



Milwaukee 7 Council Meeting Minutes

Friday, September 25, 2009
Ozaukee County Board Room

Gale Klappa welcomed all to the Milwaukee 7 Council Meeting. He summarized the meeting agenda, which included an update of M7 economic development activity, a report on next steps, and an engaging discussion on manufacturing in the region, including what “game changers” will keep the region in the forefront of global innovative manufacturing.

Gale offered special thanks to the City of Port Washington, Mayor Huebner, and to Thomas Meaux, Ozaukee County Administrator, for hosting us. Each offered their welcome to the Milwaukee 7 Council.

While M7 took the summer off in terms of our Council meetings, and things appear to be quiet, appearances can be deceiving. In terms of M7’s economic development activity, that is exactly the case. Our active prospect list is as long as it’s ever been: a function of our increased prospecting and marketing activity, as well as our ongoing calls on existing employers in the region. In addition, we have enjoyed a great relationship with our region’s public sector economic development partners, including the Governor and the team at the Department of Commerce.

One way we measure our success is through jobs attracted and retained, along with payroll. Through M7’s work, we’ve seen significant results: 3,220 direct jobs and \$184 million in payroll. Applying industry standard multipliers for each of the companies we project managed, the total jobs impacted is 9,099 and total payroll is \$385 million. Divide that total jobs number of 9,000+ into our current M7 investment of \$6.5 million and you’ll come up with a figure of \$719 per job -- quite a value when it comes to job creation.

Gale turned the podium over to Pat Obrien, Executive Director of M7, to give a better sense of M7’s latest activity, and to update M7’s strategy to grow, expand and attract corporate investment that leads to high quality jobs.

Tools/Functions	Start-ups	Expansion	Attraction
Strategic Planning	C	A	A
Business Dev’t	C	A	A
Website	C	A	A
Resource Centers	A	A	A
Call Programs		A	A
BizStarts	C		
Water Council	B	B	B
NGM Council	C	B	B
RWA	B	B	B
FUEL		C	C
EB-5 Cap. Invest.	B	B	B
Policy Committee	B	B	B
Marketing Council	C	B	B

A = core function, primary responsibility
 B = partner, initiate, help implement, active role
 C = collaborate, communicate, support, engage

The chart above represents the Milwaukee 7 program of work, outlining the activities where we lead, partner and collaborate to drive our bottom line – jobs and investment. As you look at this chart, it might strike you that Milwaukee 7 is really all about people. Coming together, working together, linking and leveraging resources to grow, expand and attract more business and jobs. Pat thanked all for their financial support, their sharing of resources, and most of all for their energy and enthusiasm in support of the M7 region.

The M7 started with a strategic framework identifying our assets and driver industries. Our focus is on export driver industries, companies who export goods and services outside of our region. These companies drive our local economy. Their presence leads to the presence of supplier industries and services and it is these two groups who generate the income to support the local economy. The story of Mercury Marine is a classic case study. If the driver companies grow, the economy grows; if those jobs leave, others follow.

From this framework, we engaged Deloitte's international site selection team to develop a real world marketing test, sifting all 294 recognized business groups through an M7 funnel to come up with the clusters where we can best compete in growing and attracting businesses.

- Power, Automation & Controls**
- Food & Beverage Manufacturing**
- Water Technologies**
- Financial Services**
- Information Technology**
- Medical Technology & Biomedical Research**

It's no secret that our top pitches are in manufacturing, and our other pitches are typically influenced by manufacturing. We are good at making things. Our infrastructure supports that notion, giving us strong value propositions in these clusters to compete in the global market. Our strategic planning leads us to our core mission: growing, expanding and attracting driver industries in our targeted clusters, measured

Company	Current Employment	New Employment	Payroll	Cap Invest
C&D Technologies	200	275	24,373,200	\$25,000,000
Direct Supply	600	300	64,251,000	\$19,400,000
Super Steel	350	150	20,312,000	\$150,000
TechConnect	0	5	401,900	\$20,000
Clifton Gunderson	30	10	2,699,600	\$50,000
Gehl Co.	190	90	20,440,000	\$20,000,000
Germanischer Lloyd	0	15	927,960	\$25,000
Granite Microsystems	115	100	11,666,975	?
Corporate Express	125	30	7,569,580	\$5,000,000
Harley Davidson	0	70	1,825,040	\$75,000,000
Rexnord	520	0	27,129,440	\$6,278,700
Regina USA	0	45	2,689,560	\$325,000
Total	2130	1090	\$184,286,255	\$151,248,700

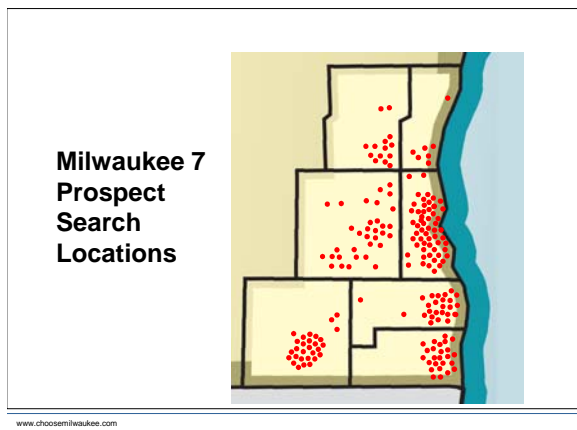
by our key metrics of jobs attracted and retained, and capital investment. With this focus, we have had a significant impact on the listed projects. To date, from 57 prospects, we have had a direct impact on 12 projects, representing 3,200 current and new jobs with an annual payroll of \$184 million and \$151 million in capital investment.



▶ Active Prospects

Company	Category	Jobs	Company	Category	Jobs
Electric components mfg.	Retain	120	Water technology	Attract	10
Tool components mfg.	Retain	60	Safety product mfg.	Attract	50
Plastics mfg.	Expand	140	Assembly/distribution	Attract	160
Energy components mfg. (HQ, RD)	Expand	650	Food packaging mfg	Attract	65
Recreational equip. mfg.	Expand	55	Alternative energy mfg. (solar)	Attract	60
Logistics	Retain/expand	1,513	Environmental services	Attract	15
Electronics mfg.	Retain/expand	322	Alternative energy mfg. (wind)	Attract	90
Electric components mfg.	Retain/expand	2,000	Medical supply mfg.	Attract	20
Hydraulic Components mfg.	Retain/expand	263	Energy storage mfg.	Attract	600
Financial services	Attract	400	Alternative energy mfg. (solar)	Attract	55
Alternative energy mfg. (biomass)	Attract	15	Building products mfg.	Attract	50
Financial services	Attract	10	Medical equip. assembly	Attract	10
Food ingredients mfg.	Attract	50	Chemical mfg.	Attract	10

Our prospect list continues to grow. As we've gained traction in the marketplace, our prospect activity has doubled in the last 2 years. We are now in the game, with 26 active projects, 9 located here and 17 from outside the region, representing over 6700 total jobs. This growing prospect list is a direct result of having a dedicated team, focused on business development, working with our local and state economic development partners. It is worth noting that while many of these prospects surfaced before we began our targeted strategies, most fit into our targeted clusters and you can see, are in manufacturing.



This map shows prospect search activity in the Milwaukee 7 Region. Each dot represents the locations of sites that prospects have looked at for their business or capital investment.

We have had significant activity in every county.

Our targeted marketing strategy is done through three primary activities:

- CEO Call Program
- Outreach to site selectors/CREs/CEOs
- North American marketing campaign

We are also considering a fourth program, international lead generation, contingent upon the success of the first three activities and funding.

Retention & Expansion Call Program: The cornerstone of our strategies is our call program. We've called on more than 600 CEOs in the manufacturing, financial services, headquarters and water sectors, to understand issues, uncover opportunities and build collaborations. Several of our wins are a direct result of the call program.

- Stay in touch with existing customers
- Early warning system
- Understand opportunities & trends
- Build collaborations to improve niche markets

Outreach to site selectors/CRE/CEOs: We're developing outreach programs to site selectors, corporate real estate executives, and CEOs with consistent communication on the region's attributes. We've had three projects as a result of our hosting a Deloitte Site Selectors conference last year. Next summer, we will host a networking conference with over a dozen site selectors from around the country.

- Make visits to site selectors
- Host site selectors
- Ongoing targeted marketing communication
 - Sector specific
 - Targeted audience
- Build database of site selectors

North American Marketing Campaign: In our move to proactive attraction activities, we recently engaged a business relocation service that employs web-based analytics to identify and source leads. We are following up on the leads, visiting companies and will be attending industry-focused trade shows. Three early leads from this program have produced one immediately viable project: a food ingredients processing company that is an extensive water user. One of the other leads is a company looking to partner in new water technologies. This program is another clear example of where M7 adds value to our local ED partners.

- Engage business relocation services
- Attend industry-focused trade shows
- Visit targeted companies

International Lead Generation: Likewise, we're considering a similar program for international lead generation. If you recall our earlier presentations, Wisconsin was the hole in the donut for foreign direct investment compared to our neighboring states. Again, this strategy is contingent on additional resources and funding.

- Western Europe:
 - Build relationships
 - Potential investors
 - Pipeline for future marketing & investor campaigns
 - FDI trends
 - Awareness of Milwaukee as business destination
- Attend industry-focused trade shows
- Visit targeted companies

Website: ChooseMilwaukee.com: Our award-winning website, ChooseMilwaukee.com, remains the front door to our marketing program and is continually updated. The site continues to see increasing traffic with 400,000 unique visitors and 7million hits to date.

Resource Centers: Thanks to the contributions of Gale Klappa and We Energies, our region is now home to three linked Resource Centers – in Milwaukee, Racine and Kenosha –powered by interactive tools and available for business development meetings.

BizStarts Milwaukee: An absolute key component of any regional economic development strategy is the facilitation of startups and entrepreneurship. “Grow your own.” Fortunately for our region, John Torinus, Dan Steinger and his group possess the unique skill set and experience, along with an unbelievable drive and passion to put together a world class model called BizStarts. Their website (bizstartsmilwaukee.com) is chock full of information. Venture Track connects 30 of our region’s most seasoned entrepreneurial CEOs (think George Dalton and Michael Cudahy) to mentor gazelle companies, and their 20-member college consortium (every college in the region) promotes entrepreneurial education and programming. Since its launch one year ago, BizStarts reports 14 high growth startups with 7 directly facilitated by BizStarts. Their goal is 50 new start ups by the end of 2010.

Water Council

Under the impressive leadership of Rich Meussen, Paul Jones and Julia Taylor, the Water Council has put Milwaukee on the international map. On Tuesday, Senator Kohl and Representative Gwen Moore announced a \$172,500 federal grant to the Water Council to study how best to strengthen and enhance the Milwaukee region’s freshwater processing and treatment capabilities.

Efforts are underway on securing National Science Foundation funding for a Collaborative Research Center, where UWM, Marquette, and private industry will work together on water research and development. UWM is pioneering a School of Freshwater Sciences, the first in North America, Marquette is adding “Water Law” to its curriculum, and UW-Whitewater is incorporating a water-related track to its business school. Clearly, the stage is set to grow our water related-capacity.

Business expansion is on the table too with the Governor’s Trade Mission to Israel in November to attend an international water conference and the City of Milwaukee’s efforts to establish a Water Research Park capable of housing research, development and water-related manufacturing. Within the last few weeks, ITT-Sanitaire broke ground on an expanded research and testing facility in Brown Deer. Said Sanitaire’s GM Ken George:

"When it comes down to it we see the work of the Water Council as being critical in creating a strong environment where we will see clear success. With the existing concentration of water businesses, abundance of talent, new water-related curriculum in schools, it just made sense for ITT-Sanitaire to expand our research and testing facilities here."

NGM Council

Under the consistent and persistent leadership of Mary Isbister, the Next Generation Manufacturing Council is focusing on sharing best practices, and assessing regional progress in the six key Next Generation attributes. Our next project is to lead the Wisconsin delegation to the Great Lakes Manufacturing Forum in Chicago next month where delegates will work on identifying and implementing game changing strategies for Great Lakes manufacturing. The results of the panel discussion at the end of this meeting will be included in this process.

RWA / Wired: M7’s workforce development arm, the Regional Workforce Alliance, is building the region’s talent development network through the WIRED initiative, and its \$5.1M federal Workforce Innovation

grant. Led by RWA's regional leadership team of chief elected officials from all seven counties and its business oriented steering committee, the RWA has invested \$2.6m in 30 innovation fund projects leveraging an additional \$1.8m in funds. Project examples include:

- The "Think Insurance" initiative to build insurance career pathways
- BizStarts & BizLearn entrepreneurship programs
- \$400k to projects designed to develop a critical mass of talent to support the emerging water industry

The RWA's platform is to link and leverage economic development and industry with workforce development and education at all levels.

FUEL Milwaukee is the leading organization addressing talent attraction and retention for the M7. FUEL actively engages more than 6,000 professionals, uniting the region's talent base and employers around the core strategies. FUEL spearheaded the effort resulting in 16 regional employers winning the nationally recognized Alfred P. Sloan Award for Workplace Flexibility. Their three core strategies are:

- Grow the number of great places to work
- Improve perceptions of Milwaukee & Region
- Increase member community engagement

Foreign Direct Investment Program (EB5): Thanks to Bob Kraft and Ulice Payne's leadership, M7 is attracting foreign investment into the region through the federal EB-5 immigration zone program. Our region is one of only a dozen nationally where a foreign national can receive U.S. resident status by investing \$500k in a business that creates 10 jobs. The 25 approved applications (\$12.5m) are for a Lake Geneva project of condo hotels and convention center. Additional applications are out for the Milwaukee Region with Bob Kraft's RCI First Pathway funds and others. If you have a good business or real estate investment opportunity, please give us a call.

M7 Policy Committee: With Mike Grebe taking on an M7 Co-Chair role, Chip Brewer of S.C. Johnson has agreed to lead the Policy Committee. Thank you, Mike, for your leadership. Our goal is to focus on significant issues that support regional competitiveness, where M7 can provide a unique, effective voice to the public debate. One item under consideration is to create an agenda of items we support that could be included in the up-coming political campaign dialogue. M7 identified and supported the new state jobs tax credit, a significant tool to help attract and keep companies here. The jobs tax credit gives a company creating jobs in Wisconsin a tax credit on up to 10% of wages for up to 10 years.

Marketing Council: With a strong emphasis on low-cost public relations tactics and extensive media coverage, our marketing team has worked on spreading the word about working and living in our region. The local news coverage has been supported by national news stories including several in-flight magazines on United Airlines, Midwest Airlines and AirTran, valued at over \$4 million in advertising equivalency.

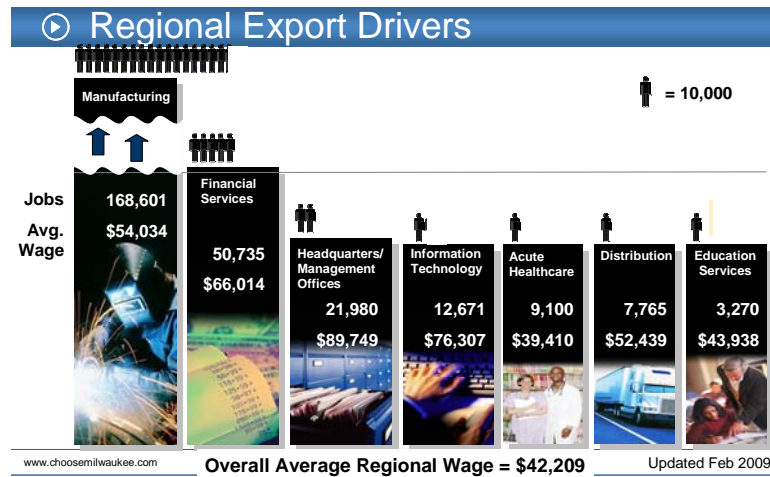
Creative strategies developed by Jill Morin from Kahler Slater and pro bono public relations services by Cramer Krasselt Public Relations have helped make a small financial investment go a long way. Our next steps are to capitalize on our acceptance into the United Nation's Global Compact Cities Programme for Water and to promote our targeted clusters.

Manufacturing Future: What do we need to do to stay competitive in Manufacturing?

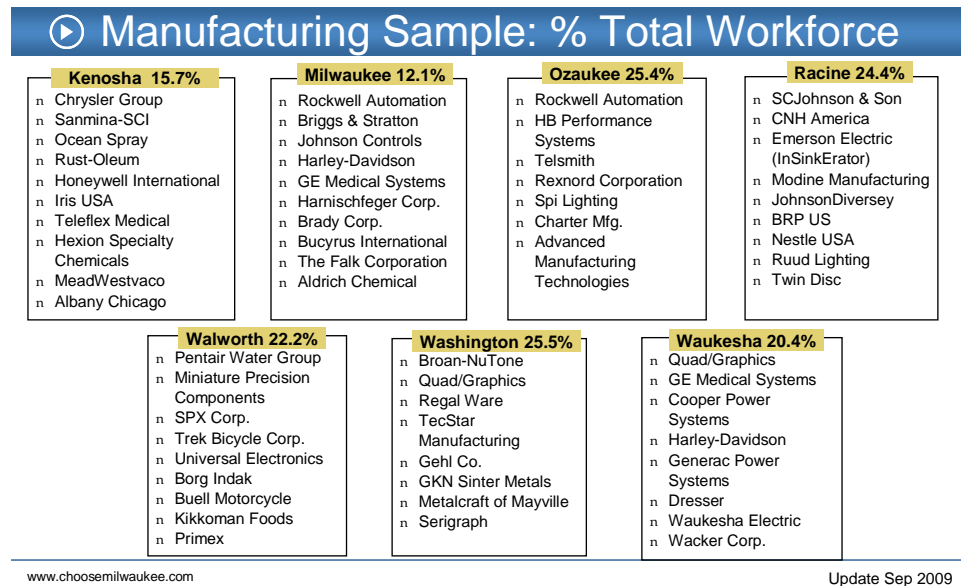
Following the M7 update was a facilitated discussion with a special panel of manufacturing executives with a focus on what our region needs to do to stay competitive in today's global manufacturing environment. Gale introduced **Mary Isbister**, president of GenMet in Mequon (80 employees); **John Torinus**, chairman of Serigraph in West Bend (1,200 emp.; 650 local); and **Thomas Schaefer**, industry manager at Rockwell Automation in Milwaukee (20,000 emp.; 3,200 local).

The moderator and discussion leader is **Ed Morrison** from the Center for Regional Development at Purdue University, who has an emphasis in Great Lakes manufacturing. You may recall that Ed appeared at one of our earlier M7 meetings in his capacity as Economic Development Advisor for the Workforce Innovation in Regional Economic Development (WIRED) initiative in north central Indiana. Ed Morrison is a member of the staff of the Center for Regional Development at Purdue University. Prior to starting his economic development work, Ed worked for a corporate strategy consulting firm. In this position, he worked for clients such as Ford Motor Company, Volvo, and General Electric. He conducted manufacturing cost studies in the U.S., Europe and Japan. Ed started his professional career in

Washington, D.C., on Capitol Hill. He holds a bachelor's degree from Yale University and business and law degrees from the University of Virginia. Ed comes from a manufacturing family. His grandfather started Morrison Products, a manufacturing company in Cleveland making air moving equipment.

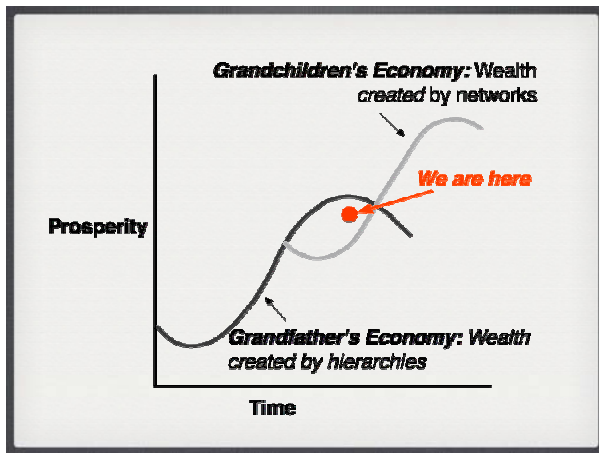


This is a timely panel and discussion, as Wisconsin leads the country in manufacturing jobs per capita, and the region, is second in the nation in the percentage of its workforce in manufacturing. Said another way, if we look at the 275,000 jobs in the region focused on exporting goods and services, about 160,000 of those jobs are in manufacturing at an average wage of \$50,000.



As you can see here on the slide, the impact of manufacturing on our economy covers the region, with a strong footprint in every county.

Gale turned over the microphone to Ed and the panel....



Morrison made the following key point:

- Manufacturing is not dying, but it is transforming in profound ways, as firms move to more network-based business models.

Panelist Scenarios (20 minutes)

- Each panelist was given the task of developing a scenario for the future of manufacturing in SE Wisconsin and the Great Lakes.
- The scenarios are framed around the core challenge:
 - We will create and sustain a global center of excellence in manufacturing innovation in SE Wisconsin and the Great Lakes.
 - What **new networks and alliances** will emerge over the next five to ten years to create this future together?
 - Key dimensions to consider in constructing a scenario:
 - **education and workforce**
 - **innovation and new product**
 - **global connections**
 - The panelists were asked to focus on **assets** and **opportunities**, not deficiencies and problems. How should we "**link and leverage**" our **assets** to take advantage of our **opportunities**?

Scenario: Green Manufacturing (Ed Morrison)

- Summary: SE Wisconsin will become a global leader in emerging markets of green manufacturing. Our manufacturing economy will have the following characteristics:
 - Education and Workforce:
 - Partnerships with K-12 schools that provide students with an introduction to manufacturing careers in the 4th to 5th grade
 - Product Development
 - R&D partnerships with area universities to develop a new generation of products that can be easily recycled.
 - A new product innovation lab in which manufacturers evaluate new product ideas.
 - Global Connections:

- Create annual global sustainable manufacturing summit in the Great Lakes (e.g., DAVOS-like conference on the future of global manufacturing). Start in Milwaukee.

Scenario: Sustainable Energy Technology Market (Mary Isbister, GenMet)

Summary: SE Wisconsin will be a global competitor in the production of sustainable energy technologies in wind, biomass, and geothermal/ground source heat.

SE Wisconsin is uniquely positioned in terms of resources upon which to develop these sustainable energy technologies.

- We are in a “wind corridor” – today is a great example.
- We produce large amounts of biomass and have unexploited capacity.
- We have a large thermal differential between our seasons – our “Wisconsin winters.”

To achieve “Worthy Competitor” status we need to pursue opportunities and networks in the following areas:

I) Education:

- A) Pair “business sponsor/champions” with local K-12, tech colleges, and universities. Business has both a role and responsibility to play in helping to create the workforce with the skill and desire to be a part of the next generation manufacturers who will support and sustain energy technologies.

Business sponsor/champions must participate in Junior Achievement, Project Lead the Way, apprenticeships, and internships. Local colleges and universities need to develop a curriculum in partnership with business. Our educational institutions need to treat Businesses as their Ultimate customer.

B) School of Hard Knocks becomes the School of Shared Wisdom

- 1) Successful businesses in partnership with WMEP and/or educational institutions need to develop a curriculum to include:
- (a) Strategic planning
 - (b) Negotiation
 - (c) Financial Management and Access to Capital
 - (d) Advanced Manufacturing Technologies/ Next Generation Manufacturing (Lean, Six Sigma, etc...)
- (i) Make it accessible to small and medium sized businesses and entrepreneurs. Four times per year sponsor a 3 – 4 day business seminar in partnership with State, M7, WMEP, Local Universities/Colleges.
- (ii) Use the wisdom of local business leaders by holding monthly seminars to share best practice. (*Notes: Successful business leaders love to talk and have already learned the lessons of the school of “Hard Knocks” – they willingly pass on their wisdom.*)

II) Innovation

- A) Branding: Become the NASA of sustainable energy technologies. The United States put the first man on the moon because it was important and patriotic. Many of the Sustainable Energy technologies have existed for decades and Europe is well ahead of us in developing these technologies because energy is relatively cheap in this country. Make the achieving competitor status in Sustainable Energy Technology about competition and patriotism. We need to be independent of foreign oil because it is the right thing to do for this country and because we can be the best at anything we want to be.
- B) Marketing campaign – part of our state’s message: We will be the Mecca of Sustainable Energy.
- C) Become the Silicon Valley of Sustainable Energy Technology: Develop a nationally recognized accreditation for manufacturers of Sustainable Technologies.
- D) Local Manufacturers have to step up their game: Manufacturers need more and easier access to what already exists in the form of tax credits for R&D, low interest loans, and assistance accessing capital markets. State and Federal governments have set aside the money to support manufacturing but most companies don’t know how or have the resources to access these funds. Manufacturers need to invest in advanced technology and next generation manufacturing techniques (Lean, JIT, etc...)

III) Global Connections

- A) Become the Global Hub for Sustainable Energy Technologies with the best R & D and manufacturing capability. Sustainable Energy Technology could be a driver industry just as much as our Water Technologies because of the resources close at hand to support the development and innovation of these technologies – wind, biomass, temperature differential.
- B) Create Organized / Certified Consortia of manufacturing companies to provide a deep and broad supply chain to manufacture Sustainable Energy Technologies. Consortia of companies allow

specialization of specific capabilities which can then be connected to deliver the most advanced technologies and best innovation.

- C) Forge alliances with foreign companies so that our Sustainable Energy Technology companies can create a footprint in India, China, Russia, where energy demands are large and growing.

Scenario: Global Innovation (John Torinus, Serigraph)

Summary: Global innovation networks, export cluster development, reverse innovation

How do we compete with China?

- Be there – have presence globally
- Keep manufacturing base here
- Be Leanest of the Lean - neutralize the labor component so you can compete
- Wherever the currency goes – go with it
- Focus on products that won't move overseas
- Innovation should be the #1 activity (products, services, new business models, tight supply chain)

Scenario: Smart, Safe Sustainable (Tom Schaefer, Rockwell)

Applied engineering applied to manufacturing technology. Many of the building blocks are already there. In the past, we would make each building block strong. This focuses on strengthening the link between the building blocks or islands of automation. Allows better control. Can better manage and plan the line, the suppliers and can reduce inventory. Data management (migration) allows better carbon foot printing. Mass production moving to customization. Move from individuals to automation. Workers need higher training. **See attached pdf article for further information.**

Audience was asked to evaluate and add their comments to each scenario with the form below. Survey results are attached.

Welcome! Thank you for joining us this morning. You will be using this sheet to evaluate different scenarios on the future of manufacturing in the Milwaukee 7 region. Please hand this sheet back to us at the end of the session.

Your name:

Your Company or Organization:

Your e-mail:

Scenario	Your Evaluation: Rate each scenario Weak = vague, impractical, uninspired Strong = clear, practical, compelling					Your Comments: What was the strongest feature of this scenario?
	1 Very weak	2 Somewhat weak	3 Not sure	4 Somewhat strong	5 Very strong	
Scenario 1: _____	1 Very weak	2 Somewhat weak	3 Not sure	4 Somewhat strong	5 Very strong	
Scenario 2: _____	1 Very weak	2 Somewhat weak	3 Not sure	4 Somewhat strong	5 Very strong	
Scenario 3: _____	1 Very weak	2 Somewhat weak	3 Not sure	4 Somewhat strong	5 Very strong	
Scenario 4: _____	1 Very weak	2 Somewhat weak	3 Not sure	4 Somewhat strong	5 Very strong	

Take the scenario that you thought was the strongest, and suggest three steps that we could take to strengthen it further...

1:

2:

3:

Wednesday, September 16, 2009

Gale Klappa thanked Ed Morrison and the panelists and announced the next Council Meeting in 2010 in Kenosha County. He adjourned the meeting at 10:30am.