita, accounting for the 'A' in Global Position.
- Indiana scored a 'C' in Benefit Costs – while ranking second among states in workers compensation rates and fifth in long-term health costs, the state places 40th in healthcare premiums and 39th in fringe benefits as a share of wages;
- Indiana generally ranks in the top tier of states in terms of tax rates, though less competitive in corporate taxes (21st among states measured by corporate tax index) and sales taxes (20th).
- Indiana earned a 'C-' grade in Diversification due to the state's continued dependence on the traditional automotive industry; however, with new opportunities in electric vehicles and the growth of medical manufacturing operations, Conexus leaders are optimistic about this category.
- With rankings of 31st in percentage of the workforce with a high school diploma or greater and 42nd in college-educated workers, human capital remains Indiana's biggest long-term hurdle to future manufacturing and logistics growth.

"The Report Card is a roadmap for organizations like Conexus as well as educators, policymakers and economic developers to follow," said Michael Hicks, Director of the Ball State Center for Business and Economic Research and primary author of the Report Card. "It gives us a snapshot of where we are – and clearly, Indiana is still a manufacturing state. But it also warns us about the issues we need to address to maintain our overall success in manufacturing and logistics. It's up to us to heed these warnings now."

Launched by the Central Indiana Corporate Partnership, Conexus Indiana is the state's advanced manufacturing and logistics initiative, dedicated to making Indiana a global leader in these high-growth, high-tech industries. Conexus is focused on strategic priorities like workforce development, creating new industry partnerships and promoting Indiana's competitive advantages in manufacturing and logistics, which already make up more than a third of the state's economy.

Source: Conexus



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