

**MARKET ST**



**LIVE WORK GROW**

730 PEACHTREE STREET SUITE 540 ATLANTA GEORGIA 30308 404 880-7242 FAX 404 880-7246

## **LIVE WORK GROW**

*Market Street* brings original insights and clarity to the evaluation and revitalization of the places where people live, work, and grow. Through honest and informed assessments, *Market Street* can equip you with the tools to create meaningful change. Our solutions successfully merge our experience and expertise with the economic and social realities of our clients. *Market Street's* community clients are successful at creating stronger programs, increasing operational budgets, and creating new quality jobs that improve the quality of life in their communities.

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## OVERVIEW

The Strategic Initiative for Economic Growth is a comprehensive, research-based, data-driven and holistic process to define Missouri's future roadmap for economic success. It has engaged hundreds of Missourians in regional meetings, online surveys and the delivery of research papers informing the process. Quite simply, the Initiative represents the perspectives of the state's top leaders on what Missouri must do to be competitive for the high-value jobs being created in today's economy and the talent that will fill those jobs.

Funded entirely by a generous grant from the Hawthorn Foundation, the process has been spearheaded by the Missouri Department of Economic Development (DED). The state retained *Market Street Services*, a national economic and workforce development consulting firm based in Atlanta, Georgia, to facilitate the creation of the new strategic plan that will enhance the economic and community development activities and programs in Missouri. This process is overseen by a diverse **Steering Committee** of public and private sector leadership from around the state.

The components of this process are:

- **Demographic and Economic Analysis:** This presentation delivered at the first round of regional forums (September 22-24) presented a breadth of research to demonstrate the State of Missouri's position to accommodate visionary growth and development. A combination of factors that determine a state's strengths as a place to live, work, and do business were assessed, including indicators related to education and workforce development, infrastructure and land use, business costs, and quality of life. Key findings were presented to the steering committee on October 20 and are provided in the **Technical Appendix** of this *Strategy*. For this presentation and throughout this process, *Market Street* leveraged data provided by the Missouri Economic Research and Information Center (MERIC).
- **Round One of Regional Forums:** This component of the process provided a critically important opportunity to get feedback from department staff, business leaders, regional organization representatives, and other stakeholders on the challenges and opportunities facing the State of Missouri and its six regions (see map on following page for regional boundaries).

**Missouri Regions Established for Regional Forums**



- **Marketing Analysis:** An analysis of the State of Missouri’s economic development marketing efforts for target industries complemented the *Target Cluster Analysis’* research and conclusions by confirming the viability of existing programs and identifying potential enhancements to future efforts. To that end, *Market Street* reviewed the State of Missouri’s website (appearance, content, effectiveness, and utility), advertising and collateral materials, inbound/outbound marketing events, public relations, trade shows, site selection professional visits, and branding and identity-building efforts. Key findings were presented to the steering committee on October 20 and are included in the **Technical Appendix** of this strategic plan.
- **Target Cluster Analysis:** Building on the extensive input gathered to date and quantitative data provided by MERIC, this analysis identified priority areas for statewide economic development efforts managed by the Missouri Department of Economic Development, the Missouri Partnership and state and local partner entities. The strategy of targeting certain “clusters” of economic activity has become increasingly widespread over the years as regional economies attempt to capitalize on their strengths and competitive advantages. Such target groupings create external economies of scale for these businesses as they share common labor pools, infrastructure, and other resources while reducing costs through proximity to upstream (suppliers) and downstream (buyers) linkages. These advantages, coupled with the network effects that exist within broader sectors, often result in comparatively high potential for employment growth and wealth creation. The *Target Cluster Analysis* was a blend of quantitative and qualitative research with significant technical information including location quotients, economic base analysis, and industry-by-occupation employment data. This

deliverable provided a list of clearly defined target sectors and the opportunities and challenges involved in effectively growing them. The targets and niches approved by the Strategic Initiative Steering Committee are:

- **Advanced Manufacturing**
  - Niche: Transportation Equipment
  - Niche: Aerospace & Defense
- **Energy Solutions**
- **Bioscience**
  - Niche: Plant & Agricultural Technology
  - Niche: Companion & Feed Animal Science
  - Niche: Biomedical
- **Health Sciences & Services**
  - Niche: Healthcare Innovation
  - Niche: Health Services
  - Niche: Health Sciences
- **Information Technology**
  - Niche: Software, Hardware & Systems Design
  - Niche: Data Centers
  - Technology Resource Centers
- **Financial & Professional Services**
  - Niche: Financial Services
  - Niche: Professional Services
  - Niche: Customer Care
- **Transportation & Logistics**
  - Niche: Freight Haulers
  - Niche: Warehousing
  - Niche: Wholesalers
- **Legislative Initiatives:** After gaining the perspectives of the steering committee, draft *Legislative Initiatives* to support economic development statewide were submitted on December 1, 2010 to Governor Jay Nixon. Key elements of these initiatives were proposed for approval in the Missouri legislature's 2011 session. The recommendations also directly informed this Strategic Initiative plan. The proposals were:
  - **Policy Recommendation #1:** Improve Business Incentive Programs
  - **Policy Recommendation #2:** Develop a Science and Technology/Innovation Fund
  - **Policy Recommendation #3:** Improve Workforce Development Incentives

- **Round Two of Regional Forums:** The second round of regional forums informed stakeholders of target and legislative recommendations and solicited feedback on tactics supportive of the eight high-level strategies approved by the Steering Committee for inclusion in the Strategic Initiative plan.
  - While the first series of Regional Forums contributed to the development of the target clusters/niches, proposed legislative initiatives and high-level strategies, Round Two then reviewed these elements for the attendees and provided them an opportunity to suggest proposed tactics under each strategy in addition to comment on tactics identified through White Papers, the first round of forums and best-practice research conducted by *Market Street*.
- **Strategic Initiative for Economic Growth Plan:** The *Strategic Plan* represents the culmination of all research completed and presents action items geared toward addressing challenges and capitalizing on opportunities for visionary growth. The *Strategy* serves as a tool to unify the State of Missouri's public and private leadership behind a consensus blueprint for Missouri's economic future.

The pages that follow contain the strategies and tactics that can reinvent how Missouri competes for jobs and talent. Each one was vetted by hundreds of Missouri stakeholders in Regional Forums and approved by the Strategic Initiative Steering Committee. All are vital to ensuring that Missouri can be successful in economic development in the coming five years and beyond. The strategies and tactics cannot be implemented in isolation, but rather represent a holistic program that is stronger through the sum of its parts.

By implementing this plan, Missouri will provide more effective and efficient tools to help businesses compete in the 21<sup>st</sup> Century, especially in the targeted clusters and throughout the entire economy.

## STEERING COMMITTEE

The following individuals comprise the Steering Committee for the Strategic Initiative for Economic Growth, 2010-2011.

Bob Clark	President/CEO	Clayco
Bob Marcusse	President	Kansas City Area Dev. Council
Bruce Walker	Lansford Professor of Leadership	U. of Missouri-Columbia Business Sch.
Dan Getman	President	Kansas City Area Life Sciences Inst.
Dan Mehan	President	MO Chamber of Comm. & Industry
Danny Ludeman	President/CEO	Wells Fargo
Delbert Day	Former President	Mo-SCI Corp.
Dennis Vinson	President/CEO	Signature Packaging
Donn Rubin	Executive Director	Coalition for Plant/Life Sci.
Evans Richardson	Director, Government Affairs	Boeing Integrated Defense Sys.
Greg Sullivan	President/CEO	Global Velocity
Herb Johnson	Secretary/Treasurer	AFL-CIO
Hugh McVey	President	AFL-CIO
James Webb	President/CEO	St. Louis Minority Business Council
Janet Wear-Enloe	Chief Marketing Officer	Jefferson City Medical Group
Jeanette Hernandez Prenger	Owner	Ecco Select
Jeff Kostos	President, Industrial/Med.	Dow Kokam
Jeffrey Byrne	President/CEO	Jeffrey Byrne and Assoc.
Jim Anderson	President	Springfield Area Chamber of Comm.
Jim Schwarz	President/CEO	Able Manufacturing and Assembly
JoAnn Buntin	Senior Regulatory Advisor	Walsworth Publishing
Jon Swope	President/CEO	St. John's Health System
Karen Zecy	President	American Micro Co.
Kelly Gillespie	Executive Director	MoBIO
Larry D. Gardner	President	Gardner Tax Accounting
Linda Greaser	Site Public Affairs & Ind. Eng.	Proctor and Gamble
Mike DeCola	President/CEO	Mississippi Lime Co.
Mike Helmstetter	President	Midwest Research Inst.
Mike Nietzel	Advisor to Gov. Nixon	State of Missouri
Ora Reynolds	President	Hunt Midwest
Randy Allen	President	Jefferson City Chamber of Comm.
Randy Mooney	Chairman	Dairy Farmers of America
Richard Cavender	Executive Director	Meramec RPC
Richard Fleming	President	St. Louis RCGA

Roderick Nunn	Vice Chancellor, Workforce/CD	St. Louis Community College
Rosana Privitera Biondo	President	Mark One Electric
Sandra Van Trease	Group President	BJC Health Care
Steven Harris	Partner	Rubin Brown LLP
Tom Bleigh	Owner/President	Bleigh Construction and Concrete
Tom Voss	President/CEO	Ameren
William A. Peck	Former Dean, School of Medicine	Washington University

The Committee contributed actively and thoughtfully to the final documents produced for this process. They were wholly committed to attending the scheduled meetings and not only made their voices heard at these meetings but also through a series of online surveys developed to capture their additional feedback on the research and recommendations. The final Strategic Initiative reports are very much stronger for the contributions of the Committee-members.

## STRATEGIC INITIATIVE PLAN

Public and private leaders across Missouri spoke up loud and clear during the outreach process for this Strategic Initiative; Missouri has to reprioritize its investments in economic development in order to be successful. Workforce development, innovation funding and support for small business were the clear priorities of the hundreds of Missouri stakeholders that provided input for the Strategic Initiative. This is not to say that activities related to these priorities are not currently taking place. What Missouri’s top leaders said was that the state needs to do *more*. The competitive realities of today’s economy demand that states acknowledge that the status quo will not be sufficient to succeed when so many states and countries are investing more than ever before in the capacity to fight for the economy’s most lucrative jobs and projects.

What follows are the eight strategies and associated tactics developed by Missouri’s top public and private leaders and the hundreds of local stakeholders that contributed to this process in meetings, online surveys and through the development and delivery of research White Papers. A thorough analysis of best practices from across the United States also contributed to the identification of potential models for Missouri to emulate. In many cases, the recommendations comprise programs and efforts that are already taking place but must be enhanced to achieve their full impact. In others, the tactics are new programs that hold the potential to significantly enhance Missouri’s competitiveness and capacity to increase wealth for its citizens.

### Strategic Initiative for Economic Growth

		Tactic
<b>Strategy 1</b>	<b>Missouri will attract, retain, and develop a workforce with the education and skills to succeed in a 21st Century economy.</b>	Tactic 1.1: Develop a tuition forgiveness program for qualifying Missouri high school graduates to attend Missouri colleges and universities.
		Tactic 1.2: Develop a statewide assessment to measure and certify core competency skills of Missouri's graduating high school seniors. Assessment would be informed by college- and career-readiness criteria.
		Tactic 1.3: Partner with the state’s colleges and universities to help increase the number and proportion of students who remain in Missouri after graduation.
		Tactic 1.4: Develop optimized and coordinated cluster-based career-training pipelines, protocols and assessments.
		Tactic 1.5: Provide a streamlined workforce training incentive for expansion and relocation prospects coordinated through Missouri's community college network.

<p><b>Strategy 2</b></p>	<p><b>Missouri will support its local developers in the retention and expansion of existing businesses and employers.</b></p>	<p>Tactic 2.1: Develop statewide cluster councils to help guide Missouri's target-sector development strategies.</p>
		<p>Tactic 2.2: Develop a statewide business retention and expansion plan utilizing best practices that provides consistency of approach with enough flexibility to meet unique local and regional needs.</p>
		<p>Tactic 2.3: Develop a program to provide rural officials and practitioners with development of skill sets that would enable them to better work with businesses to retain and expand employment.</p>
<p><b>Strategy 3</b></p>	<p><b>Missouri will optimize its tax, incentive and regulatory policies to best support the growth of high-value target sectors.</b></p>	<p>Tactic 3.1: Streamline and optimize existing tax credits as per the recommendations of the Economic Development Tax Credits subcommittee of the Missouri Tax Credit Review Commission.</p>
		<p>Tactic 3.2: Provide a research-and-development tax credit in Missouri.</p>
		<p>Tactic 3.3: Provide an Angel investment tax credit in Missouri.</p>
<p><b>Strategy 4</b></p>	<p><b>Missouri will invest in technology and innovation to attract, launch, and sustain the growth companies of the future.</b></p>	<p>Tactic 4.1: Develop a Science and Technology/Innovation Fund in Missouri to facilitate the creation of best-practice capital-provision, support and infrastructure-development programs and projects.</p>
<p><b>Strategy 5</b></p>	<p><b>Missouri will aggressively market the state to select domestic and international audiences.</b></p>	<p>Tactic 5.1: Review and optimize the Missouri Partnership's existing economic development marketing programs.</p>
		<p>Tactic 5.2: Promote Missouri's non-urban counties for the "rural-sourcing" of technology and services employment.</p>
		<p>Tactic 5.3: Work with Missouri's border states to one day formalize non-compete policies designed to prevent incentivizing the movement of companies within bi-state metropolitan areas.</p>
		<p>Tactic 5.4: Attract federal and non-profit research centers and institutions to Missouri.</p>

<p><b>Strategy 6</b></p>	<p><b>Missouri will develop a best-in-class foreign trade initiative.</b></p>	<p>Tactic 6.1: Formalize a program to leverage the international relationships, associations and contacts of Missouri universities' research faculty to identify investment and export opportunities in Missouri's targeted clusters.</p>
		<p>Tactic 6.2: Assess the need to launch additional Missouri overseas marketing offices.</p>
		<p>Tactic 6.3: Develop a trade alliance to coordinate localized, comprehensive early-stage assistance to Missouri-based companies looking to increase exports to foreign markets.</p>
		<p>Tactic 6.4: Support existing efforts to develop regional distribution hubs for key foreign markets.</p>
<p><b>Strategy 7</b></p>	<p><b>Missouri will develop a culture that encourages small and minority business development and entrepreneurship.</b></p>	<p>Tactic 7.1: Quantify, assess, coordinate and potentially enhance existing support programs.</p>
		<p>Tactic 7.2: Integrate entrepreneurship training into state K-12 and higher educational curricula.</p>
		<p>Tactic 7.3: Develop a program to assist rural communities with the development and growth of retail businesses.</p>
		<p>Tactic 7.4: Provide small-business-development instruction as a component of displaced and state-sponsored worker training.</p>
		<p>Tactic 7.5: Adapt and adopt the Lichtenstein and Lyons (L&amp;L) Investing in Entrepreneurs strategy in Missouri's Small Business and Technology Development Centers and Procurement Technical Assistance Centers.</p>
<p><b>Strategy 8</b></p>	<p><b>Missouri will provide the infrastructure necessary for companies and communities to be successful.</b></p>	<p>Tactic 8.1: Market, leverage and enhance existing efforts and tools, specifically Missouri's statewide broadband initiative and the Missouri Certified Sites Program.</p>
		<p>Tactic 8.2: Develop a state-funded Authority with broad statutory powers to support high-impact infrastructure projects.</p>
		<p>Tactic 8.3: Support local capacity-building by assisting Missouri communities with the development of strategic vision plans.</p>

The strategies and tactics in this Strategic Initiative plan cannot be implemented effectively without a redistribution of resources both in staff and dollars. There can be no sugar-coating the realities of today's economy; states must simply do more to best compete. Missouri is not only battling against Kansas and Illinois and Texas and California for jobs, but China and India and Brazil. Nations are funding the development of new universities, research centers, subway systems, ports, bridges, super-highways, super-colliders, and nearly everything from A to Z to wrest the

control of the innovation economy away from America and its states. While Missouri cannot approach the intensity of investment of a country like China, it can nevertheless work to best leverage its assets and fund the necessary projects and programs to compete at its highest level possible.

The Strategic Initiative offers an opportunity for Missouri's top leadership across all political, ideological, racial, ethnic, income, regional and sectoral dimensions to come together behind a transformative effort for change. The levels of participation, investment, excitement, engagement and good will arrayed behind this Initiative may not come around again for a long time. This chance must not be wasted. Generations of Missourians could one day claim the benefits of the efforts that are realized in the next five years of Missouri's economic history.

**STRATEGY I: MISSOURI WILL ATTRACT, RETAIN, AND DEVELOP A WORKFORCE WITH THE EDUCATION AND SKILLS TO SUCCEED IN A 21ST CENTURY ECONOMY.****Tactic I.1: Develop a tuition forgiveness program for qualifying Missouri high school graduates to attend Missouri colleges and universities.****Justification**

It is critical that Missouri's best and brightest talent remains in the state after high school and college to ensure that companies across the state have access to skilled workers. A competitive workforce will also make the state more attractive to outside prospects. A number of U.S. states have launched programs that offer full tuition reimbursement to graduates of public and private high schools with qualifying grades who choose to attend the state's public colleges and universities. Though economic downturns have led certain of these states to cut back their tuition-forgiveness programs, this will ultimately be to the detriment of their economic well-being. Missouri has the opportunity to make a clear, powerful and bold statement to its companies and outside prospects that its priorities are aligned with the realities of today's economy. Top knowledge-based companies are drawn to where the talent is and Missouri should stake a claim to be a destination-of-choice for incumbent and prospective firms. Participants from every region of the state who attended Strategic Initiative Regional Forums were adamant that education should be Missouri's number one strategic priority.

**Tennessee HOPE Scholarship**

The State of Tennessee's lottery-funded scholarship program has been in place for over six years and serves thousands of students annually. In the 2009-10 program year, over 68,000 students received slightly over \$260 million in scholarship monies across all the HOPE programs.

Qualifying high-school graduates and "non-traditional" students are eligible to apply HOPE monies to attend state technical and community colleges; independent two- and four-year colleges; private and business/trade colleges; University of Tennessee System schools; and Board of Regents four-year colleges and universities.

Once in school, the student must maintain a 2.75 GPA to continue receiving the scholarship. Students who meet all criteria may receive the award until attaining a degree or five years after initial enrollment at any postsecondary institution.

Other state programs include: Florida Bright Futures Scholarship; Georgia HOPE Scholarship; South Carolina Education Lottery; and Kentucky Educational Excellence Scholarship Program.

This tactic should carry forward legislation proposed in 2010 to create a Missouri Promise program as an expansion of Missouri's existing A+ Program. However, it should broaden the scope of Missouri Promise to provide tuition-forgiveness on a sliding-scale to all state high school graduates who want to attend either a two-year or four-year college or university.

### **Actions**

Development of the tuition-forgiveness program should reference existing best-practice programs from other U.S. states that have proven to be effective and sustainable. The dynamics of the program to be determined include:

- Residency requirements.
- Minimum grade-point average eligible for receiving funding.
- Determination of additional eligibility criteria such as community service or lack of student disciplinary action.
- Protocol for home-schooled children.
- Minimum and maximum award amounts based on family income.
- Participating colleges and universities.
- Renewal and termination criteria once in college or university.
- Potential to require that program participants remain in Missouri for a minimum amount of time after graduation from college or university.
- State department that will design and manage the program.
- Funding source to support the program.

Enabling legislation with the chosen programmatic parameters should be considered for introduction and debate. It should be contingent on the bill's supporters to launch a concerted campaign to promote the benefits of the tuition-forgiveness program in public venues, the media and among key legislators. Though many may cite the program's potential price tag as prohibitive given Missouri's current budgetary issues, cogent arguments should be made that investment in the retention of the state's best-and-brightest young talent is the most important line-item Missouri could possibly fund as it relates to the state's future prospects.

**Tactic 1.2: Develop a statewide assessment to measure and certify core competency skills of Missouri's graduating high school seniors. Assessment would be informed by college- and career-readiness criteria.**

**Justification**

Colleges and universities across the country spend millions to remediate incoming students who do not have adequate command of basic skills like reading, writing, arithmetic and computers. Missouri is no exception; numerous stakeholders participating in this Strategic Initiative process confirmed that most two-year colleges and some four-year schools hold back dozens if not hundreds of students in remedial courses before clearing them to take college-level coursework. It is also important that students who wish to enter the workforce instead of college upon graduation have a core set of skills that will enable them to transition to employment right out of school. Missouri has the opportunity to formalize a process to prepare high school students for measurement of college- and career-readiness through a standardized system of assessment. State education officials should partner with private-sector leaders to ensure that high school curricula encompass development of skill sets employers demand but see lacking. Top higher education administrators should also inform the design of high school coursework and pre-graduation assessments to ensure that matriculating seniors are most effectively prepared for two- and four-year schools.

**Actions**

Consistency in training and assessment of high school students will be critical to provide colleges/universities and businesses with graduates that have the skills needed to succeed in higher education and the workplace. The state should empanel a Curriculum Committee consisting of key leaders across academia and the private

**Cincinnati Public Schools Career Assessment System\***

Cincinnati Public Schools employs a series of career-development tools to assist students in grades 7-12 with college and career planning. The first of these is a "PLAN" test given to all 10th-grade students as a practice test for the ACT College Entrance Exam. The PLAN provides students and teachers with information on academic strengths and weaknesses as they relate to college-readiness. Remediation plans can be designed to address these deficiencies. Second is the application of the Ohio Career Information Services (OCIS) system to match career results from the PLAN with a series of career clusters. Last is the use of the Kuder Career Planning System (KCPS), an online career-assessment tool that helps students and parents prepare for a successful post-high-school transition by relating the results of interests, skills and work-values assessments to occupational information. Students can receive customized attention in areas of deficiency as they relate to core skill sets for college or the workplace.

*\*Missouri would leverage this model statewide.*

sector to debate and design a training protocol for inclusion in existing coursework or as a stand-alone capstone course for high school seniors. This curricula could include Science, Technology, Engineering and Math (STEM)-focused components as well as exposure to career tracks matching Missouri's targeted economic clusters.

Based on the criteria of the curricula developed to support students' college and career readiness, continuous and routine assessment of student progress towards proficiency in these skill-sets would be necessary. Intervention protocols for students not making adequate progress and/or teacher-training to optimize educators' abilities to prepare students in these disciplines could also be program components.

Ultimately, a capstone standardized skills-assessment examination should be formalized and launched to gauge students' aptitude in the skills higher education officials and employers deem necessary for success in both environments. Thought should be given to leveraging an existing tool such as WorkKeys already used by Missouri institutions to support the assessments.

It should also be important to outreach to local education providers, elected officials, business people and parents to inform them of the rationale behind, process for, and expectations of the skills-development and assessment process.

Another vital component of efforts to optimize the preparedness of Missouri's elementary and secondary school students should be to ensure alignment with the Missouri Department of Elementary and Secondary Education's Top 10 by 20 Education Reform Plan. The Plan is consistent with the goals of the Strategic Initiative for Economic Growth in its charge that Missouri again becomes a national leader in educational performance. The four goals of Top 10 by 20 are:

1. Missouri public education will rank in the top ten on national and international measures of performance.
2. Missouri will provide high quality early educational opportunities to all young children and their families.
3. Missouri will recruit, prepare, retain, and support effective teachers and leaders.
4. The Missouri Department of Elementary and Secondary Education will improve departmental efficiency, operational effectiveness, and relations with internal and external customers.

**Tactic 1.3: Partner with the state's colleges and universities to help increase the number and proportion of students who remain in Missouri after graduation.**

**Justification**

Retention and attraction of top talent will drive the competitiveness of regions and states in today's information-age economy. It is incumbent on states like Missouri that draw the best and brightest students from in- and out-of-state to attend college or university to work diligently to retain these students after graduation. It is much

more cost-effective to convince a young person who has already committed to spend four or more years in Missouri to stay in-state than to draw talent from outside once they have established roots in another community.

The most effective means to retain Missouri's college and university graduates is to provide them with compelling career opportunities in the state. This can only be accomplished through a comprehensive and coordinated partnership between higher education institutions and regional businesses. Missouri officials should assist with the development of a coordinated program to facilitate these partnerships and potentially supply resources to support them, but it is ultimately the role of local and regional officials to foster a true pipeline of talent from college to the workplace.

## Actions

The first step in formalizing a statewide graduate-retention strategy should be to identify and assess current programs to link college and university students and graduates with opportunities in local businesses. These may be comprised of internships, cooperative relationships, career fairs, career-services and job-placement offices, or some other arrangement, but it is critical that existing capacity be understood before gaps in the system can be identified and addressed. Most of these programs will be at the local and regional levels.

Capturing these programs and leveraging them for a statewide retention effort should be the next step in the process. As in Massachusetts, all current professional job placement openings should be featured on a single, easy-to-use website. Massachusetts has partnered with

### Massachusetts "Stay here" Initiative

A sub-component of the state's "Massachusetts: *It's all here*" non-profit public/private marketing initiative, the "Stay here" program offers a host of resources designed to engage and retain pending and recent graduates. A page on the "*It's all here*" website features the full array of services and programs available to help students in their post-collegiate lives. In addition to the website, components of the "Stay here" program include:

- **Mass Internship Collaborative:** public/ private partnership connecting employers with new talent through internship guidance and opportunities.
- **Hiring here:** Identification of companies hiring in the state.
- **Stay here Ambassadors:** Well-known figures from sports, politics, business and entertainment recording videos and speaking at events to encourage graduates to stay in-state.
- **Internhere.com:** Over a thousand businesses and organizations post internships on the site for free.
- **My First Big Gig:** Resource for students to learn/connect with Internet marketing and business employers.
- **Social media campaign:** Creation of an "It's all here" microsite targeted at students.
- **Mass Office of Travel and Tourism student website:** Informs parents/students of all there is to do in the state.

Monster.com to create a search engine, Monster Massachusetts, that only features jobs in the state.

Missouri should also aggregate all available internship opportunities onto one principal database. As in Massachusetts, companies should not be charged to post their internships on the website. It will be important that any existing internship-availability databases and sites be coordinated so that the local and regional tools maintain their identities but also feed into the statewide system.

In fact, close and continuous coordination with local/regional partners would be critical for every component of the graduate-retention campaign. The state could provide the resources to brand and design a Missouri-wide program, but local practitioners should most closely engage companies and higher education institutions to develop, optimize and manage the effort's multiple tools in cooperation with the state.

It is also critical that the graduate retention program is responsive to ongoing feedback from Missouri students as to its efficacy. It should be branded and aggressively marketed to students through *all* media, events and on-campus sites where they visit. Ultimately, the program could include components like a social media engagement campaign, celebrity ambassadors and other elements of Massachusetts' program and efforts from other states; but Missouri should initially concentrate on a goal of informing every single pending/recent graduate of the state's colleges and universities of available internship and employment opportunities.

Ultimately, it will be the availability of quality employment that will likely determine whether a college graduate remains in Missouri.

#### **Tactic 1.4: Develop optimized and coordinated cluster-based career-training pipelines, protocols and assessments.**

##### **Justification**

Employers spend millions of dollars vetting potential job applicants for available positions and training them, often in-house, in the skills needed to perform effectively in the workplace. Likewise, adults are often unclear what career opportunities are available to them, which industries are hiring and what it would take to qualify for employment in one of these career sectors.

Addressing both issues through a data-driven, employer-led and state-supported program to provide career-based information to job-seekers and career-specific certification of job candidates for employers would save Missouri firms millions of dollars in employee hiring and development costs and better align adults' training process with industries that are creating jobs in the state.

### Actions

Much has already been done in Missouri to formalize career awareness and training pipelines for the state's most competitive industries. The Missouri Economic Research and Information Center (MERIC), working with the Missouri Department of Economic Development and the Missouri Department of Elementary and Secondary Education (DESE) has developed a series of Target Industry Competency Models to ensure Missouri companies have access to skilled workers by bringing together the appropriate state and local officials to align education and workforce programs with companies' future talent-development needs. Competency Models have been created for: Energy; Life Sciences; Transportation; Information Technology; and Green Building.

A separate but applicable program to the Competency Models is called Missouri Connections, developed by DED, DESE and the Missouri Department of Higher Education (DHE). Missouri Connections is an online resource designed to help adults explore potential careers and build a portfolio with assessments related to particular careers that can be maintained throughout the adult's life.

While efforts like the Competency Models and Missouri Connections have been developed, there has not been a comprehensive, coordinated and collaborative effort to build career pipelines for Missouri's top employment sectors. Thus, the goal of Tactic 1.4 should be to combine existing career-based information-outreach and training programs into a single initiative to formalize the preparation of workers for employers in Missouri's targeted industries. Existing Competency Models should be amended if necessary and new models developed to align with the target industries recommended by the Strategic Initiative for Economic Growth. Likewise, the Missouri Connections portal should be custom-tailored to reflect the state's growing job clusters.

#### Virginia Council on Advanced Technology Skills

A joint initiative of the Virginia Biotechnology Association and the Virginia Manufacturers Association, the Virginia Council on Advanced Technology Skills (VCATS) is an alliance of employers and economic development partners created to address the challenge of ensuring a quality workforce for Virginia's technology-based industries. The employer-led effort is a statewide competency-based program that works with a variety of partners to address a broad spectrum of related services, including activities to raise awareness for key manufacturing jobs, provide targeted screening and recruitment, and conduct employer-designed training. The effort also focuses on scale and replication with expansion to 10-20 sites across Virginia.

The program was presented an award in 2007 by the State Science & Technology Institute (SSTI) in the "Enhancing the Science and Technology Workforce" category.

Building upon and leveraging these programs, state officials should partner with local and regional training providers to align degree programs and curricula with the Competency Model assessments based on employer needs. Missouri Connections should be proscriptive in its advisement of training resources for adults interested in pursuing employment in a targeted cluster. Companies in these clusters would be better connected to training institutions to inform curriculum development and report job openings as available. Missouri's system of workforce boards and centers should also be brought into the system to ensure that federal monies are being applied to the training and placement of at-risk and displaced adults in growing business sectors.

The potential also exists to brand this career-pipeline program and aggregate all existing information, databases and online tools on a website corresponding to the newly branded effort.

### **Tactic 1.5: Provide a streamlined workforce training incentive for expansion and relocation prospects coordinated through Missouri's community college network.**

#### **Justification**

States that can offer existing businesses and external prospects considering expansion or relocation a rapid-response, customized and comprehensive workforce training incentive – often on-site – have seen tremendous success in recent years. Southern states like Georgia and Alabama are at the forefront of formalizing their training incentives into a well-publicized, branded program that serves as a key marketing asset. Community college systems in both states are the lynchpins of the training programs, serving as the locus of curricula development for qualifying prospects and managers of training delivery.

Missouri currently has a handful of training incentives it offers to expansion and relocation prospects, but awareness of the incentives is not as diffuse as the branded programs of other states nor are they transparent in their usability, benefit or availability. Missouri could greatly benefit from streamlining and optimizing its workforce-incentive tools into a coordinated and best-practice program.

#### **Actions**

Based on the feedback provided during the Strategic Initiative process, the project's Steering Committee voted to empower the Department of Economic Development to develop a policy to optimize Missouri's workforce development programs into a streamlined tool to best support existing and potential business prospects. This tool could then be marketed as an incentive for companies looking to invest in Missouri that need some type of workforce training component as a condition of their expansion or relocation.

The streamlining of these three existing workforce training programs was therefore included as a key component of the **Compete Missouri** legislation (SB 279, HB 670) proposed in the legislature's 2011 session. The workforce development element of the bill more effectively defines the workforce training programs and the businesses eligible for these services. In addition to clarifying program definitions, Compete Missouri modifies the application process and reporting requirements for training services to be consistent with business incentive programs. Lastly, the bill streamlines the administrative processes of the existing programs to maximize efficiency while ensuring accountability.

State officials should partner with the Missouri Community College Association to better formalize local/regional two-year colleges' participation in prospect negotiations and application of training programs as an economic development incentive.

Ultimately, the optimized workforce training incentive should be branded and incorporated as a critical piece of the state's internal and external marketing initiatives as is done in Georgia, South Carolina, Alabama and many other states.

#### **readySC™ program, South Carolina**

The readySC™ program, offered through the South Carolina Technical College System, coordinates training needs at little or no cost for eligible new or expanding companies throughout the state. The program works with the state's 16 technical colleges to develop training curriculum customized to a prospect company's workforce requirements. More than a quarter million workers have been trained for almost 2000 companies since the program's inception in September 1961. In the 2009-10 program year, 76 companies were served (36 new projects and 47 expansions) and 4,464 employees trained. Eligible companies must meet minimum job creation requirements that pay a competitive wage for the area and include a benefit package with health insurance.

**STRATEGY 2: MISSOURI WILL SUPPORT ITS LOCAL DEVELOPERS IN THE RETENTION AND EXPANSION OF EXISTING BUSINESSES AND EMPLOYERS.****Tactic 2.1: Develop statewide cluster councils to help guide Missouri's target-sector development strategies.****Justification**

Clusters develop because an environment is created that enables existing businesses to grow and draws outside firms looking to capitalize on a competitive capacity of workforce talent, buyers and suppliers, policy and regulatory support and other factors. No entity knows the dynamics most conducive to cluster growth than the firms in the clusters themselves. By bringing together representatives from top employers, economic development officials, training providers, innovators and researchers, and other stakeholders in its targeted sectors, Missouri can optimize its competitive climate for growth in these clusters.

Managing these dialogues and acting upon the issues and opportunities raised during council sessions could enable state officials to proactively address competitive challenges that could restrict companies' growth. Working in partnership with local and regional economic development entities, Missouri officials should bring the influence and resources of the state to bear on issues that could potentially lead to businesses leaving the state or investing their dollars elsewhere. Leveraging the networks of existing companies is also an effective strategy to identify prospects for recruitment.

**Connecticut Industry Cluster Initiative**

Connecticut's cluster-based economic development initiative combines the market knowledge and expertise of sector businesses with the resources of government, education and economic development organizations to ensure the state is competitive for these industries. The BioScience cluster was the first to be formally launched. Overseen by Connecticut United for Research Excellence (CURE), the cluster currently includes more than 110 Connecticut organizations. The cluster's activities have led to the establishment of a BioScience Facilities Fund totaling \$60 million. Next, the Aerospace cluster, under the direction of Aerospace Components Manufacturers (ACM), was introduced. ACM is made up of more than 40 manufacturers from the aerospace industry. A Software/Information Technology cluster known as eBizCT, an affiliate of the Connecticut Technology Council (CTC), was next. CTC supports e-business strategies of all Connecticut companies. Following in the next few years were the Metal Manufacturing Education and Training Alliance, the Connecticut Maritime Coalition, the Agricultural Business cluster, and the Financial Services cluster council.

### **Actions**

The first step towards assembling Missouri cluster councils should be to determine if there are existing groups that could assume the role of cluster council for a particular target, potentially with a slight adjustment of membership. For example, the Missouri Technology Corporation could potentially serve as the cluster council for the Information Technology target. The Missouri Biotechnology Association could serve as the cluster council for the Biosciences target, and so on.

Whether the council is an existing or new entity, care must be taken that the right membership is present around the table. State officials should work closely with local practitioners to help confirm and assemble council rosters.

Once assembled or optimized, cluster councils should establish goals, protocols, meeting frequencies and other dynamics to ensure they serve an impactful role shepherding the development of action plans to facilitate growth of Missouri's target sectors and niches. State development staff should work with council members (and staff, if it is an existing organization) to formalize the council's role in the creation of programming, policy and strategy related to the target cluster.

Ultimately, unique websites, marketing materials, testimonials, prospect-management protocols and other elements could be applied to the councils' work. Those that are not currently staffed could seek to hire full-time professionals to manage the council and its endeavors.

As has happened in Connecticut and other states with established cluster councils, Missouri's groups could one day become the *de facto* resource for the state's strategic planning and program design related to these targets.

### **Tactic 2.2: Develop a statewide business retention and expansion plan utilizing best practices that provides consistency of approach with enough flexibility to meet unique local and regional needs.**

#### **Justification**

The vast majority of jobs (upwards of 80 percent) are created by companies already established in the community. Supporting the competitive demands of these companies and offering regular, proactive assistance can mean the difference between them growing or declining, staying in Missouri or leaving the state for potentially better opportunities elsewhere. There is much that states can do to support existing businesses that is beyond the purview or the wherewithal of local or regional economic development organizations. From policy development to federal lobbying to international marketing and other efforts, state officials can bolster local business retention and expansion (BRE) programs through the provision of specific assistance and support as necessary.

Missouri could be at the vanguard of a movement to apply state resources to existing business retention and expansion. Only a handful of states currently manage existing

business programs; Missouri could join their ranks and send a clear message to the state's businesses that their competitive demands are of equal or greater importance than the attraction of outside prospects to Missouri.

### **Actions**

Though the Missouri DED currently conducts efforts related to existing business, there is not a comprehensive, consensus-based plan being implemented in partnership with local and regional economic development organizations.

Communities across Missouri recognize the need to serve existing industries with quality programs and outreach that ultimately build strong relationships with existing businesses. Therefore, a statewide business retention and expansion plan should be developed utilizing best practices that provide consistency of approach with enough flexibility to meet unique local and regional needs. The plan could potentially be driven by the Missouri Economic Development Council (MEDC) in coordination with the Missouri DED.

Though not an exhaustive list, potential program components could include:

- Advisory Ad Hoc Committee.
- Use of a subscription-based BRE software program to facilitate data collection, analysis, and reporting across the state.
- Awards and recognition events.
- Breakfast with local elected officials or small group discussions.
- Business of the Month program.
- Economic outlook sessions.
- Marketing programs.
- Presentations on effective business practices.

### **Louisiana Business Expansion and Retention Group (BERG)**

Established in 2008, BERG conducts on-site visits with the leadership of Louisiana's top economic-driver companies and gazelle firms to identify challenges and growth opportunities as well as provide state support where appropriate to address them. Working with local and regional economic development partners, BERG makes over 800 business consultations occur each year. BERG is developing additional methods to assist Louisiana companies, including developing state legislation during the 2009 session that encouraged existing Louisiana companies to modernize their facilities to improve their efficiency and competitiveness. BERG is also helping companies understand industry trends, and is building a GIS mapping database, which will allow for product input/output analysis.

In October 2009, BERG, won a 2009 Synchronist Award for its use of the software in its existing business program. Then, in August 2010, Pollina Corporate Real Estate rated Louisiana as "the most improved state for business" citing the state's Business Retention and Modernization Program as one of its justifications.

- Procurement/human resource roundtables.
- “Shop Local” programs.
- Trade show participation.

Regardless of its ultimate design, the formalization of a business-retention and expansion partnership between the state and local organizations could ultimately bring improved cohesion to the support of existing businesses in Missouri.

**Tactic 2.3: Develop a program to provide rural officials and practitioners with development of skill sets that would enable them to better work with businesses to retain and expand employment.**

**Justification**

Smaller communities often do not have the capacity or knowledge-base to support the growth of their local firms. While regions of size feature well-staffed, well-funded economic development organizations with years of experience working with area employers to address their competitive needs and facilitate their expansion, rural communities often do not have even one full-time professional focused on economic development activities.

By applying state resources to the training of rural leaders to effectively support the growth ambitions of their local companies, Missouri can ensure that small communities are not left behind as the state’s larger regions thrive. Though faced with ongoing challenges of population decline, lack of new private capital investment, and retention of top high school and college graduates, rural areas can nevertheless become more competitive for dollars and talent if they can offer proven programs to help realize businesses’ growth ambitions. This in turn will boost local choices of services, retail and restaurant options, further advancing the community’s quality of life capacity.

**Actions**

State officials should leverage the vast array of existing small-business-development programming and tools to customize a program geared to supporting small-town business retention and expansion efforts. Working with small-business experts at the state and local levels, Missouri should formalize a program that can provide “turn-key” assistance to local practitioners, elected officials, chamber of commerce executives and other stakeholders supporting area business growth. A representative of the Department of Economic Development should be assigned to work with localities initiating the program and then continue this relationship as local officials launch and manage the effort. Missouri could also choose to provide capital assistance to support the program, offering rural businesses grants to improve their technology, marketing, facilities or other elements. A local funding match – or percentage match – could be required to ensure that communities are fully committed to implementing the program.

**STRATEGY 3: MISSOURI WILL OPTIMIZE ITS TAX, INCENTIVE AND REGULATORY POLICIES TO BEST SUPPORT THE GROWTH OF HIGH-VALUE TARGET SECTORS.**

**Tactic 3.1: Streamline and optimize existing tax credits as per the recommendations of the Economic Development Tax Credits subcommittee of the Missouri Tax Credit Review Commission.**

**Justification**

On July 21, 2010, Gov. Jay Nixon announced the creation of a bipartisan Tax Credit Review Commission that would review the state's 61 tax credit programs and make recommendations for greater efficacy and enhanced return on investment. Gov. Nixon named 27 business, community and legislative leaders to serve on the commission. The Commission's Economic Development Committee was charged with examining tax credits with specific application to the expansion and attraction of businesses (see sidebar at right).

The Committee chose to assess the tax credits based on their adherence to a set of "guiding principles," listed below:

- Positive return on investment.
- Return on investment within a defined time period.
- Focus on primary jobs.
- Reward higher-paying jobs with benefits.
- Consider local participation.
- Flexibility.
- Simplicity.
- Up-front financing.
- Entitlement and discretionary components.

**Tax Credit Review Commission  
Economic Development Committee**

- Pete Levi, Chair
- Jim Anderson, Co-Chair

Members:

- Senator Jolie Justus
- Representative Tim Flook
- Representative Sam Komo
- Ray Wagner
- Melissa Randol
- Dave Kendrick
- Alan Marble

Tax Credits Assigned:

- BUILD
- Business Facility
- Development Tax Credit
- Enhanced Enterprise Zone
- Film Tax Credit
- MDFB Bond Guarantee
- MDFB Infrastructure
- Quality Jobs
- Incubator Tax Credit
- Rolling Stock Tax Credit

- Broad applicability.

After days of constructive discussion and decision-making, the Committee came out with a set of recommendations for optimizing Missouri's provision of economic development tax credits.

Jim Anderson, co-chair of the Commission's Economic Development Committee and member of the Strategic Initiative Steering Committee, made a presentation to his fellow Committee-members at one of the group's planning meetings. Later in the meeting, the Strategic Initiative Committee voted overwhelmingly to accept the Commission's Economic Development Committee's recommendations as a key tactic for the Initiative's strategic plan. The Strategic Initiative Steering Committee agreed that the streamlining of Missouri's existing array of economic development tax credits and an increased flexibility for their use will significantly improve the state's competitive position for expansion and relocation prospects.

### **Actions**

The Commission's Economic Development Committee developed "global" recommendations for improving Missouri's tax credit toolkit by replacing various economic development tax credit programs with one flexible, unified program.

The unified program would utilize the same pool of funding represented by the existing program caps but better reflect the Committee's guiding principles. Specifically, the Committee recommended that a unified economic development credit be considered as a replacement of the existing BUILD, Enhanced Enterprise Zone (EEZ), and Missouri Quality Jobs Programs. The features of this unified credit would:

- Provide a refundable credit (allows entity to gain a cash refund from State DOR regardless of tax liability) with an annual cap, which would allow for up-front financing consistent with Missouri law.
- Provide the benefit based on both jobs and capital investment.
- Provide a positive return on investment over a fixed period of time.
- Include company eligibility criteria similar to the current Missouri Quality Jobs program, but be flexible enough to be utilized by large and small businesses and in rural and urban areas.
- Focus on companies with a majority of their business in interstate commerce, like in the current EEZ and BUILD programs.
- Require a financial "but-for" requirement similar to that in the current BUILD program, whereby the project would need to demonstrate that without state assistance to fill a financing gap, the project would otherwise not occur.
- Include an entitlement base benefit similar to Quality Jobs, with an additional discretionary benefit based on the amount of positive return on investment for

the state, the amount of local participation, the level of competition with other states, or the existence of a proven gap financing.

- Provide an additional discretionary benefit for targeted industries as identified in the Strategic Initiative for Economic Growth.
- Include an option for up-front financing with clawback provisions.
- Provide limits on “stacking” other state incentives.

The recommendations and guiding principles of the Economic Development Committee were leveraged in the creation of the aforementioned **Compete Missouri** legislation. The core components of Compete Missouri as they relate to economic development tax credits include:

- Sunsets of six business incentive tax credit programs to create a **single streamlined incentive**; the consolidated tax credit provides greater transparency for prospects and more flexibility for economic development professionals and governments.
- The provision of **up-front funding** as an incentive option – a benefit called for repeatedly by participants in Regional Forums – and additional benefits for existing companies operating in Missouri for longer than 10 years and businesses in the state’s target industries as identified in the Strategic Initiative.
- As noted in Tactic 1.5, an **updated industry training program** will ensure consistency and alignment with DED business incentive programs, streamline administrative processes and better insure accountability.

Compete Missouri does not eliminate the EEZ property tax abatement, a key concern of the Missouri Economic Development Council and the St. Louis County Economic Council.

The legislation satisfies another often-heard request of Regional Forum stakeholders; namely that Missouri’s tax credits must become more flexible for smaller businesses that may not currently qualify for credits and projects that include significant fiscal investments but fall below-threshold job-creation totals (i.e., data centers) for provision of tax credits. Compete Missouri lowers the minimum job requirements to qualify for tax credits, thereby increasing the flexibility of the tool for provision to small businesses that heretofore could not qualify. This contingency also enables tax credits to be offered for large-scale projects such as data centers that may have fallen below the minimum job-creation requirement in the past.

Above all, Compete Missouri would enable the state to do just that: compete with states that have long provided more flexible, efficient and transparent tax incentives to existing businesses and external prospects.

**Tactic 3.2: Provide an Angel investment tax credit in Missouri.****Justification**

Availability of capital is a critical determinant of a state's ability to seed and grow the companies of the future. Angel investors are individuals or groups of individuals that provide investment dollars for high-value start-up business opportunities. Angel investment fills a critical void in the business-capitalization process as venture capital firms often wait until a new company has developed a product or demonstrated sales potential before investing. Seed capital is also frequently insufficient for entrepreneurs' needs as it 1) often has eligibility criteria that preclude certain nascent companies from applying, and 2) is hyper-competitive to attain and can be below the amount needed to get certain enterprises off the ground.

Numerous U.S. states have provided statutory incentives for individuals to invest funds as Angels. Because many start-ups are unproven and risky from a traditional investment standpoint, providing Angels with tax benefits from their investments can be an effective way to stimulate these types of outlays.

Both quantitative and qualitative information points to the fact that Missouri is underserved for investment capital. Low dynamism ratings from the Kauffman Foundation as well as testimonials from Missouri-based entrepreneurs lamenting the dearth of capital-formation opportunities put the state in a significantly anti-competitive position for enterprise development. They also risk that promising innovators, inventors and serial entrepreneurs might go out-of-state to establish their businesses.

The provision of an Angel investor tax credit was overwhelmingly supported by not only the Strategic Initiative Steering Committee but also every Missouri region that commented on the Initiative's tactics in Regional Forums.

**Kansas Angel Investor Tax Credit Program**

Developed as part of the 2004 Kansas Economic Growth Act, the state's Angel Investor Tax Credit Program provides a 50 percent tax credit on cash investments of up to \$50,000 in a qualified Kansas business. The program proved so popular that all \$2 million in budgeted credits were issued 41 days from the program start date. It has remained a broadly accessed tool in the seven years since its creation. The goal of the program was to foster investments in seed and early-stage capital financing for emerging Kansas businesses. The Credit is limited to a \$2 million Annual Allocation Cap and a \$20 million Cumulative Allocation cap.

Other states that offer Angel investor tax credits are: Arizona, Louisiana, New Mexico, Wisconsin and Illinois. Many others offer variations of the credit for investment in technology-focused companies.

### **Actions**

Another key recommendation from the Tax Review Commission's Economic Development Committee was the establishment of a new Angel Tax Credit Program to address the financing gap that serves as an obstacle to growing new businesses in the state. Under this program, the Department of Economic Development could authorize tax credits to encourage equity Angel investment in technology-based early stage Missouri companies.

Investors who contribute a benchmark amount in equity investment to a qualified Missouri business may be issued a tax credit equal to an established percent of the investment or a higher percent of the investment if the qualified business is located in a rural area or distressed community.

Working from best-practice models, Missouri economic development officials should craft an Angel Tax Credit that reflects target priorities as identified in this Strategic Initiative and also enables the state to see a viable return-on-investment.

When developing the Angel Tax Credit Program, efforts should be made to partner with the many local and regional Angel investors and investor groups currently operating in Missouri. This will enable legislation to accurately reflect the needs and priorities of existing Angels and incorporate their innovative ideas into the proposed bill. For example, research has shown that whether a credit is temporary or permanent affects its viability, as does its credit rate. Rates below 10 percent have not proved to attract significant interest from Angels.

### **Tactic 3.3: Provide a research-and-development tax credit in Missouri.**

#### **Justification**

The need for a research and development (R&D) tax credit in Missouri was a common theme among the regional input provided for the Strategic Initiative. Time and again this tool was brought up by attendees of the Regional Forums as a key catalyst for increasing corporate investment in innovation and product development.

States that have implemented an R&D tax credit have seen strong results. For example, Pioneer – a global leader in seed technology based in Des Moines, Iowa – specifically credited the state's R&D tax credit for the hundreds of millions of dollars of recent investments it made in its Iowa research facilities. While the direct job-growth benefit from these investments might be years away as products start to fill the development pipeline, it nevertheless is often a final determinant for where multi-national companies with the potential to invest all over the world choose to spend their money.

Because, as has been noted in this report, it would be in the state's best interest to significantly enhance its capacity to attract research dollars and increase capital formation, innovation and entrepreneurial activity, an R&D tax credit should be pursued.

### Actions

As state officials move forward with the recommendations of the Economic Development Committee for a unified tax credit and new Angel investor credit, the provision of a research-and-development tax credit should be added to these conversations.

A clear consensus from the business community has formed for the overhaul of Missouri's tax credit system. It would be unwise to forgo the opportunity to include a tool as vital as an R&D tax credit in this process. Another chance to pass this credit could be years away if it is not included in tax-incentive reform legislation.

As with the efforts to streamline Missouri's development tax credits and add an Angel tax credit, due diligence and impact analyses justifying the ultimate benefit of an R&D tax credit should be performed.

#### R&D Tax Credit

In February 2011, Virginia became the latest state to approve an R&D tax credit. Senate Bill 1326 passed the Senate by a 38-1 vote on Jan. 31 and the House of Delegates by an 89-10 vote. The bill will provide a 15 percent tax credit for the first \$167,000 of Virginia qualified research and development expenses, or 20 percent of the first \$175,000 of Virginia qualified research and development expenses, if the research was conducted in conjunction with a Virginia public college and university.

In addition to Missouri, the states without an R&D tax credit include: Alabama; Alaska; Florida; Indiana; Kentucky; Nevada; South Dakota; Tennessee; Washington; Wisconsin; and Wyoming.

**STRATEGY 4: MISSOURI WILL INVEST IN TECHNOLOGY AND INNOVATION TO ATTRACT, LAUNCH, AND SUSTAIN THE GROWTH COMPANIES OF THE FUTURE.**

**Tactic 4.1: Develop a Science and Technology/Innovation Fund in Missouri to facilitate the creation of best-practice capital-provision, support and infrastructure-development programs and projects.**

**Justification**

Dozens of U.S. states have reformed their budgets to dedicate significant monies to stimulation of innovation by local companies and institutions. Despite the fact that all signs point directly to a technology and information-based economy driving the majority of future job creation in America, Missouri is one of the few states to provide little in the way of direct investment in processes that can catalyze innovation and make Missouri communities and regions competitive for the jobs of tomorrow.

Several attempts have been made to rectify this situation, the latest being the failed passage of the Missouri Science and Innovation Reinvestment Act (MOSIRA) initiative in 2010, despite the fact that it was supported by nearly every regional business organization, college, university, and technology-focused association in the state.

This Strategic Initiative provides a *critical* opportunity to finally level the playing field for Missouri innovators, companies and research institutions for the numerous components necessary to stimulate innovation development, high-technology enterprise creation, attraction and retention of the world's top talent and

**Ohio Third Frontier**

Created in 2002, the Ohio Third Frontier is a \$2.3 billion initiative that supports applied research and commercialization, entrepreneurial assistance, early-stage capital formation, and expansion of a talent pool to support technology-based economic growth. The Ohio Third Frontier has impacted the following areas:

- Greatly increased the availability of early-stage equity investment capital;
- Improved the entrepreneurial environment for technology based companies;
- Fostered better R&D collaborations between Ohio's research institutions and for-profit companies;
- Facilitated employment growth in Ohio's technology sector;
- Enhanced the competitiveness of existing manufacturers; and,
- Attracted non-Ohio companies into the state.

In May 2010, the Ohio Third Frontier program was extended through 2015.

Another best-practice effort worth emulating is the Edison Innovation Fund in New Jersey.



### **Actions**

The MOSIRA bill has been re-introduced in the 2011 legislative session. The bill would create a science and technology/innovation fund featuring the following components:

- Supportive of a 21st Century job creation strategy focusing on high-growth industries;
- Leveraging and expanding Missouri's existing strengths in science and innovation;
- Building the entrepreneurial infrastructure and culture necessary to support the growth of science and innovation companies in Missouri and its regions;
- Establishing an environment where new Missouri-based companies can grow and existing employers can compete and succeed in Missouri due to the state's commercialization and entrepreneurial strengths;
- Focused on creating, attracting, retaining, and growing science and innovation companies in Missouri;
- Catalyzing projects that leverage Missouri's corporate and institutional research capacity in science and innovation to create high-value jobs; and
- Providing competitive levels of capital to seed and sustain nascent technology-focused enterprises at all stages of their growth cycles.

MOSIRA funds could be used for, among other programs:

- Technology transfer/commercialization assistance.
- Capital formation awards.
- Innovation infrastructure such as incubators and wet-lab space.
- Proof-of-concept seed fund and mentoring program.
- Workforce development and talent recruitment programs.
- Opportunity fund to attract major federal or outside investments.
- Program to attract research faculty to state universities.
- Creation of a private equity fund to invest state dollars as a match to private equity/venture funds who would then invest in Missouri companies.

It is critical to note that funding for the program would not require a tax increase nor would it involve the use of general revenue funds. Similar to previous capital-formation legislative efforts, funds would be generated by capturing a small percentage of the new growth in gross wages accrued beyond a designated base year by employees working in Missouri within designated science and innovation fields.

MOSIRA funds could be reinvested strategically based on the expert advice of a bipartisan Advisory Board of science and business leaders to ensure that funded projects are innovation-based and generate the highest possible returns for Missouri residents.

**STRATEGY 5: MISSOURI WILL AGGRESSIVELY MARKET THE STATE TO SELECT DOMESTIC AND INTERNATIONAL AUDIENCES.****Tactic 5.1: Review and optimize the Missouri Partnership's existing economic development marketing programs.****Justification**

Marketing Missouri's strengths to external prospects and decision-makers is a key component of a holistic economic development strategy. There are four key components of effective marketing programs:

- **Targeted:** Effective economic development organizations concentrate marketing efforts on a handful of key market segments, typically no more than six.
- **Well-Funded:** In a perfect world, grassroots initiatives and word of mouth promotion would be enough to attract businesses to a state. But the reality is that it takes money to compete.
- **Sufficiently Staffed:** Having a strong program is meaningless if you do not have enough quality staff to implement it. This dovetails with the need to competitively fund a marketing program.
- **Strong Brand:** A compelling message and recognizable brand can differentiate a state or region in a crowded marketplace. Generating a positive brand identity involves more than just external strategies; it is critical that economic development organizations invest time and effort communicating with investors, elected officials, business leaders, the media and the community at large to ensure they are effective advocates for the area.

As a component of the Strategic Initiative, a review of Missouri's marketing programs was conducted that focused on the activities of the Missouri Partnership, the state's non-profit economic development marketing and attraction entity. This assessment found that the Missouri Partnership's current marketing program accomplishes all of the factors described above, with few exceptions. Overall, the Partnership's marketing activities are thematically consistent, highly targeted, professionally designed and creative.

The single largest criticism of the website and marketing collateral that was reviewed relates to the sheer volume and format of materials. The large number of printed pieces will make it difficult and expensive for the Partnership to keep current. Easy access to current data about the state and its regions is the primary concern of most site selectors and relocating and expanding businesses. It is essential that the Partnership evaluate its capacity for keeping information updated and consider moving more of its marketing initiative to the Web and electronic formats.

The assessment also revealed the following:

- The Missouri Partnership's initiative meets and exceeds all four qualifiers: Targeted, well-funded, sufficiently staffed, and powerfully branded.
- The Missouri Partnership appearance and brand identity is outstanding and consistent.
- The quantity of materials is far greater than what most state and regional EDOs typically produce, but might be difficult to keep current.
- By moving a greater portion of marketing activities online, the Partnership can more easily update information and save money in the process. Emphasis must be placed on the website and public relations versus printed brochures, direct mail, advertorials, and advertisements. In addition, direct sales activities such as marketing missions and in-bound events will produce a higher return on investment than trade show attendance.

There is always room for improvement. For the Partnership, improvement means adjusting the balance/mix of marketing activities versus investing in new initiatives.

### **Actions**

Recommendations for improving the Missouri Partnership's marketing efforts fall within one of two topic areas: (1) reconsidering collateral production and (2) optimizing website representation.

#### **Reconsider the Partnership's extent of printed marketing materials.**

- In this recommendation, it is not the quality to be considered, but rather the quantity. It is obvious that much money has been spent on the design and production of the brochures, advertorials, and advertisements. The question is whether this is the highest and best use of marketing funds, especially considering how frequently collateral materials must be redesigned and reproduced to stay current.
  - The first step is to seriously examine whether the materials produced justify the cost. This assessment needs to inspect the collateral to determine which materials are necessary for the target audience and what is being produced in over-abundance. As such, no new materials should be added to the mix until the efficacy of existing materials can be assessed.
  - Focus expenditures on website tools- search engine optimization, expansion of data tools, and mapping.
  - The Missouri Partnership should also evaluate how well the translation of marketing materials into multiple languages is paying off and whether it is the ideal format for international audiences.

**Emphasize online marketing tools.**

- In addition to reevaluating marketing collateral, the Missouri Partnership should channel its efforts and expenditures towards optimizing online functions.
- The new Partnership website is a “stand-out” compared to many other EDOs’ sites, but there are still a few opportunities to improve. These include: enriched demographic and industry data, graphic presentation of data, and search engine optimization.

**Data**

- The Partnership’s website’s main goal should be to provide rich data in a fast and efficient matter. In this case the data section is weak relative to what it should be.
  - There should be more in-depth data on industry composition, industry growth, and supplier network. Also, demographics are not as robust as they should be.
  - Written sentences with hyperlinks to data tables is not efficient. There should be a “toolbox” section that literally lists all of the data that is available. This allows visitors to **quickly** browse through the data that they are looking for. It could be most efficient for this data to appear in excel spreadsheets and/or charts and graphs that allow users to download as an Excel table, PDF or into a Word report.
  - Data also should be represented visually. Graphs should take the place of data tables whenever possible. The data section does not need to be weighed down with marketing copy.

These recommendations are not designed to serve as the Missouri Partnership’s full marketing strategy, but rather as enhancements to their currently strong program.

**Tactic 5.2: Promote Missouri’s non-urban counties for the “rural sourcing” of technology and services employment.****Justification**

As the economies of formerly non-industrialized nations and countries with very low labor costs mature, the cost-advantages U.S. companies accrued from offshoring operations of all kinds to these locations have been mitigated. In addition, numerous companies have received a high volume of complaints from individual and corporate customers that the level of service provided by offshore customer care operations was inferior to U.S. workers. As a result of these trends, some corporations are bringing customer-care center jobs back “onshore” in the U.S., frequently in non-urbanized communities with lower labor costs (a practice sometimes called “near-shoring” or “rural sourcing”). Firms are also siting call center operations domestically without pursuing an international alternative.

Certainly, it would be disingenuous to say that there is a flood of previously outsourced service jobs returning to the United States because that is not the case. However, the volume is large enough that there are real opportunities for rural communities with available labor, low costs and the wherewithal to market themselves for these positions. However, because these areas often do not have resources for marketing, it is incumbent on the state to partner with them on this strategy.

Efforts to “near-source” employment to rural Missouri could capitalize on the massive investments the state has made in enhancing rural broadband capacity. The goal to eventually provide broadband to all Missouri communities would make the state one of the most competitive in the nation for “rural-sourced” jobs.

### **Actions**

Missouri should initiate this effort by conducting a comprehensive survey and assessment of its existing businesses with offshore services operations or those considering outsourcing jobs overseas. This review should be undertaken in partnership with local and regional economic development organizations with the relationships to approach these companies on the state’s behalf. If available, state and local partners should request specific data from the firms detailing their current and/or projected costs related to internationally outsourced services operations and query company representatives about their level of satisfaction with their offshore contractors.

Once quantitative and qualitative data is secured, the state should conduct a cost/benefit analysis to determine the company’s potential cost burden (or benefit) from rural-sourcing these existing or future operations. Outputs should be provided for multiple Missouri locations, including data on these communities’ labor force capacities, skill levels, available sites and buildings and other site-selection criteria. Negotiations with Missouri companies potentially interested in rural-sourcing existing or future employment to the state’s non-urban areas could then involve some type of incentive to facilitate this agreement. Eventually, the marketing of Missouri’s non-urban communities for the “rural-sourcing” of services employment could become a plank in the state’s overall marketing program.

**Tactic 5.3: Work with Missouri's border states to one day formalize non-compete policies designed to prevent incentivizing the movement of companies within bi-state metropolitan areas.**

### **Justification**

Though economic development is a competitive endeavor and Missouri should actively try to recruit businesses from other states just as those states seek to lure away Missouri firms, the situation is vastly different when the context is a single metropolitan area that happens to encompass two states. The region is the principal geography for economic development analysis, collaboration, coordination, marketing, talent development, infrastructure planning and construction,

environmental planning and protection, and many more components of modern competitive dynamics. Whether a company is located in one regional community or another, the benefits of that employment are distributed throughout the labor shed as employees buy houses, frequent retail establishments, see movies and concerts, etc. The “rising tide lifts all boats” analogy is apt for the notion of regionalism because study after study has proven that communities sharing a labor shed accrue mutual benefit from all economic activity within its geographic boundary.

Thus, the provision of time, effort, political will and incentives for intra-regional corporate attraction is counter-productive to the holistic growth and success of the region. This expense of personnel hours, tax receipts or general revenue dollars, and political capital is therefore inherently wasteful, not to mention the crippling ill-will created by one community attempting to steal a business from its neighbor. Regionalism can only succeed when there is trust, collaboration, shared visioning and goal-setting and binding agreements to cooperate on planning related to all community functions, including land use, transportation, infrastructure development, talent development, and many others. To risk paralysis in these efforts because two sides of a region are forever battling over companies they essentially share is foolhardy. Communities are “fiddling” as the region burns.

Missouri should therefore seek to negotiate anti-pirating agreements with states that share a metropolitan border; these are principally Kansas and Illinois, encompassing metropolitan Kansas City and St. Louis, respectively. It should be stressed that these agreements will absolutely not preclude signatory states from marketing themselves in each other’s states, nor will they obviate past or future relocations of firms from communities that do not share bi-state borders.

Efforts in other states to forge regional non-compete agreements have fallen victim to political posturing and partisanship as both intra-regional and inter-state factions fight to protect turf and perceived competitive advantages. Missouri should acknowledge the reality that signing a regional non-compete agreement with Kansas, Illinois or both will likely take an extended period of discussion, negotiation and compromise. In the *short term*, however, ongoing efforts at the regional level to engage stakeholders from competing states in dialogues on refraining from company-poaching on the one hand, and potential partnership opportunities on the other, should continue.

### **Actions**

Missouri officials should begin by sitting down with leadership in metro Kansas City and St. Louis to determine the extent to which pirating of firms is taking place, what kind of impact it is having on regional relationship-building and collective planning/development and, finally, what could be done contractually to ensure that intra-regional recruitment does not take place in the future.

Next, legislators and other state leadership should be briefed on the dynamics of existing pirating trends and the costs incurred by Missouri as a result of both “wins” (in terms of incentives) and “losses” (of jobs and tax revenue) in these projects. It

would be beneficial to have impact data on the effects of lost tax revenue and/or provision of incentives resulting from companies being recruited to or from Missouri.

When there is consensus among Missouri's state and regional leadership on the potential design of anti-pirating legislation, outreach should be initiated to elected, private-sector and economic development leadership in Kansas and Illinois regarding the need for and potential benefit of these contractual agreements. This will likely begin a protracted period of discussion, negotiation and compromise as officials from Missouri and Kansas/Illinois work diligently towards an agreement that suits all parties.

In the interim, local and regional economic development professionals, business leaders and elected officials in Metro Kansas City and Greater St. Louis should continue engaging in substantive discussions on potential means to lessen inter-state competition for firms in the same region. Tactics that provide mutual benefits to both sides of a bi-state region could include unified permitting processes; normalization of certain development fees and regulatory costs; shared-revenue industrial parks or other projects; joint-marketing programs; and others.

#### **Tactic 5.4: Attract federal and non-profit research centers and institutions to Missouri.**

##### **Justification**

Economic development recruitment should not be limited to private firms. The federal government has invested billions in the location of research centers in U.S. states that successfully prove they have the capacity and resources to accommodate these facilities. With its diverse strengths in energy, plant and animal sciences, health care, financial services, information technology, logistics and other key sectors, Missouri could be poised to compete for a future federal facility focused on one of these areas.

Similarly, national and global research institutions have been successfully recruited to states that have targeted these entities for attraction, proven that existing capacity is in place to complement their research priorities, built relationships with the leadership of these entities and provided incentives that finalized the deals. The most aggressive of these efforts took place in Florida, which successfully recruited both the California-based Scripps Research Institute and the Munich-based Max Planck Society to invest hundreds of millions in Palm Beach County; the state then built a campus of Florida Atlantic University to co-locate with the two centers.

Max Planck received \$188 million in state and county incentive money, for which it has promised to hire 135 employees. Scripps agreed to hire 545 people in exchange for \$579 million in state and local money. As of January, 2011, Scripps Florida had 40 faculty and 400 total staff members. By 2014, the campus is expected to house more than 60 faculty and 550 total staff; all of these jobs pay many thousand dollars above the county average. The 30-acre campus comprises three buildings with over 350,000

square feet of research and office space. Max Planck's campus includes a 100,000-square-foot research center.

The two research institutions form the core of a burgeoning biotech cluster in southern Florida that has the potential to transform the region's economy.

### **Actions**

Because any federal research project put out for bid will be highly competitive, Missouri should build ongoing consensus for an aggressive pursuit of high-value federal research facilities as opportunities arise. Officials should also identify state strengths to focus on related to potential federal facilities and monitor and identify federal grant opportunities as they arise. Teams should then be mobilized to submit quality proposals based on the Missouri community or communities determined to be the best location for the project.

Though there is currently a budget-cutting sentiment in Washington, D.C. that might restrict investments in new research capacity, the federal government has nevertheless pledged billions towards cutting-edge research in alternative energy, high-speed rail technologies, basic and applied science, national security, and other priorities, many of which dovetail with Missouri's areas of strength.

Attraction of affiliates or satellite campuses of major non-profit research institutions should be more proactive than the reactive response to a federal announcement. Based on Missouri's existing cluster strengths, research should be done on the highest-value potential prospects in this sphere. Economic development officials and MERIC should partner with the state's research universities and major R&D-focused corporations to identify which national or global research institutions could be viable recruitment prospects. This determination could include analysis of the institution's prior history of siting external campuses and the incentive packages that were necessary to attract them.

#### **National Bio and Agro-Defense Facility (NBAF)**

In December 2008, the federal government chose a campus site at Kansas State University in Manhattan as the preferred location for the NBAF. Attraction of the \$650 million facility was a contentious three-state battle that finally tipped Kansas' way after the state convinced federal officials that the Manhattan region and a research corridor stretching to Kansas City and beyond had a capacity in the animal and life sciences that could support and enhance the federal government's research in infectious diseases that could threaten agriculture, the food supply and overall public health.

The facility is expected to create roughly 1,500 construction jobs and have a long-term economic benefit of more than \$3 billion. Approximately 10 percent of the facility's net square footage will be designated BSL-4, one of the most secure classifications in the world.

When potential non-profit research prospects have been confirmed, the state should leverage the relationships of its top higher educational research faculty and private-sector research executives to initiate dialogues with decision-makers at the targeted institution. A data-rich case-statement should be prepared to focus initial discussions on the potential value-add Missouri can provide the institutions.

**STRATEGY 6: MISSOURI WILL DEVELOP A BEST-IN-CLASS FOREIGN TRADE INITIATIVE.**

**Tactic 6.1: Formalize a program to leverage the international relationships, associations and contacts of Missouri universities' research faculty to identify investment and export opportunities in Missouri's targeted clusters.**

**Justification**

Whether they are American- or foreign-born, the research faculty in Missouri's research universities have deep networks of colleagues and government/corporate benefactors and clients around the world. Many attend national and international conferences, annual meetings, summits, and symposia where they collaborate with other researchers in their fields and network with government and private-sector leaders.

Tapping into the relationship networks of these Missouri-based researchers would be an effective way to engage potential corporate and governmental prospects for investment in Missouri firms or customers for Missouri products. Opportunities might also be sourced for high-value goods to be imported by Missouri wholesalers and distributors.

By proactively seeking out import/export prospects, Missouri economic developers could implement more targeted international development programs and better support regional partners seeking foreign-direct investment (FDI) for their local companies.

**Actions**

Partnerships should be formalized with Missouri's public and private research universities to access research faculty for discussions on their previous and current network of relationships with U.S. multinational corporations, foreign-based companies, other researchers, government representatives and policy directors. The researchers should be assured that all measures of confidentiality will be preserved and respect the fact that they may not be able to disclose certain relationships. Officials should be prepared to clearly relate the value of the state's initiative and the benefit to the researcher of providing their contacts with potentially high-value business opportunities.

The state should maintain a current database of potential prospect companies, contact information based on the researchers' relationships, and the source of the lead. Researchers should be leveraged for introductions to prospects as feasible and informed of all outreach to and discussions with their referred prospects. Budgeting

should be considered for researchers to travel internationally with state officials for prospect meetings.

### **Tactic 6.2: Assess the need to launch additional Missouri overseas marketing offices.**

#### **Justification**

The Missouri Partnership and the Missouri Department of Economic Development work together to represent the state and its businesses through offices located around the world. Currently, Missouri funds and staffs the following Trade and Investment Offices:

- China (Shanghai)
- Europe (London)
- Japan (Tokyo)
- Mexico (Monterrey)
- South Korea (Seoul)
- Taiwan (Taipei)



With some of the most dynamic growth

opportunities for U.S. firms comprised by foreign-owned or based firms, it is logical that Missouri should attempt to market itself and its companies aggressively in the countries that hold the greatest benefit as potential investors. It is also critical that the state's existing internationally-focused staffing efforts are utilized to their full extent.

Many of the world's fastest growing and industrializing economies are not currently represented by Missouri offices. It could therefore be in the state's best interest to determine if there are countries with existing relationships with Missouri, either through consulates based in the state, sister-city relationships, or connections with existing Missouri corporations or researchers (see Tactic 6.1) that could provide real value as locations for Trade and Investment Offices.

#### **Actions**

As a first step in this effort, Missouri economic development agencies should determine the awareness and use of existing foreign offices. A targeted survey of Missouri's top employers should be conducted in partnership with local and regional economic development organizations that assesses not only companies' awareness and utilization of Missouri's existing Trade and Investment Offices, but also the nations that would provide the highest value as locations for new Missouri offices. The survey could ask for specific information on companies' existing overseas

buyer/supplier relationships, location of international corporate offices, and other germane data.

Based on the results of this survey, Missouri development officials should leverage the information gained by outreach to the state's top university researchers to identify the highest priority countries to launch new Trade and Investment Offices. For all potential new offices, a cost/benefit analysis based on projected development and investment opportunities should be performed to substantiate the funding of these efforts. Regional Forum attendees recommended India, Vietnam and Brazil as the highest-value locations for new offices.

Concurrent with the identification of potential new office development is broadening the utilization of existing capacity. Missouri officials should again reference the employer survey to gauge usage rates of Missouri's foreign offices either through direct contact with overseas staff or through economic development intermediaries in Missouri. Survey participants should be queried as to the most effective ways to disseminate information on Missouri's international marketing and development efforts. Based on these responses, the Missouri DED should partner with local and regional economic development organizations to design an awareness campaign to optimize the knowledge and use of its Trade and Investment Offices. Regular follow up on the results of this outreach would also be beneficial.

**Tactic 6.3: Develop a trade alliance to coordinate localized, comprehensive early-stage assistance to Missouri-based companies looking to increase exports to foreign markets.**

**Justification**

As has been mentioned throughout the Strategy 6 section, capitalizing on the potential of foreign markets to expand Missouri-based companies presents a tremendous opportunity to bolster the state's economic prospects. All existing support capacity should be leveraged and new capacity developed as necessary to most effectively support Missouri firms with export ambitions.

In addition to state-level staff and international offices, the following entities comprise Missouri's regional export assistance entities:

- Export Assistance Center, Kansas City
- Export Assistance Center, St. Louis
- International Trade Council of Greater Kansas City
- Missouri District Export Council
- World Trade Center, St. Louis

Metro Kansas City officials also recently announced a reactivation of its membership in the World Trade Center Association; the new World Trade Center Kansas City will

be located in the city's Union Station. World Trade Center Kansas City services will include hosting foreign emissaries, launching trade missions and events, educating international trade professionals, and supporting businesses of all sizes develop new foreign-trade opportunities. The Greater Kansas City Chamber of Commerce, the Kansas City Area Development Council, the KC SmartPort and the International Trade Council of Greater Kansas City were involved in the WTC effort and will help promote the initiative. The four groups will initially staff the Center, with a full time staff of three eventually planned for the facility.

The Missouri Department of Agriculture also has an International Marketing Program to assist sector companies with marketing and exporting their goods and raw materials overseas.

It is critical that Missouri provides all its regions and local companies with the assistance necessary to achieve their export-development goals. An effective means to accomplish this is to better coordinate export-assistance resources and capacity through a more formalized statewide alliance, including the creation of new support offices as warranted by demand.

### **Actions**

The first step in improving coordination and collaboration between Missouri's export assistance entities should be to catalogue all existing programmatic and personnel capacity. This should be inputted into a database that can eventually serve as an online resource for Missouri companies, foreign firms, site consultants and prospects.

Next, Missouri economic development officials should convene the leadership of regional EDOs, top exporting firms and staff of export-assistance entities to work with them on the creation of a statewide export alliance. A mission statement, goals, performance expectations and potential programmatic components should be discussed.

The partners should also determine the potential feasibility of opening satellite export-assistance offices or stand-alone centers in Missouri regions without existing support capacity. This could include providing temporary staff, donated computer

### **FLORIDA TRADE PARTNERS ALLIANCE (FTPA)**

The FTPA is a statewide strategic alliance of trade and economic development partners charged with providing a coordinated network of programs and services to Florida exporters. The only one of its kind in the country, this statewide strategic alliance provides a network of programs and services to Florida exporters ranging from export counseling, training and workshops to trade missions and export finance.

The Alliance has partnered with the U.S. Department of Commerce to help support its efforts.

Other state programs that could help inform the development of Missouri's export network are the Virginia Leaders in Export Trade (VALET) Program, the Ohio Export Assistance Network, and the Kentucky World Trade Center.

hardware, software and office equipment, and forgivable loans to regional governments or economic development entities to launch their export-assistance centers.

Eventually, the potential to brand the statewide alliance should be considered, in addition to creating a website and marketing materials, establishing physical offices and hiring full-time staff. Lastly, the alliance could pursue a formal relationship with the U.S. Department of Commerce, modeling the efforts established in Florida (see sidebar).

#### **Tactic 6.4: Support existing efforts to develop regional distribution hubs for key foreign markets.**

##### **Justification**

The KC SmartPort is one of the most comprehensive and active inland port developments in the country. According to the Brookings Institution, exports in the Kansas City metropolitan area grew 7.5 percent between 2003 and 2008, a rate that ranked 63<sup>rd</sup> among the nation's largest 100 metro areas. Overall, Brookings estimates that there are over 77,000 export-related jobs in the Kansas City area.

The St. Louis region has also been engaged in a years-long effort to transform Lambert-St. Louis International Airport into one of the nation's principal cargo hubs for trade with China. A coordinating entity, the Midwest-China Hub Commission, was formed in 2009 by the State of Missouri; St. Louis County; the City of St. Louis; the St. Louis Regional Chamber and Growth Association (RCGA); World Trade Center of St. Louis; the Missouri Partnership; the Missouri Chamber of Commerce and Industry; and the St. Louis County Economic Council.

St. Louis and Missouri officials have hosted several high-level delegations from China and traveled numerous times to China to further the cargo hub project. In January 2011, the Commission's efforts took a critical step forward when the China Cargo Airline of China Eastern was identified as the airline to negotiate and study the Chinese-St. Louis cargo air route.

The tremendous foreign-trade and export capacity found in Missouri's two largest regions positions the state competitively to leverage these assets to attract additional foreign-direct investments. The efforts in Kansas City and St. Louis could also provide potential models to be implemented, albeit at a smaller scale, in other Missouri regions with large companies that have robust export activity.

##### **Actions**

State economic development and elected officials should continue to provide support to Kansas City and St. Louis regional officials in their foreign-trade-development efforts. This includes ongoing support for international trade missions, hosting foreign dignitaries and officials, forwarding key policy and legislative efforts to support trade relationships, and other activities.

State development staff should also work more closely with Missouri's small to medium-sized regions to determine if there are international relationships that could be leveraged or initiated to take better advantage of distribution facilities such as air and water ports and intermodal distribution yards throughout the state. The programs developed and implemented by Kansas City and St. Louis in their pursuit of trade relationships and market-development for their incumbent firms could help inform export strategies for numerous Missouri communities.

Development of Foreign Trade Zones (FTZs) and sub-zones, local export-assistance offices and the leveraging of corporate and researcher relationships with overseas companies and governments could also have direct applications to bolstering trade activity at Missouri's existing and potential cargo hubs.

**STRATEGY 7: MISSOURI WILL DEVELOP A CULTURE THAT ENCOURAGES SMALL AND MINORITY BUSINESS DEVELOPMENT AND ENTREPRENEURISM.****Tactic 7.1: Quantify, assess, coordinate and potentially enhance existing support programs.****Justification**

It is not the intention of the Strategic Initiative to create redundant capacity when programs already exist to support the priorities of this strategic process. In the case of small and minority business development, both the state and localities have a number of assistive resources for small and minority businesses in addition to financing programs to provide capital for enterprise creation. Among these assets are:

- MissouriBusiness.net.
- Missouri Small Business Advocacy Center.
- Missouri Small Business and Technology Development Centers (SBTDC), multiple locations.
- Missouri Procurement Technical Assistance Centers (MO PTAC), multiple locations.
- MoFAST (Technology Development and Commercialization).
- Missouri Linked Deposit Program.
- Missouri Agriculture Small Business Development Authority.
- Office of Supplier & Workforce Diversity.
- SCORE, multiple locations.
- SourceLink (St. Louis and Kansas City).

In addition, many chambers of commerce, cities and counties, colleges and universities, neighborhood and civic organizations and other entities have small business assistance capacity.

Once a full assessment of existing programmatic capacity and resource availability is conducted, Missouri should determine if additional programs, organizations or facilities are needed to better support the growth and development of Missouri's small and minority-owned businesses.

### **Actions**

Missouri is home to the world's largest foundation devoted to entrepreneurship, the Kansas City-based Ewing Marion Kauffman Foundation. With an endowment of \$2.1 billion, the Kauffman Foundation is a prolific generator of ideas, program-designs, reports and issue papers, and a host of other products designed to spur entrepreneurship and enterprise creation.

Missouri should offer the Kauffman Foundation the opportunity to conduct a thorough review, assessment and strategic plan for best supporting small business development and entrepreneurship in its home state. There is no more qualified organization to identify the strengths, weaknesses, opportunities and challenges of Missouri's full complement of state and local small-business support resources than the Kauffman Foundation.

The Kauffman report could ultimately provide a strategic direction for how Missouri can best facilitate small-business development and support the efforts of its many localities in creating and sustaining entrepreneurial endeavors.

### **Tactic 7.2: Integrate entrepreneurship training into state K-12 and higher educational curricula.**

#### **Justification**

Studies have determined that early and prolonged exposure to entrepreneurial education and programs to enable students to launch and sustain mock small businesses has a lasting effect on youths' attitudes about education, careers and the workplace. Many young people simply do not see a future for themselves beyond high school or college but change their attitudes about school when they see first-hand the uses of math, computers, science and writing in their student-run businesses.

While there are programs like Junior Achievement and Future Business Leaders of America that expose students to the dynamics of small-business and enterprise development, not every school district or campus sponsors the program. Similarly, electives in entrepreneurship or small business dynamics are offered in some schools but not others.

Missouri could take a strong national leadership position by acknowledging the critical role small-business-development skills play in energizing students and preparing them for post-graduate life by incorporating entrepreneurship education in its core public education curriculum, then continuing these programs into post-secondary schooling. Districts could be given flexibility and leeway to design specific programs that accomplish the goal of preparing students to correctly answer questions related to entrepreneurship topics on end-of-year and/or capstone standardized tests. Initial exposure to entrepreneurially-focused programs would provide students a baseline of knowledge that could be carried forward in Missouri's two- and four-year public colleges and universities. Public school districts and higher

education institutions in the same region could partner on the development of a programmatic continuum from elementary and secondary school all the way through college to step-ladder students through successive levels of entrepreneurial education.

The long-term benefits of these programs would ultimately be seen in Missouri communities where adults with strong entrepreneurial and business-development skills are able to more effectively launch and grow successful companies.

### **Actions**

A case-statement should be developed supporting the inclusion of an entrepreneurial development course or courses in Missouri's core curriculum and the continuation and coordination of this program through students' two- and four-year collegiate educations. This statement could then be used to build consensus around the goal of formalizing entrepreneurial education for all Missouri public-school students. A coalition of educators, institutions, businesses and small-business development entities should be aligned to strongly advocate for adoption of the entrepreneurial-education-continuum program.

Once momentum has been generated behind this initiative, Missouri's Department of Elementary and Secondary Education's Office of College and Career Readiness should work with advocacy and research organizations like the Kauffman Foundation, the Colleges of Education at Missouri's public colleges and universities and other experts to determine the optimal design of an entrepreneurship course to include in the state's standard core curriculum. This course should reflect not only the essentials of small-business creation but also how "economic thinking" can influence decision-making at all levels. A subsequent effort could then determine how to best transition these secondary-school programs into existing and potential entrepreneurship coursework at Missouri's public colleges and universities. The goal of these curricula should be to formalize an effective academic pipeline to best prepare Missouri students to start and grow small-businesses as they graduate into careers and the workplace.

#### **Utah Core Curriculum**

One of the Utah State Office of Education's expressed goals is to "teach Utah K-12 students to apply the 'Economic Way of Thinking' to career, financial, societal, and personal decisions."

As a component of the Economic and Entrepreneurship Education section of its core curriculum, Utah has developed a course in Entrepreneurship that helps students gain an understanding of the business/marketing principles necessary to start and operate a business and learn basic economic principles related to business ownership. They identify and assess common traits and skills found in entrepreneurs, understand the process of analyzing a business opportunity, determine an idea's feasibility, and develop a plan to organize, fund and promote a business and its products.

When program-design has been confirmed and approved by Missouri's regulatory agencies, state standardized testing should be amended to reflect the assessment of students' proficiencies in entrepreneurialism gained through their core course(s) on the subject. These test results could then inform college and university admission and program officials of students' proficiencies in entrepreneurial thinking and help them optimize students' coursework in two- and four-year collegiate environments.

Ultimately, additional components of the entrepreneurship program could be developed, including pairing a student entrepreneur with an established small-business person in the community or selecting one student project to be launched and funded as an actual small business in the marketplace.

### **Tactic 7.3: Develop a program to assist rural communities with the development and growth of retail businesses.**

#### **Justification**

In some small rural communities, a lack of essential retail businesses like restaurants, clothing stores, housewares stores, coffee shops and other establishments significantly detracts from residents' quality of life, often forcing them to drive long distances to access a superstore or retail district. Even though there might be a customer base for some of these retail stores, the businesses are not launched either because residents are not aware of the opportunities to fill these niches or local officials do not have the knowledge-base to best support these individuals' ambitions.

By providing rural communities the tools and, potentially, capital to help entrepreneurs start retail businesses, Missouri could provide more economic opportunities for some of its most distressed communities and improve residents' quality of life. The accumulated knowledge and experience accrued from successfully launching retail establishments could lead to the development of an entrepreneurial "culture" in these rural communities, leading residents to consider starting businesses in other fields such as professional services, auto or home maintenance, landscaping, value-added agriculture, computer repair, graphic design, etc.

#### **Actions**

As an initial step, state officials should charge a Missouri department or organization with designing the retail-development-support program, leveraging the expertise of the state's full complement of entrepreneurial-development expertise. The program should be turn-key, potentially focused on the development of a clear, illustrated and user-friendly manual, software program or website that would enable rural stakeholders to proceed step-by-step through the launch of retail businesses in small-town economies.

Department staff should be available via telephone or email to support local communities as needed.

Components of the program could include:

- An initial assessment through interviews and citizen outreach to identify the retail establishments most in demand in the community.
- A prioritization process enabling stakeholders to select business types for initial and subsequent development.
- A list or database of potential funding sources to finance business launch and initial operations.
- Instructions on how communities can establish Main Street organizations and access historic-preservation monies for building retrofit or façade improvements.
- A downloadable set of community-specific forms, permit applications, business license paperwork, insurance applications, and other necessary small-business-creation forms.
- Support in the development of a phasing timeline and metrics to track performance and success.

The program should be maintained as an “open-source” framework so community stakeholders, business-owners who leveraged the training materials, small-business-assistance personnel, state/local government staff, and other individuals can continuously update the program based on experiences from all phases of the process.

It is also important that the rural retail-development program leverage existing efforts that could support its key goals. Specifically, the Missouri Main Street Connection (MMSC) and DREAM Initiative programs could apply technical and fiscal resources and expertise to the development of downtown-focused retail development. While these programs have specific applicability to downtown environments, rural commercial centers could nevertheless serve as key catalysts for broader, community-wide retail-development strategies.

#### **Tactic 7.4: Provide small-business-development instruction as a component of displaced and state-sponsored worker training.**

##### **Justification**

It is clear to even the most casual observer that the dynamics of the global and national economies are changing. The ways that jobs have been created for decades are no longer reliable precursors of future success. For the thousands of Missourians who have lost their jobs because of obsolescence, outsourcing, process-automation, or some other contingency, their future prospects for finding high-wage employment are compromised by misaligned skill-sets, a lack of a college or graduate degree, or the simple fact that jobs are hard to come by in many communities.

For workers displaced from their jobs by a mass-layoff event caused by foreign competition, federal Trade Adjustment Act (TAA) assistance is available for retraining in occupations projected to grow in the future. State workforce development agencies and centers leverage these funds to work with displaced employees to design a program-of-study customized to the individual's interests and the dynamics of the local economy. Often, workers are provided vouchers to use on training programs of their choice. Currently, Missouri's Division of Workforce Development offers the following TAA-funded assistance:

- Vocational counseling.
- Skills assessment.
- Vocational or occupational training.
- On-the-job training.
- Remedial education.
- Job placement.
- Relocation assistance.
- Job search assistance.
- Trade Readjustment Allowance benefits.
- Health Coverage Tax Credit (HCTC).
- Alternative Trade Adjustment Assistance (ATAA).
- Reemployment Trade Adjustment Assistance (RTAA).

By incorporating an entrepreneurial development component in its displaced-worker training system, Missouri could lead the nation in providing small-business-development options to adults looking to reinvent their careers and lives.

Federal and state funds are also appropriated for a variety of other training protocols, degree-development, on-the-job training and career-readiness assessments. Missouri has the potential to formalize entrepreneurial training in workforce development programs beyond TAA-funded efforts. Offering unemployed and underemployed Missourians the opportunity to learn small-business-development skills as an alternative to career-specific training could provide significant long-term benefits for local and regional economies.

### **Actions**

Missouri's Division of Workforce Development (DWD) should initiate inter-departmental discussions on the viability of incorporating entrepreneurial development into TAA-funded assistance programs. The Division should reach out to

the Kauffman Foundation and other partners to formalize an issue statement and process paper on the benefits of these actions and their impact on existing programs.

If DWD leadership determines the program offers real benefit to the state's displaced workers, the Division should identify existing state and local entrepreneurship-training courses that could be leveraged for TAA-assisted workers. However, it will be critical that these existing programs provide value for a potentially non-traditional student population like those laid off from jobs due to foreign competition. Many of these adults are often older with lower levels of educational attainment. Entrepreneurship programs offered to displaced workers should therefore address the need to provide certain core educational competencies in addition to small-business-development training. It could be, therefore, that new customized coursework would need to be created for these workers.

Formal incorporation of entrepreneurship training into Missouri's TAA-funded programming should then be pursued in partnership with the state's community college system, Career Centers, Small Business Technology Development Centers and other training providers.

Based on results from the TAA-funded entrepreneurial training courses, Missouri should assess the potential to expand the effort to other state and federally funded workforce programs.

### **Tactic 7.5: Adapt and adopt the Lichtenstein and Lyons (L&L) Investing in Entrepreneurs strategy in Missouri's Small Business and Technology Development Centers and Procurement Technical Assistance Centers.**

#### **Justification**

In the Missouri Business Development Program (BDP) 2011-2014 Strategic Plan, the Missouri Small Business and Technology Development Centers, Missouri Procurement Technical Assistance Centers and the University of Missouri Extension lay out a framework for optimizing how the state supports small business growth and development. A key strategy in this plan is the adaptation and adoption of the Lichtenstein and Lyons (L&L) *Investing in Entrepreneurs* strategy for Missouri.

The L&L approach, created to strengthen regional and community economies, uses a three-dimensional modeling process to enable communities to attain their goals. One dimension shows the life-cycle stages of businesses, another represents the skill levels of entrepreneurs, and the third corresponds to the quantity of entrepreneurs. The model provides a framework to organize business-development activities while also serving to chart a professional-development path for faculty and staff of Missouri's small-business-support facilities, organizations and institutions.

By incorporating individual competency levels with stages of business development, the L&L model informs the identification of target-market segments with distinct sets of needs and characteristics. The matrix of individual competency, business stages

and target-market dynamics enables BDP entities to define and measure staff development according to the L&L model.

### **Actions**

The BDP Strategic Action Committee has already adopted the L&L model as the basis for its market segmentation and staff development. The matrix has been created, presented to staff and will be used as a benchmark and guide for professional development, product and service development and project selection moving forward.

The Strategic Initiative for Economic Growth supports the BDP's leveraging of the L&L system and respects the due diligence that went into its inclusion in Missouri's business-development strategic plan.

**STRATEGY 8: MISSOURI WILL PROVIDE THE INFRASTRUCTURE NECESSARY FOR COMPANIES AND COMMUNITIES TO BE SUCCESSFUL.****Tactic 8.1: Market, leverage and enhance existing efforts and tools, specifically Missouri's statewide broadband initiative and the Missouri Certified Sites Program.****Justification**

In 2009, Gov. Jay Nixon rolled out a program called MoBroadbandNow that aims to provide 95 percent of Missouri with broadband Internet access by the end of 2014. The initiative, one of the most comprehensive in the country, includes businesses and organizations in partnership with the state. With matching funds, the value of the investment in Missouri of these projects is \$311 million.

Through MoBroadbandNow, Missouri is demonstrating an understanding that wireless and wireline communications infrastructure will significantly drive economic competitiveness in today's economy. Access to state-of-the-art communications infrastructure positions communities in all reaches of Missouri to at least be "in the game" for technology-based economic development.

The state has also developed a program to ensure that communities have competitive development-site product to market to local and external prospects. The Missouri Certified Sites Program was created by the Missouri Department of Economic Development to provide prospect companies and site consultants with consistent standards regarding the availability and development potential of commercial or industrial development sites.



Site-certification criteria were established through partnerships with the Missouri Economic Development Council, Ameren UE, Empire Electric, KCP&L, Missouri Electric Cooperatives and the Missouri Department of Natural Resources based on the requirements of industry. The site-certification process incorporates factors such as availability of utilities, site access, environmental concerns, land use conformance, and potential site development costs.

In addition to efforts focused on broadband accessibility and site certification, Missouri works on multiple fronts to engage regional and local communities in the identification, funding and construction of key projects related to road, rail, port, water, sewer and utilities infrastructure. It goes without saying that Missouri's competitive position would be strongly influenced by the infrastructure capacity it can offer to existing businesses, prospect companies and residents.

**Actions**

Work on implementation of MoBroadbandNow is proceeding, with funded projects moving forward toward completion by connecting hundreds of thousands of Missouri homes, businesses and institutions to broadband Internet. It will be contingent on the partners to identify alternative sources of funding to advance the goal of 95 percent statewide broadband coverage by the end of 2014. Creative partnerships with utilities, telecommunications providers and other potential contractors may be needed to facilitate additional development of the network.

Missouri could also investigate the potential to leverage a membership-based cooperative model to advance the provision of broadband Internet to its rural regions. Southern Virginia has effectively utilized this model to not only develop its broadband network but leverage broadband accessibility for economic development purposes. (see sidebar).

The state should also continue to market and implement its Certified Sites program. Sites have already been certified in Columbia, Springfield, Kearney, Moberly and Kansas City. As projects are eventually announced for these sites, Missouri should integrate these success stories into its marketing of the program to all Missouri communities that could benefit from having prospect-ready product to market to potential investors.

Lastly, the continuing role of state, local and federal elected officials, working with staff and economic development practitioners to source funding for the implementation of high-value infrastructure projects is a critical component of this Strategic Initiative.

**Mid-Atlantic Broadband Cooperative (MBC)**

MBC owns and operates over 800 route miles of backbone fiber in Southern Virginia. Covering 20 counties and four cities, the network provides carrier-class transport services to all members.

By providing open access to an advanced fiber-optic network, MBC brings broadband access to un-served and underserved areas and enables rural localities in Southside Virginia to better compete for companies and investment. In the last three years, MBC has created more than 2,200 jobs and helped contribute \$300 million of investment to the region.

New members pay a one-time fee ranging from \$500 to \$3,000 to buy into the network.

**Tactic 8.2: Develop a state-funded Authority with broad statutory powers to support high-impact infrastructure projects.**

**Justification**

Even as budgets tighten at the state and federal levels, many U.S. cities are coming to grips with the need to replace aging public infrastructure; this is coupled with the constant requirement to build new infrastructure to support growth. However, the plain fact is that the national Highway Trust Fund regularly nears insolvency and the nation’s existing formulas for funding infrastructure are increasingly insufficient to meet demand. Because of this, governments are seeking new solutions to the problem of shoring up crumbling infrastructure and building new capacity.

The Obama administration has floated the idea of funding a national infrastructure bank to leverage state, local and private capital to invest in key infrastructure projects. Because projects will compete against each other for funding, bank administrators would prioritize projects based on “clear analytical measures of performance.” While the Administration’s proposal is not projected to gain traction in Congress, at least one U.S. state has long relied on a similar structure to fund its infrastructure. Created by the California Legislature in 1994, the California Infrastructure and Economic Development Bank (I-Bank) has broad statutory powers to issue bonds, make loans, and provide credit enhancements for a wide variety of infrastructure and economic development projects (see sidebar).

With Missouri communities frustrated by the scarcity of federal funding for high-impact infrastructure projects, the time may be right for the state to consider an alternative model for funding the replacement and repair of failing infrastructure and the construction of new capacity.

**California I-Bank**

California has leveraged an innovative “infrastructure” bank to fund state projects for over 17 years. After receiving initial “seed” money from the state, the Bank is now entirely self-supporting.

The I-bank is professionally staffed and governed by a five-member board of directors that meets monthly to consider financing requests.

To be eligible for funding, all I-Bank projects must prove that they: 1) promote equity; 2) strengthen the economy; 3) do not harm the environment; and 4) promote health and safety. Not only must the sponsor’s legislative body certify the project, but the public must also be allowed to comment on the proposal.

Over the life of the program, the I-Bank has leveraged the state’s initial investment of \$151 million for over \$400 million in infrastructure loans.

### **Actions**

Following the California I-Bank model, Missouri should assess the viability of appropriating an initial disbursement to the bank's investment program. In California, the program is called the Infrastructure State Revolving Fund. After an initial seed investment of \$151 million, California's I-Bank is now entirely self-supporting; its operations are funded solely by fees, interest earnings and loan repayments.

It could also be necessary to identify a "home" in state government for Missouri's I-Bank. Though the I-Bank is essentially an independent entity with its own staff of 25 and a five-member board of directors that approves the bank's financing, California's bank is located in the California Business, Transportation and Housing Agency.

Next, Missouri should design its loan programs, eligibility requirements and funding criteria. Again, California's model could serve as a guide. California's I-Bank provides low-cost, subsidized loans to California governments in 16 categories of eligibility including water, wastewater and transportation. Its other main lending program issues tax-exempt bonds for economic development facilities and governmental projects.

By creating its own I-Bank, Missouri could ensure that its local governments do not have to rely solely on the federal government to satisfy their critical infrastructure-development needs.

### **Tactic 8.3: Support local capacity-building by assisting Missouri communities with the development of strategic vision plans.**

#### **Justification**

The term "infrastructure" does not only refer to physical development projects. Infrastructure can also be created to build capacity to support any number of efforts. The term essentially relates to the development of capacity to provide services, whether these services include moving cars from point A to point B or providing a base of knowledge and skills to move a community towards its goals.

Through its ExCEED (Community Economic and Entrepreneurial Development) program, the University of Missouri Extension has worked with 11 regional groups in the previous four years to help them identify local assets, develop long-term economic development strategies, integrate entrepreneurship into their schools and develop new leadership capacity.

Missouri should ensure that community capacity-building is not solely a benefit of regions-of-means by continuing to work with communities that could only develop these visions with the state's support.

**Actions**

Missouri governmental and economic development officials should fully leverage the ExCEED program as necessary to ensure that all state communities are able to follow a visionary blueprint for local growth.

Once the strategic roadmap has been created, it should then be contingent upon state departments across all levels of government to apply their resources to assist the communities with implementation of their plans. This could include the provision of seed capital for small-business development; marketing assistance for local sites and buildings; technical support related to existing business retention and expansion; workforce development programs to prepare local adults for available employment; infrastructure development; and other tactics (many of which have already been referenced in this Strategic Initiative).

Bringing a community together behind a comprehensive vision for sustainable local growth is one of the most effective means to ensure that the area's full capacity is being applied to the highest priority actions needed to move the community forward.

As with the rural retail-development tactic, the ExCEED program should complement, leverage and support existing or future revitalization strategies coalesced around the Missouri Main Street Connection and DREAM Initiative programs.

## CONCLUSION

Throughout its history, Missouri has demonstrated the resiliency necessary to move its economy forward. Every successive generation has surveyed its economic terrain and forged a path to success. However, today's economy is different than any our nation has ever seen. From global competition and the "death of distance" between firms, suppliers and customers to the capital and innovation resources necessary to create the jobs of tomorrow to the particular community environments preferred by knowledge and technology workers and companies, the economic development playing field has never been more challenging.

It is in this context that Missouri has developed its Strategic Initiative for Economic Growth. Hundreds of stakeholders from across the state have come together to lend their voices to the creation of this plan. Numerous competitive issues, challenges and opportunities were identified and discussed; over 40 issue-specific White Papers were developed by subject experts in academia, business and non-profit organizations across the state; comprehensive data research was conducted into Missouri's economic and demographic trends, marketing capacity and the target sectors that hold the most benefit to great well-paying jobs now and into the future; and, finally, best-practices from every state in the Union were assessed as to their efficacy and viability for introduction into Missouri's programmatic toolkit.

The result of these months of efforts is a comprehensive, holistic and bold collection of strategies and tactics that, if effectively implemented, would bring Missouri to the forefront of U.S. states reinvigorating their competitive positions in the face of today's economic realities. Failure to act on the will of the people who spoke up loud and clear that Missouri must redouble its efforts to educate, innovate and sow the seeds of future businesses through economic gardening and entrepreneurial training could threaten the state's long tradition of economic vitality, wealth-creation and promise that each successive generation will do better than the last.

Missouri's leaders have a choice – a choice that could determine whether their children or their children's children choose to plant their roots in the Show Me State. Despite one of the most challenging economies in U.S. history, Missouri must do more. Resources are scarce, but they are scarce for every state in America. Many of these states – states that Missouri competes against every day – have continued to invest in their capacity to succeed. Missouri's choice is not one that should be made at the expense of one constituency or another, one party or another. Rather, it is a choice that must unite all Missourians in the understanding that the state's future truly is at risk.

The development of this Strategic Initiative is just the "end of the beginning" of Missouri's renewed economic development efforts. Now, the real work begins; the day-to-day, month-to-month, year-to-year struggle to make Missouri better. It is a fight that cannot be lost.

## **TECHNICAL APPENDIX**

### **Missouri Partnership Marketing Assessment**

#### **INTRODUCTION**

Economic development is an increasingly competitive business. Each year, U.S. states vie for a handful of projects. Economic development departments that succeed share several basic traits: Their initiatives are targeted, well funded, and sufficiently staffed. They are backed by a supportive, positive business community because they themselves have a strong local brand. Finally, they are guided by up-to-date internal and external marketing strategies.

#### **MARKETING EVALUATION**

The Missouri Partnership's current marketing program reflects many elements of best-practice efforts, with few exceptions. Overall, the Partnership's marketing activities are:

- Thematically consistent
- Highly targeted
- Professionally designed
- Creative

Our single largest criticism of the website and marketing collateral that we reviewed relates to the sheer volume and format of materials. The large number of printed pieces will make it difficult and expensive for the Partnership to keep current. Easy access to current data about the state and its regions is the primary concern of most site selectors and relocating and expanding businesses. It is essential that the Partnership evaluate its capacity for keeping information updated and consider moving more of its marketing initiative to the Web and electronic formats.

Our assessment revealed the following:

- ✓ The Missouri Partnership's initiative is targeted, well-funded, sufficiently staffed, and powerfully branded.
- ✓ The Missouri Partnership appearance and brand identity is outstanding and consistent.
- ✓ The quantity of materials is far greater than what most state and regional EDOs typically produce. However, we question the ability of the Partnership to keep materials updated over time.

- ✓ Any EDO's "dream list" of marketing materials is covered by the Partnership from top to bottom – which is good and bad. A lot of money has been spent on design and production of brochures, advertorials, and advertisements.
- ✓ By moving a greater portion of marketing activities online, the Partnership can more easily update information and save money in the process. Emphasis must be placed on the website and public relations versus printed brochures, direct mail, advertorials, and advertisements.
- ✓ In addition, direct sales activities such as marketing missions and in-bound events will produce a higher return on investment than trade show attendance.
- ✓ There is always room for improvement. For the Partnership, improvement means adjusting the balance or mix of marketing activities versus investing in new initiatives.

The following sections provide analysis and recommendations on topics related to the Missouri Partnership's economic development marketing program.

## **REVIEW OF THE MISSOURI PARTNERSHIP'S MARKETING TOOLS**

### **Website**

The following review of the Missouri Partnership's website is designed to provide points of consideration for future website updates and redesign. Some problems that were discovered during our review can be quickly corrected, while other issues will require time and investment to correct. An economic development organization's website lifespan is typically three years before audiences change and appearance, content, and web-based tools appear outdated.

To summarize our findings:

- The overall website is high-quality and visually attractive. There are only a few areas in need of improvement, including data presentation and search engine optimization.
- The factoids and rankings on the homepage make a strong statement.
- The website's strongest assets include its attractive design, intuitive navigation, targeting, and brand reinforcement.
- The visual appeal of the website is effective. The color scheme and images throughout are cohesive and appealing. The overall visual appeal of the site flows very smoothly, while also connecting the brochures and leaflets to the central theme. It is clean and free of advertisements as well.

- The Missouri Partnership reinforces brand identity and does a good job of connecting with marketing themes from collateral materials.
- The use of testimonials and Industry Clusters profiles are impressive.
- Contact information is easy to find from any page in the site.
- It is apparent that the Partnership has placed a high priority on international marketing. Maintaining an international edge is expensive. Evaluate the ROI of content aimed at foreign companies and determine whether this is the highest and best use of marketing dollars. If not, identify ways to streamline international information into a single format (either print or online) as well as the number of geographic areas.
- There is potential to enrich demographic and industry data. This section is a tad weak and copy-heavy. The primary function of an EDO's website is to provide current, deep data that might not otherwise be available from federal sources. Information must be accessible in a fast and efficient way to visitors. Downloadable charts and tables should be only one to two clicks away from the homepage. Also, the interface is text based with hyperlinks to data tables in the written sentences. This is not efficient.
- The search rankings for the Partnership website can be improved. Although a search for "Missouri Partnership" yields a #1 ranking, the Partnership cannot assume that site selectors and corporations will know it by name. The website does not appear in the top 10 listings for more typical phrases as "Missouri Economic Development", "Missouri Business", "Invest in Missouri," or "Missouri Site Selection."
- The Partnership's e-news release program continues. More than 4,000 site consultants and executives are on the distribution list. This strong effort must be maintained.

To conclude, the Partnership's website is its number one marketing vehicle. The website is very appealing; however, it runs the risk of containing more flash than substance. While professional in appearance, the data representation is inadequate, considering the main goal of an EDO's website. The improvements are minor, however, sufficiently important for the websites dexterity.

### **Social Media**

More economic development agencies are exploring the use of social media and web-based advertising platforms. While the external marketing value of LinkedIn, Facebook, and Twitter is still up for debate, social media-based advertising is still an interesting campaign supplement.

- The Missouri Partnership has a Facebook fan page with only 85 members (at the time of review). Posts on Facebook are current and added weekly; however, the events listed on the page appear to be out of date from a year ago. Currently, the conversation appears to be one-way with little engagement from fans. Search engines recognize social media activity and relate it to a website's ranking. This is an opportunity for improvement for the Partnership.
- Twitter is up to date as well with Tweets being made on a weekly basis. The information is also relevant to the company. With more than 1,000 followers, Twitter is the most popular of the Partnership's social media platforms.
- The Partnership's LinkedIn has 12 total members- this being comprised mostly of staff. This number is surprisingly low and needs improvement. In our opinion, LinkedIn is a better social media marketing opportunity for external audiences than Twitter or Facebook.

The potential for utilizing social media for both internal and external marketing is tremendous yet relatively untapped by most economic development organizations. This could be a differentiator for the Partnership in the future and provide a smart avenue for bolstering statewide connectivity and presence within the site selection community.

## **Direct Sales**

Direct sales are activities that place the Partnership face-to-face with its target audiences, such as trade show attendance, marketing missions, and in-bound events. The Partnership currently engages in a handful of direct sales activities. The staff awaits the completion of the Strategic Initiative prior to committing to a more extensive direct sales calendar.

## **In-Bound Marketing Events**

The Partnership has a number of out-bound marketing events, including marketing missions and trade show attendance. But there are no in-bound events in the Partnership's marketing mix. In the future, consider **hosting executives and site consultants in the state at special events that showcase Missouri's assets and personality.**

## **Marketing Missions**

The Partnership is involved in numerous marketing activities across a wide spectrum of venues. The marketing strategy in place is professional and offers measurable goals for each type of activity. It outlines a good volume and breadth of earned media opportunities.

Based on best practices from other regions, *Market Street* believes that marketing missions are a stronger use of staff time and resources than trade shows. Marketing

missions on average generate twice as many leads and prospects. Although the volume of interaction with target audiences is lower, the quality of time spent with them is greater. **Personal relationships are ultimately the Partnership's best competitive advantage**, and there is no better way to accomplish this than to spend time with decision makers.

Consider the following tips to make marketing missions even more effective:

- Involve **local executives in facilitating introductions** with their peers and suppliers in other markets. At least one month prior to the trip, send out a call for assistance to companies and local economic developers who know local executives.
- Keep in mind that C-level executives are more likely to accept meetings if meeting with a prominent state official or a well known executive from the region.

### **Trade/Business Shows**

Currently, big trade shows are the bulk of what makes up the Partnership's marketing plan. These include: IAMC, CoreNet, Farmborough, BIO, Windpower Expo, Solar Power International, and AFCOM. The way in which these shows work is that the Partnership sends out information they garner from the show to local and regional economic developers, allowing them the opportunity to follow up. On a positive note, the Partnership is conducting audits of trade shows one year prior to determining whether to exhibit or attend in the future. Events are evaluated based on quality of attendees, number of attendees, and alignment with the state's value proposition. There seems to be a strong evaluation process in place.

*Market Street* does not recommend this as a primary marketing tool at this time. The site selection community is changing, and deals are increasingly being managed by service providers like law firms, accounting firms, and real estate brokerages. Business development opportunities at traditional industry conferences are declining.

It will be best to examine the ROI and consider moving investment from these shows into direct sales and increased participation and hosting of highly targeted, executive events.

### **Public Relations**

The Missouri Partnership currently has good local media connections as well as a strong external public relations initiative outside the local market. The Partnership has a solid presence in economic based magazines, radio news broadcasts, blogs and newspapers.

Engaging in public relations is an imperative element of the Missouri Partnership's future campaign. According to surveys of site selectors, news stories rank among the most valued and influential sources of information about a community. Public

relations need to continue to be a pertinent part of the Partnership's future campaign and should only increase from here.

### **Collateral Materials and Advertisements**

To contribute to this marketing assessment, *Market Street* requested a package of marketing materials from the Missouri Partnership. After a thorough review, we share the following comments:

- The presentation of marketing materials to the consulting team was outstanding.
- The Partnership collectively has more marketing materials than most regional and state groups.
- Economic development marketing materials must be concise, consistent, and current. Overall, the Partnership's materials accomplish these three criteria.
- The materials have a high-level quality of design and are visually appealing with graphics. There is a very consistent color scheme that is bright and vibrant. The layout is clean and easy to follow; looking professional while feeling fresh and lighthearted.
- Target industry materials are well-designed and specific. Each target industry has its own brochure containing specific, relevant information. Information is presented in a way that is mature and professional, while also being easy to understand.
- The message of "Real People. Real Opportunity" feels cohesive throughout all of the marketing tools, even extending to the website.
- The overall content presented in the marketing materials is superb. It is informative, interesting and useful to the potential developers that it applies to. The information is persuasive in a way that compliments Missouri without being silly or trying too hard.
- General brochures are available that focus on big picture site selection topics: business climate and workforce.
- The "Real Numbers" pocket guide is creative and useful.
- There is a strong use of testimonials throughout the material.
- The sheer volume of material is almost overwhelming. The Partnership virtually leaves no group or topic out of consideration. This material overload leads to the question of whether these materials can remain updated

continuously. Also the ROI on each piece should be considered and evaluated to explore each material's importance.

## **SUMMARY RECOMMENDATIONS**

Following a review of the Missouri Partnership's current marketing activities, *Market Street* offers a few simple recommendations aimed at further improving the state's marketing initiative. Recommendations fall within one of two topics: (1) reconsidering collateral production and (2) optimizing website representation. This is not designed to serve as the Missouri Partnership's full marketing strategy, but rather as the first step toward a complete program.

### **Reconsider the Partnership's extent of printed marketing materials.**

As stated earlier in this review, the Missouri Partnership has a strong appearance and brand representation in its collateral materials with all topics and audiences being thoroughly covered.

In this recommendation, it is not the quality to be considered, but rather the quantity. It is obvious that much money has been spent on the design and production of the brochures, advertorials, and advertisements. We question whether this is the highest and best use of marketing funds, especially considering how frequently collateral materials must be redesigned and reproduced to stay current.

From a marketing perspective, an abundance of marketing materials is not necessarily the best path to maximize profit. The Partnership needs to reevaluate which marketing materials are generating results (e.g., contacting the Partnership for more information, lead generation and site visits).

- The first step is to seriously examine whether the materials produced justify the cost. This assessment needs to inspect the collateral to determine which materials are necessary for the target audience and what is being produced in over-abundance.
- Take a break from collateral production; no new materials should be added to the mix at this time. Wait to assess payoffs before investing in additional items.
- Focus expenditures on website tools, i.e., search engine optimization, expansion of data tools, and mapping. Imagine a wholly virtual marketing environment in which printed materials are no longer an option. What would the Partnership do to compete in that world?
- It is interesting throughout that the Partnership has placed a high priority on producing brochures that are available in multiple languages. The Missouri Partnership needs to evaluate how well this is paying off and whether it is the ideal format for international audiences.

In evaluating the collateral materials, the greatest concern is the Missouri Partnership's ability to keep all materials updated in a time efficient and cost effective manner. Through our experience, the sheer abundance of collateral, and the number-specific nature of the data presented, make updating both costly and frequent.

### **Emphasize Online Marketing Tools.**

In addition to reevaluating marketing collateral, the Missouri Partnership needs to channel its efforts and expenditures towards optimizing online functions.

The new Partnership website is extremely attractive and is a "stand-out" compared to many other EDOs' sites, but there are still a few opportunities to improve.

- A website's primary purpose is to disseminate information in an intuitive fashion. Great websites are concise and avoid flowery language, unusual page layouts, and clever navigation. They make smart use of photos, data, quotes, lists, and other graphics to reinforce the written message.
- Effective websites directly address their target audiences. They are direct, stating what they do and to whom they provide products and services. Good websites quickly escort visitors to the information they need by keeping architecture flat and clean.
- In the case of the Missouri Partnership's website, there are a few key areas that will benefit from improvement. These include: enriched demographic and industry data, graphic presentation of data, and search engine optimization.

### **Data**

The Partnership's website's main goal should be to provide rich data in a fast and efficient matter. In this case the data section is weak relative to what it should be. There needs to be more in-depth data on industry composition, industry growth, and supplier network. Also, demographics are not as heavy as they should be.

- Written sentences with hyperlinks to data tables is not efficient. There needs to be a "toolbox" section that literally lists all of the data that is available. This allows visitors to **quickly** browse through the data that they are looking for. It would be most efficient for this data to appear in excel spreadsheets and / or charts and graphs that allow users to download as an Excel table, PDF or into a Word report.
- Data also needs to be represented visually. Graphs should take the place of data tables whenever possible. The data section does not need to be weighed down with marketing copy.

### **Search Engine Optimization**

The best websites optimize searchability by integrating keywords into homepage copy and are linked to other websites in order to improve their rankings by search engines, among other techniques. Search engine optimization services are offered by most website developers and should be included in the Partnership's future marketing plan.

- I. Investing in search engine optimization will be a smart investment. Ask investors, regional EDOs, and other partners to include links to the Partnership's website and dedicate staff time to keeping the news sections – as well as social media – current on a daily basis. Linking to news articles is more attractive to search engines than PDFs or embedded copy, for example.

As we have stated previously, the key recommendation here is to focus expenditures on website tools at this time.

## **Economic and Demographic Profile**

The following quantitative research was presented to the Strategic Initiative Steering Committee at their second meeting and also to Missouri stakeholders in the six Strategic Initiative regions during the first round of Regional Forums in October, 2010.

*Market Street* leveraged MERIC staff for the majority of data collected and presented in this Profile.

# People: Population and Migration

MARKETSTREETSERVICES.COM

## Population, 2000, 2005, 2009

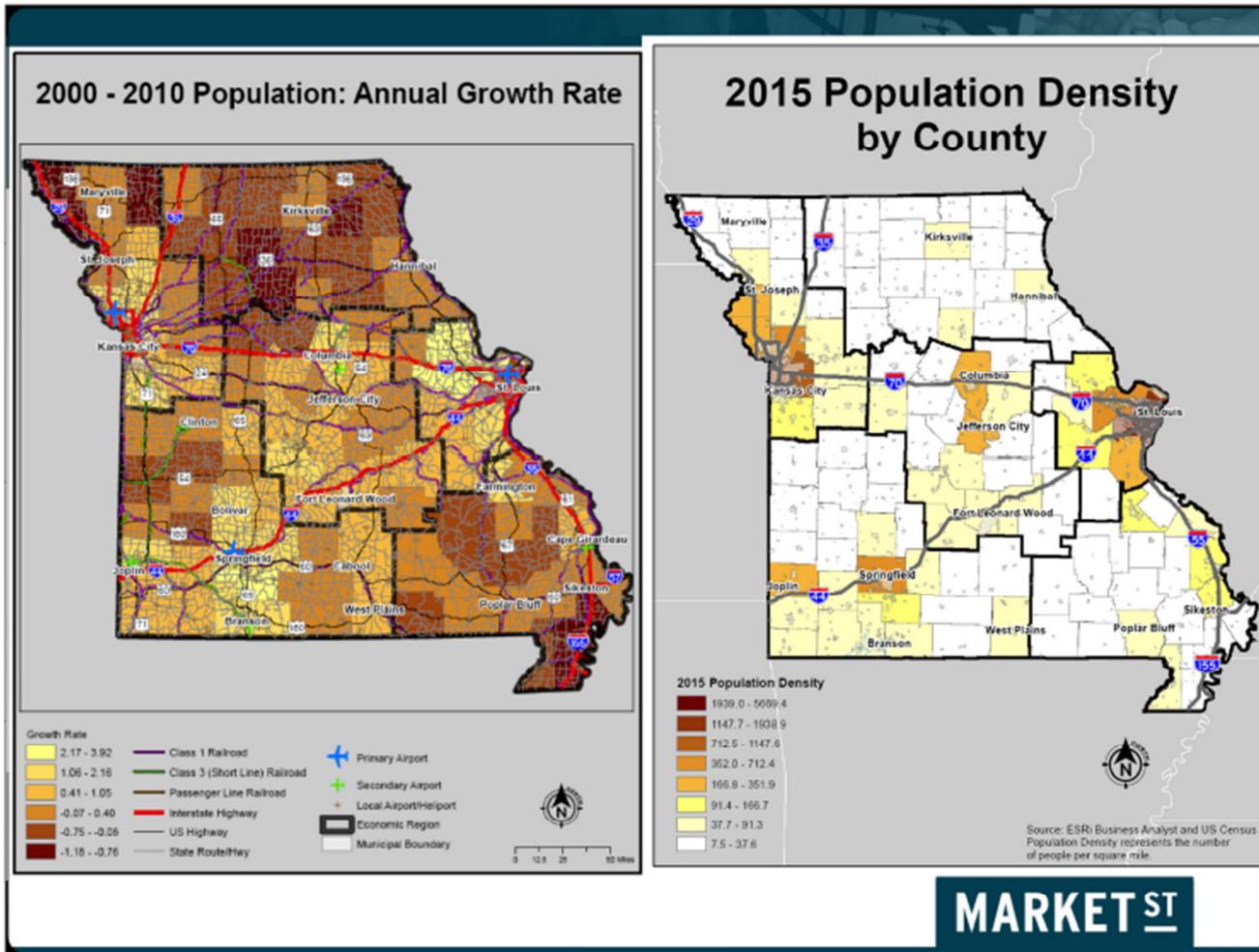
	Missouri	United States
2000	5,595,211	281,424,602
2005	5,806,639	295,753,151
2009	5,987,580	307,006,550
<b>2005-2009</b>		
# Change	180,941	11,253,399
% Change	3.1%	3.8%
Average Annual Growth	0.8%	1.0%
<b>2000-2009</b>		
# Change	392,369	25,581,948
% Change	7.0%	9.1%
Average Annual Growth	0.8%	1.0%

Source: U.S. Census Bureau

## Missouri, Net Domestic In-bound and Out-bound Migration, 2004-2008

Top States for In-Migration		
1	Kansas	17,507
2	Illinois	16,693
3	California	11,728
4	Texas	4,888
5	Michigan	3,865
Top States for Out-Migration		
1	Alabama	-15,277
2	Alaska	-11,729
3	Arizona	-7,696
4	Connecticut	-3,282
5	District of Columbia	-3,087

Source: IRS State-to-State Migration Files; Missouri Census Data Center



## People: Race and Ethnicity

MARKETSTREETSERVICES.COM

### Population Change by Race and Ethnicity, 2000-2009

	White	Black	Hispanic	Asian	American Indian and Alaska Native	Hawaiian or Other Pacific Islander	Other
<b>Missouri</b>							
2009 Population	4,900,629	678,710	203,907	89,685	27,058	4,320	83,271
Percent of total population, 2009	81.8%	11.3%	3.4%	1.5%	0.5%	0.1%	1.4%
Numerical growth since 2005	98,564	20,415	38,937	11,732	1,415	573	9,305
Percent growth since 2005	2.1%	3.1%	23.6%	15.1%	5.5%	15.3%	12.6%
Numerical growth since 2000	203,600	49,803	85,315	27,486	3,507	1,312	21,346
Percent growth since 2000	4.3%	7.9%	71.9%	44.2%	14.9%	43.6%	34.5%
<b>United States</b>							
2009 Population	199,851,240	37,681,544	48,419,324	13,686,083	2,360,807	448,510	4,559,042
Percent of total population, 2009	65.1%	12.3%	15.8%	4.5%	0.8%	0.1%	1.5%
Numerical growth since 2005	1,777,285	1,531,956	5,867,032	1,397,282	119,103	35,915	524,826
Percent growth since 2005	0.9%	4.2%	13.8%	11.4%	5.3%	8.7%	13.0%
Numerical growth since 2000	4,275,755	3,368,537	13,113,506	3,329,279	263,367	81,406	1,152,794
Percent growth since 2000	2.2%	9.8%	37.1%	32.1%	12.6%	22.2%	33.8%

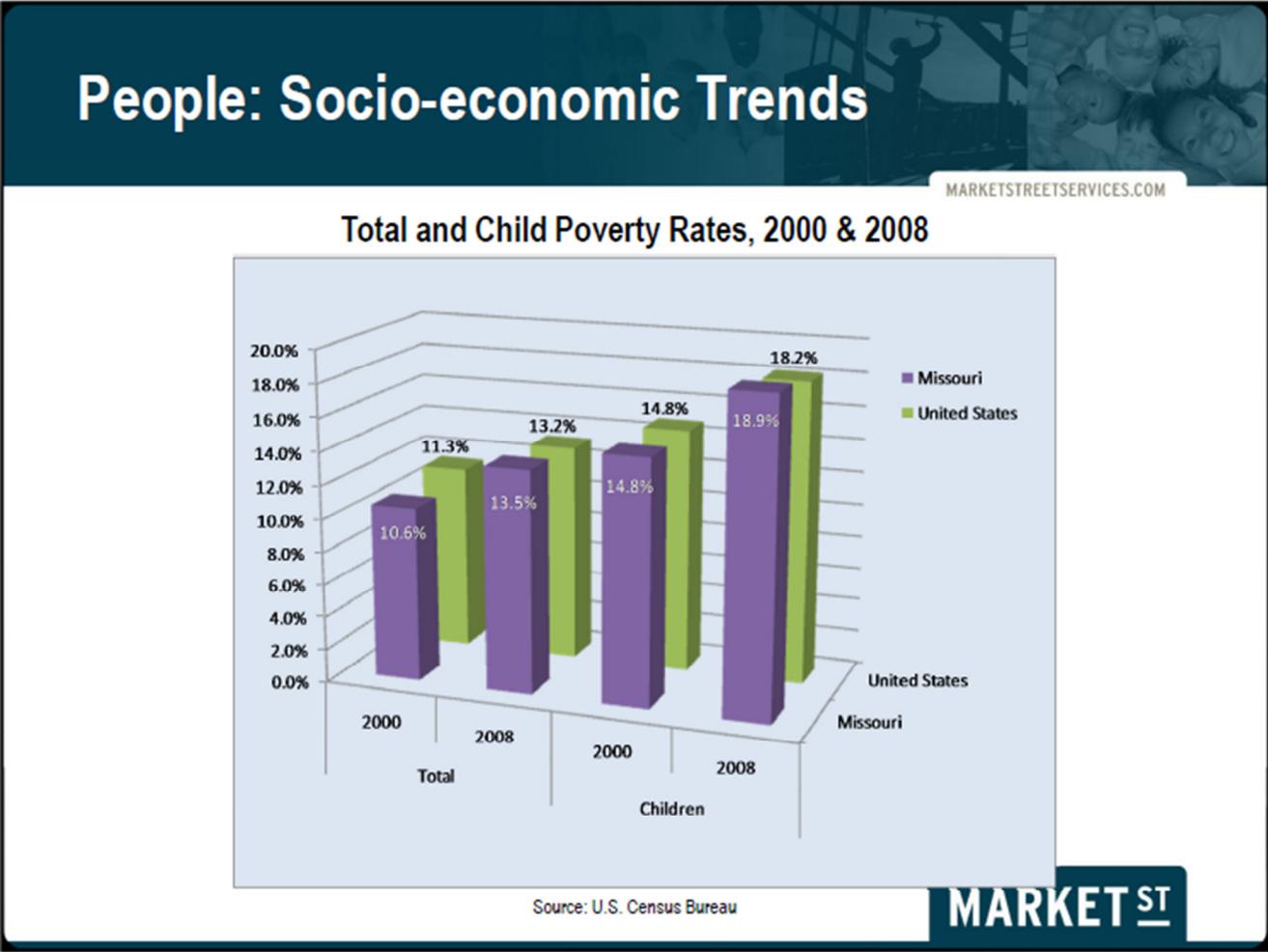
Source: U.S. Bureau of Labor Statistics  
Note: Not seasonally adjusted

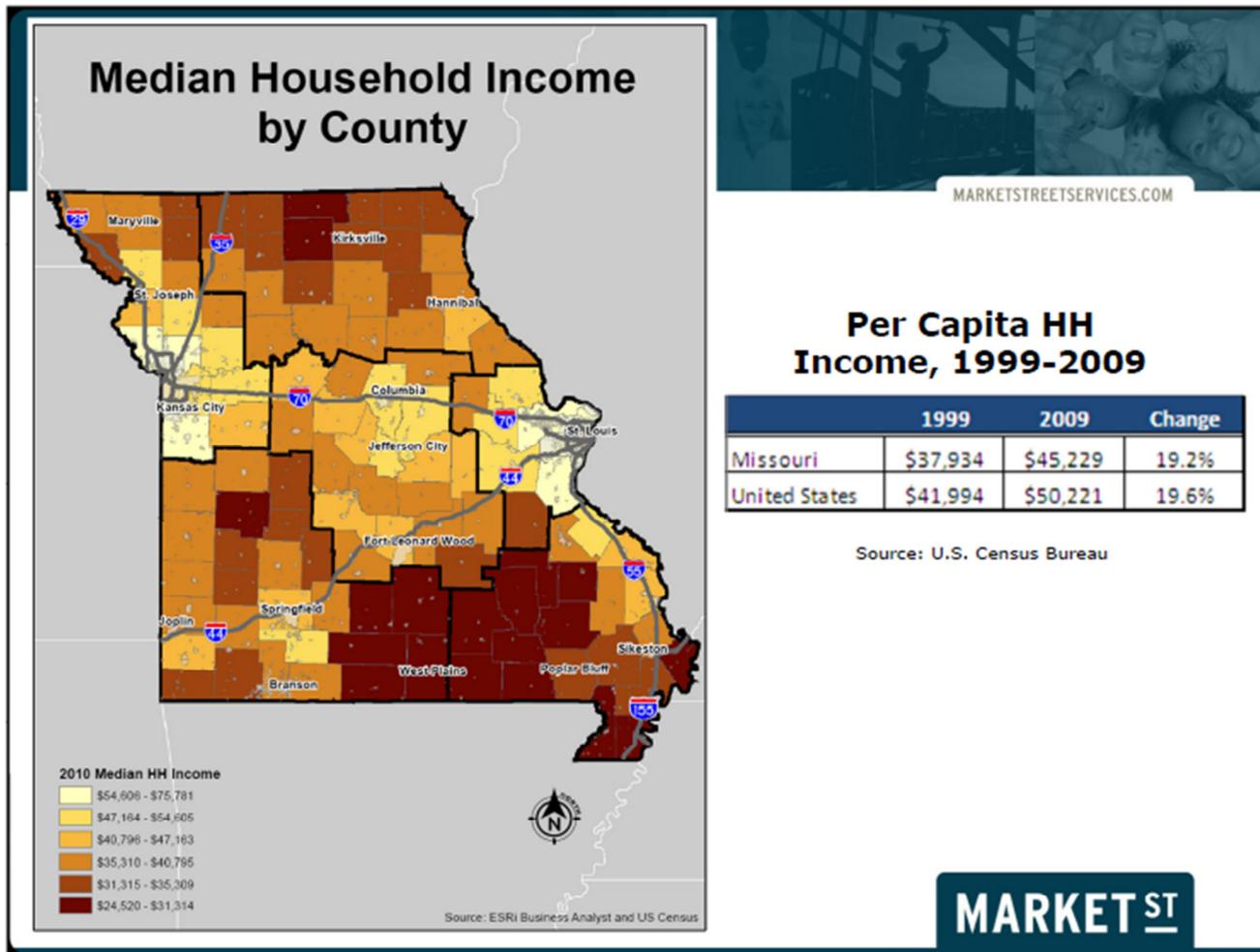
## People: High School Graduation

### High School Graduation Rates, 2007

Source: Education Week: Editorial Projects in Education Research Center

	Missouri	National Average
Graduation Rate for All Students, Class of 2007	75.3%	68.8%
State Ranking	15th in nation	—
<b>Ten-Year Trend</b>		
2007	75.3%	68.8%
2006	74.4%	69.2%
2005	76.5%	70.6%
2004	75.0%	70.0%
2003	74.8%	69.7%
2002	76.1%	69.3%
2001	73.0%	68.0%
2000	71.3%	66.8%
1999	72.1%	66.0%
1998	70.0%	65.6%
1997	70.6%	65.7%
Change over time, 1997 to 2007 (percentage points)	4.6	3.1
<b>Graduation Pipeline, Class of 2007</b>		
Where are students lost?	Percent of student lost by grade	
9th grade	39.6%	31.4%
10th grade	30.1%	26.1%
11th grade	19.3%	17.8%
12th grade	11.0%	24.7%



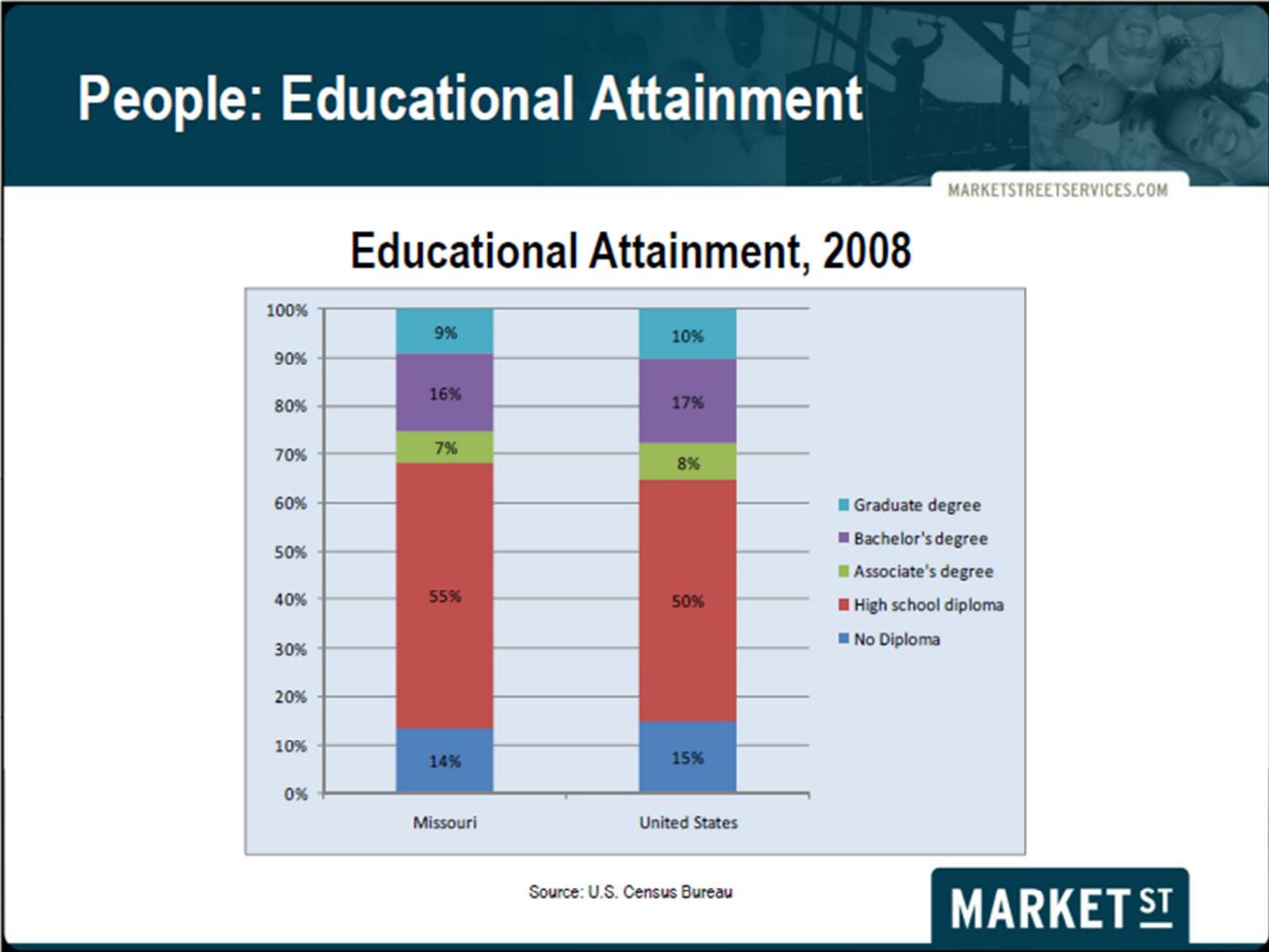


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### Per Capita HH Income, 1999-2009

	1999	2009	Change
Missouri	\$37,934	\$45,229	19.2%
United States	\$41,994	\$50,221	19.6%

Source: U.S. Census Bureau



# Prosperity: Employment Trends

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### Total Employment, 2004, 2007, & 2009

Region	Q3 2004	Q3 2007	Q3 2009	2-year change	5-year change
Missouri	2,235,070	2,317,516	2,177,459	-6.0%	-2.6%
United States	109,695,862	115,033,371	106,927,109	-7.0%	-2.5%

Source: U.S. Bureau of Labor Statistics

### Annual Unemployment Rates, 2000-2009

Source: U.S. Bureau of Labor Statistics  
Note: Not seasonally adjusted

### Average Annual Wages, 2004, 2007, & 2009

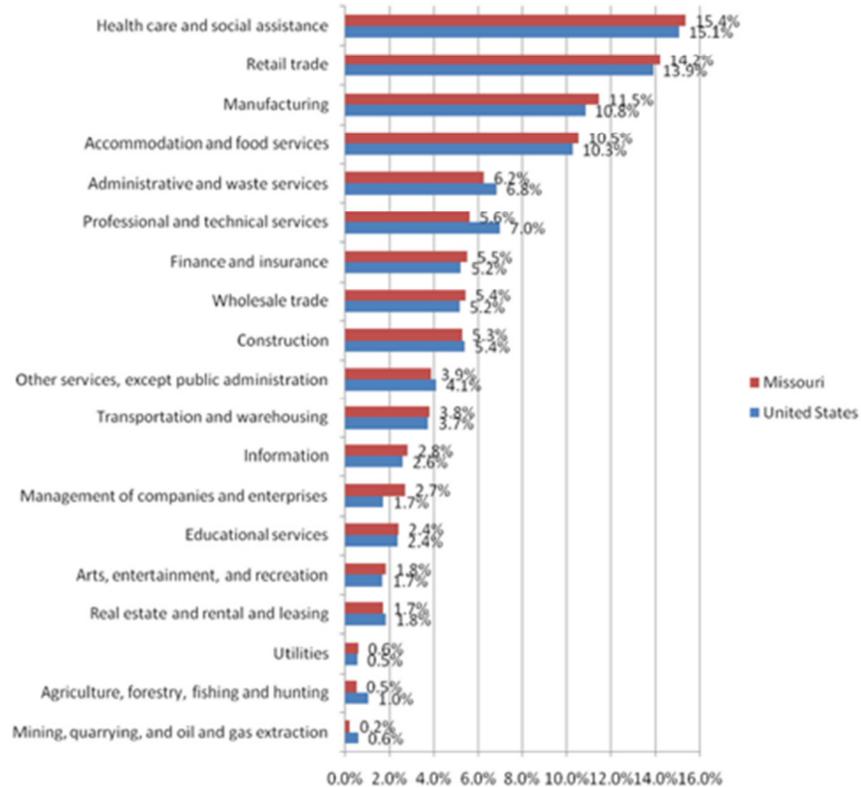
Region	Q3 2004	Q3 2007	Q3 2009	2-year change	5-year change
Missouri	\$34,236	\$37,574	\$38,776	3.2%	13.3%
United States	\$37,639	\$42,143	\$43,042	2.1%	14.4%

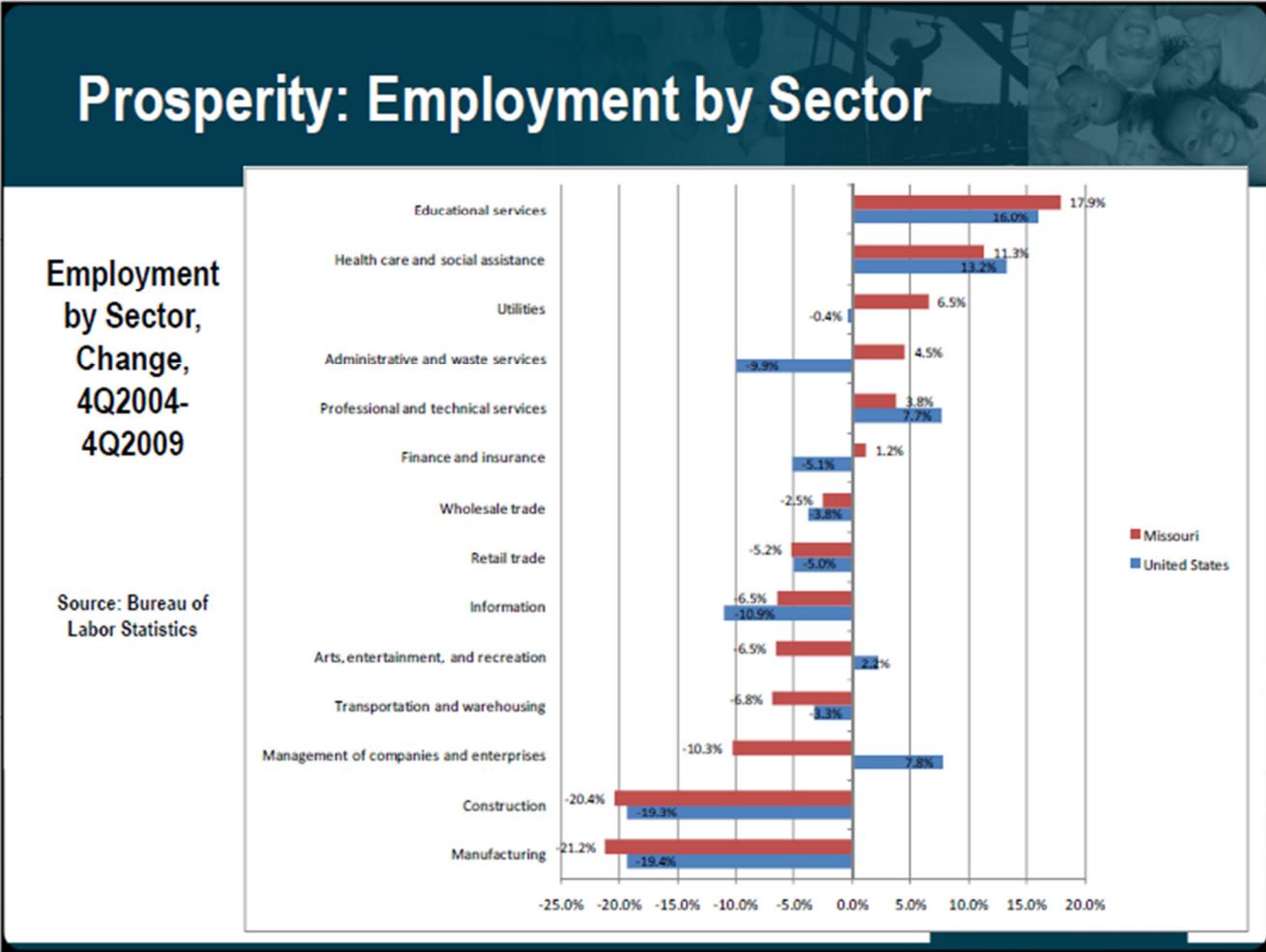
Source: U.S. Bureau of Labor Statistics

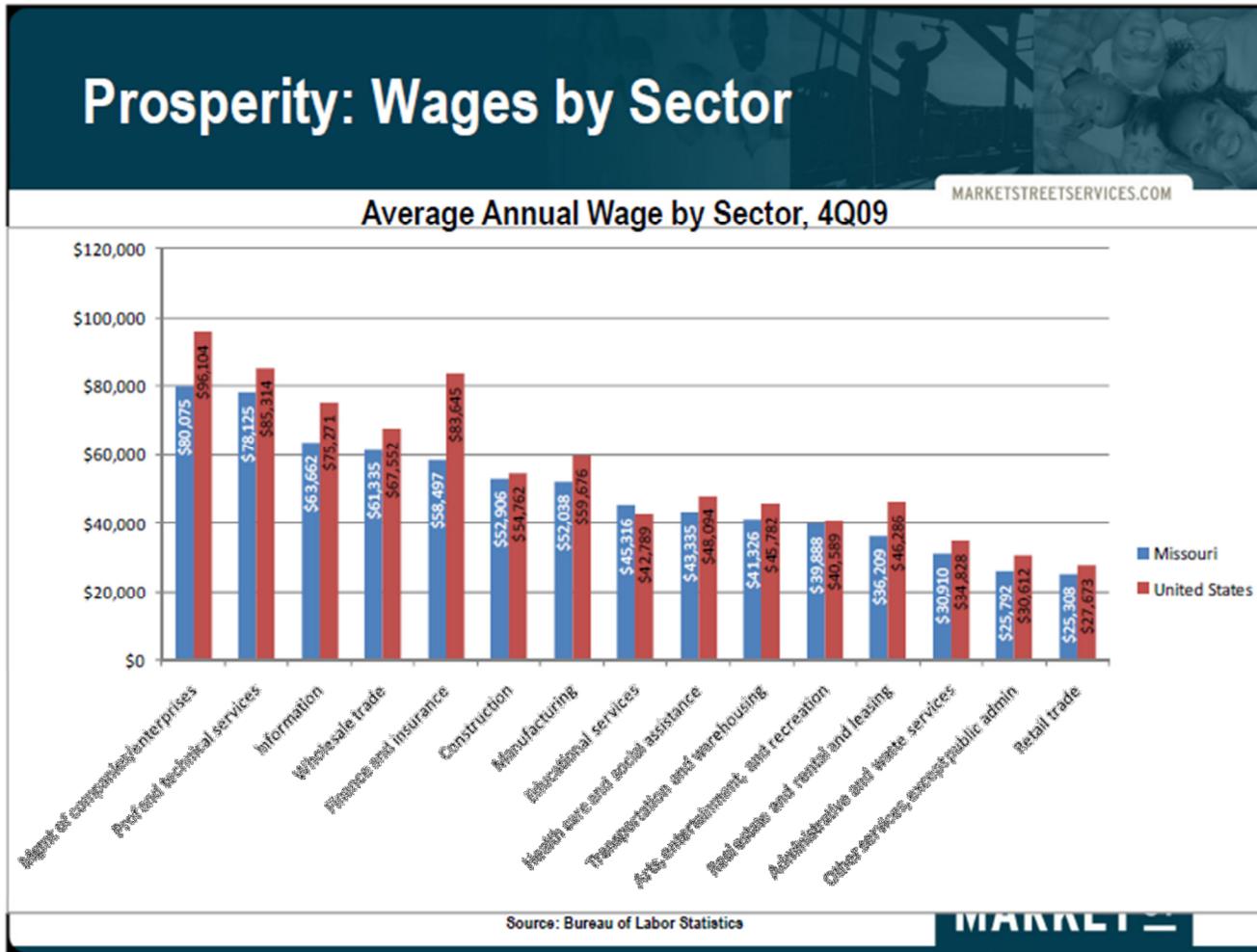
# Prosperity: Employment Trends

## Percentage of Private Employment by Sector, Fourth Quarter 2009

Source: U.S. Bureau of Labor Statistics  
 Note: Not seasonally adjusted







# Prosperity: Tax Burden

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## State Taxes, Ranking and Levy, 2010

Tax	Rank
<b>Overall</b>	<b>16</b>
Corporate Tax	5
Individual Income Tax	27
Sales Tax	16
Unemployment Insurance Tax	7
Property Tax	18
<b>MO Per Capita Tax Revenue</b>	<b>\$1,728</b>
US Per Capita Tax Revenue	\$2,329

Source: Tax Foundation's State Business Tax Climate Index, 2010; U.S. Census Bureau Annual Survey of State Government Tax Collections, Total Tax collections divided by population

# Prosperity: Entrepreneurs

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Entrepreneurs, 2002, 2005, & 2008

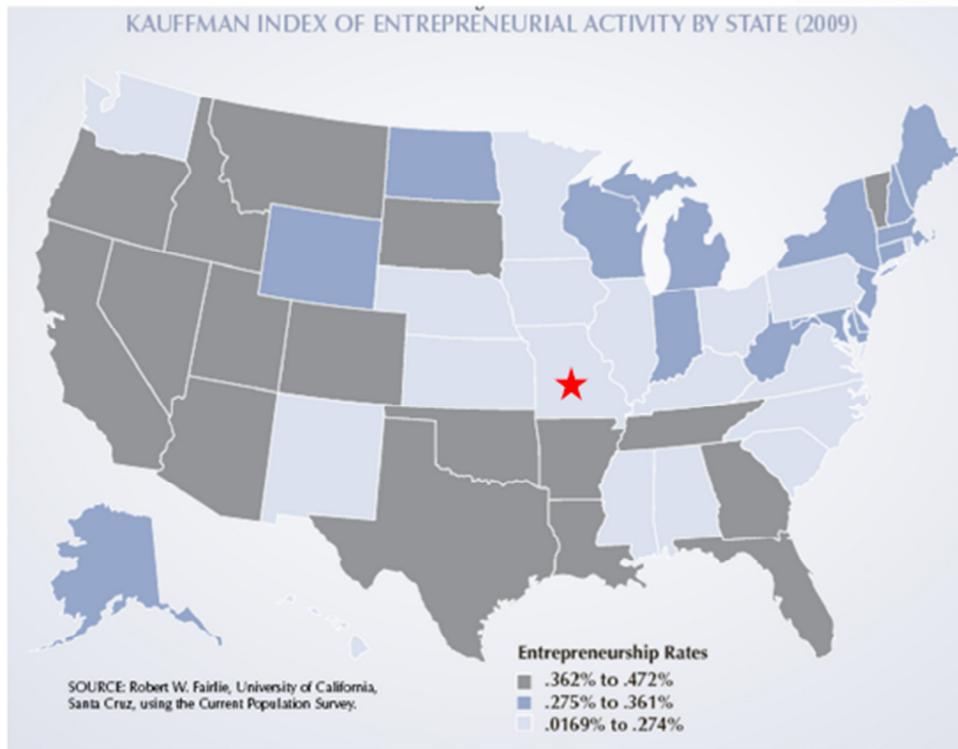
	Missouri	United States
2002	329,854	20,392,068
2005	375,352	20,392,068
2008	381,644	21,351,320
% Change, 2005-2008	1.7%	4.7%
% Change, 2002-2008	15.7%	4.7%

Source: U.S. Census Bureau

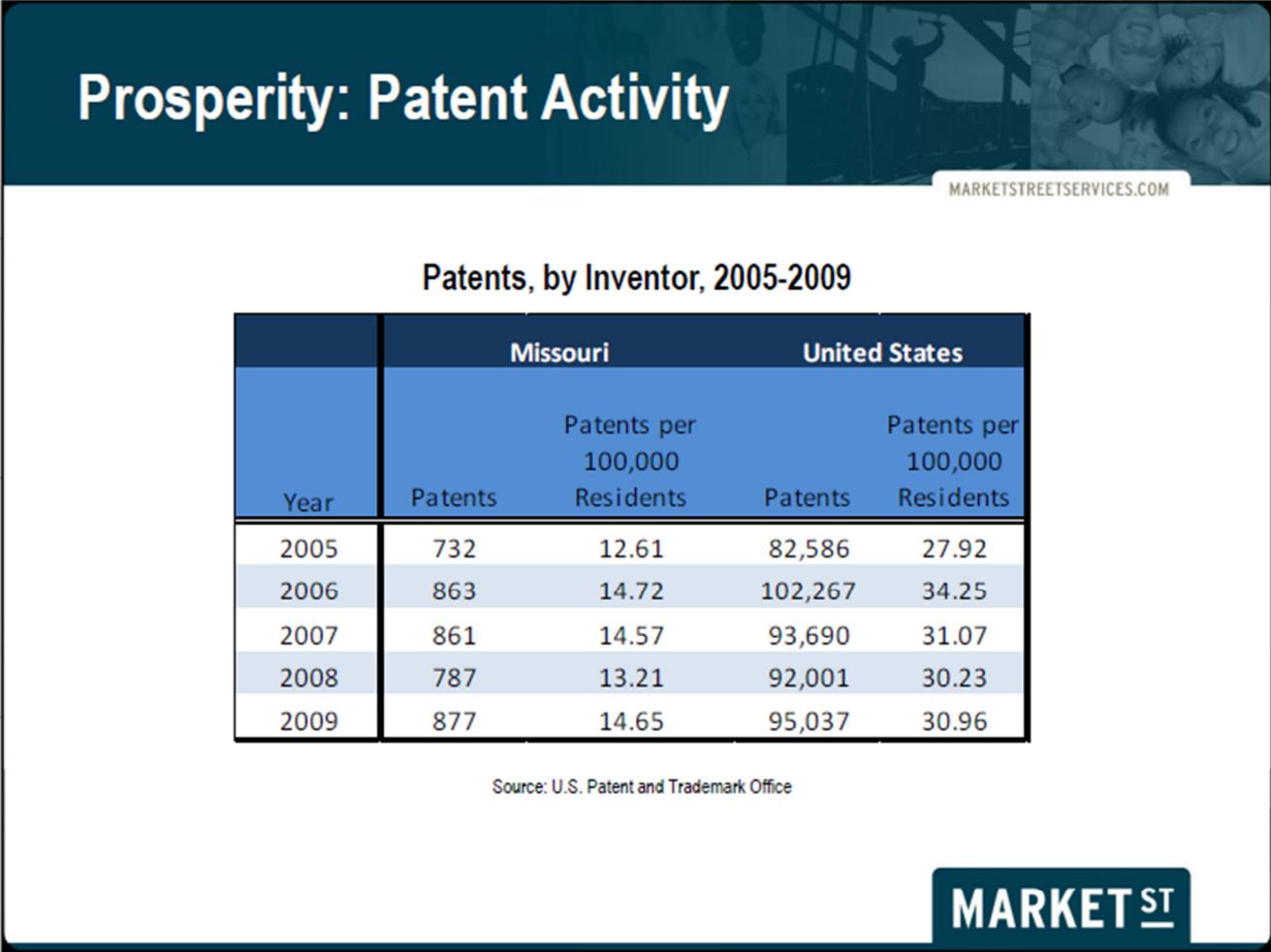
# Prosperity: Entrepreneurs

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KAUFFMAN INDEX OF ENTREPRENEURIAL ACTIVITY BY STATE (2009)



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## Place: Cost of Living

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### Cost of Living Index, 1Q 2010

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care	Misc Goods & Services
State of Missouri	92.7	96.1	81.2	94.9	95.3	94.7	99.8
Columbia, MO	91.3	95.1	80.6	93.0	91.4	97.8	98.1
Jefferson City, MO	89.9	92.3	74.2	94.6	94.8	92.2	99.6
Joplin, MO	87.1	82.8	75.3	102.9	83.7	83.9	96.5
Kansas City, MO	95.9	94.6	88.7	89.6	97.6	96.7	104.2
St. Joseph, MO	95.8	98.4	87.5	97.8	92.8	103.7	101.6
St. Louis, MO	89.7	99.5	78.2	86.0	94.1	98.5	94.4
Springfield, MO	89.0	97.3	79.8	79.0	92.3	94.7	95.3

Source: C2ER Accra Cost of Living Index; 100 = U.S. Average

## Place: Crime

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**Crime Rates per 100,000 Residents, 2000, 2005, & 2008**

	2000	2005	2008	Change, 2000-2008		Change, 2005-2008	
				Number	Percent	Number	Percent
<b>Missouri</b>							
Property Crime	4,037.7	3,927.5	3,663.7	-374.0	-9.3%	-263.8	-6.7%
Violent Crime	490.0	525.4	504.4	14.4	2.9%	-21	-4.0%
<b>United States</b>							
Property Crime	3,618.3	3,431.5	3,212.5	-405.8	-11.2%	-219.0	-6.4%
Violent Crime	506.5	469.0	454.5	-52.0	-10.3%	-14.5	-3.1%

Source: The Disaster Center (<http://disastercenter.com>); Federal Bureau of Investigation

## Place: Airport Capacity

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### Airport Passenger Traffic and Rankings, 2006 & 2009

Airport	Ranking			Passengers		
	2006	2009	Change, 2006-2009	2006	2009	% Change, 2006-2009
St Louis, MO (STL)	33	33	0	15,205,944	12,796,302	-15.8%
Kansas City, MO (MCI)	39	38	1	11,237,480	10,041,165	-10.6%
Springfield, MO (SGF)	121	125	-4	864,999	811,771	-6.2%
Columbia Regional	-	-	-	26,657	49,673	86.3%

Source: Airport Council International  
 Note: Columbia Regional is unlisted by ACI.

### Airport Cargo Capacity and Rankings, 2006 & 2009

Airport	Ranking			Freight Cargo (metric tons)		
	2006	2009	Change, 2006-2009	2006	2009	% Change, 2006-2009
St Louis, MO (STL)	40	36	4	134,948	110,551	-18.1%
Kansas City, MO (MCI)	58	42	16	85,551	88,673	3.6%
Springfield, MO (SGF)	102	107	-5	21,538	11,437	-46.9%

Source: Airport Council International  
 Note: Columbia Regional is unlisted by ACI.