



**Hendricks County Economic Development Partnership
2005 Strategic Plan**

**Moving Forward
From a Firm Foundation**

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Executive Summary

Partnership Mission

To compete effectively for quality economic development throughout Hendricks County by providing unified, proactive public/private leadership.

Partnership Economic Development Goals

- 1. To increase the number of quality of jobs.**
- 2. To increase the non-residential share of the tax base.**
- 3. To provide leadership through public/private partnership to support the infrastructure, land use planning, and business park development necessary for quality economic growth.**

Our mission is critically important to balance very rapid population growth. County population has increased from 75,717 in 1990 to 123,476 in 2004, and it is forecast to reach 146,996 in 2010. Accompanying retail job growth is assured. However, the economic challenge is twofold. The Partnership must enact strategies to:

- **Build the office and manufacturing/distribution economic sectors** to provide the tax base to support infrastructure and quality educational and governmental services. We aim to reduce the current disproportionate residential tax burden currently. Commercial and industrial property currently provide 29.3% of the property tax base in Hendricks County compared to 44.3% for the metropolitan Indianapolis area as a whole.
- **Create quality jobs** within Hendricks County for the betterment of all our citizens. Jobs within Hendricks County currently pay only 79% as much as the metropolitan average-- and the gap has grown over the past 25 years. Currently there are 56,000 jobs within Hendricks County, but 38,000 residents commute outside the county to work

The Desire to Aim Higher

The Partnership has worked diligently on its core mission in the past to facilitate business/industrial park development within the county and to serve the needs of companies wishing to locate here. It works closely with county government and local communities. It helps new employers gain state incentives. It is a well-respected forum to promote quality growth.

The Partnership Board of Directors commissioned this strategy to be more proactive in shaping the county's economic future. Successful implementation will make a good local economic development program even better.

The Board of Directors and local elected officials want the Partnership to lead the way in achieving a higher form of economic development. This strategy moves the Partnership out of its comfort zone to take a more proactive role in shaping the county's economic future.

Specifically, this means:

- **Diversifying the economy away from its growing dependence upon big box distribution centers.**
- **A stronger focus upon creating higher quality jobs in terms of compensation levels and educational requirements, focusing on the office and manufacturing sectors.**
- **Creating more opportunities for Hendricks County residents to work here rather than commuting to Marion and surrounding counties.**
- **Bringing more development to the western half of the county.**

Enhanced economic development programming will be critical for meeting these advanced goals.

Strategies to Move Forward

- 1. Broaden Partnership Business Attraction Capabilities.** Dedicate greater resources to proactive business attraction marketing, including office functions.
- 2. Move Business Retention & Expansion to the Next Level.** Gain greater business input, utilize staff resources more effectively, and emphasize bottom-line employer assistance.
- 3. Help to Build Quality Economic Development Product.** Continue to bring the economic development perspective to public/private dialogue and long-term planning regarding transportation, infrastructure, land use and annexation issues.
- 4. Build the Economic Development Organization to Carry Out Our Mission.** Integrate the Partnership structure with this strategy, develop stronger metrics, and strengthen external communications.

Maximizing economic development quality will not be easy. But Hendricks County has the right ingredients in place to implement strategies to move forward.

Applied and sustained leadership will make the difference.

The Economic Environment

A. Key Opportunities

Hendricks County has excellent opportunities for future growth as the regional economy continues to develop around the Indianapolis Airport and the I-70 and I-74 corridors.

- The eastern half of the county is emerging as one of the strongest centers of big box distribution within the entire Midwest.
- The county continues to enjoy the second highest average family income within the state, trailing only Hamilton County.
- Airport redevelopment and the opening of the Ronald Reagan Parkway continue to build local economic development competitive advantage.

Hendricks County also has the tremendous advantage of building from an already strong public/private economic development partnership, an important foundation for effective economic development.

- The Partnership is an important convener of countywide interests and an important voice for quality economic development.
- Local community and county government commitment of 5% of Economic Development Income Tax (EDIT) funds gives the Partnership a strong public sector funding base.
- Private sector and health care partners have invested heavily to advance the economic development program. Additionally, the \$50 fee per residential lot in support of the Partnership is an important component of private sector investment.
- The Partnership has a strong and well respected chief executive officer to lead the organization and implement its key programs.
- The Partnership has played an important role in facilitating successful employer project development within the county, especially in helping investors work with local government and the state in terms of regulatory compliance and economic development incentives.

B. Looming Challenges

For all of its natural economic advantages, **Hendricks County also faces important economic challenges.**

- Very rapid population growth, from 75,715 in 1990 to 123,476 in 2004 and a projected 147,000 in 2010 puts tremendous pressure on employment growth to balance the tax base and control the flow of outbound commuters.
 - For 2000, commercial and industrial property comprised 29.3% of property value within Hendricks County versus 44.3% for metropolitan Indianapolis as a whole.
 - In 2003, 37,959 residents commuted out of Hendricks County to work, compared to 56,814 jobs within the county.
- There is very strong pressure to create quality jobs. Despite the high number of jobs created within Hendricks County, the gap between average salary/wages for jobs within Hendricks County compared to jobs throughout metropolitan Indianapolis has continued to fall since 1980.

Year	Average Earnings/Job, by Location		
	Hendricks County	Metro Indianapolis	Ratio
2003	\$29,015	\$36,805	.79
2000	27,549	34,428	.80
1990	19,502	22,821	.85
1980	12,637	14,517	.87

- Many newly created distribution jobs within Hendricks County pay below the metropolitan-wide average wage.
- Prime business and industrial parks within Plainfield and Brownsburg are building out.
- The western half of the county is still highly undeveloped, with scarcely any fully-served commercial and industrial property ready to market.
- Traffic congestion is a growing problem, causing pressing needs to continue to plan for and build highway infrastructure within the County.

- Hendricks County continues to have a disproportionately small manufacturing base (3.3% of its job base versus 10.1% for the metropolitan area), problematic because manufacturing generally provides higher wages, stronger benefits, and a higher tax base than distribution activities. (Approximately half of the workers in the distribution sector are from Hendricks County.)
- Despite its affluent and well-educated population and strong public schools, Hendricks County has very little office employment. The share of health care, information, and professional/technical jobs within Hendricks County is only 71% as high as the share for the region. And mergers have reduced PSI's administrative presence and caused the loss of Galyan's headquarters.
- County employers have no existing base to spin off technology growth. Although metropolitan Indianapolis is a growing center of life science development, local hospitals are not research centers. No universities or R&D facilities are within the County.

Strategy 1. Broaden Partnership Business Attraction Capabilities.

Plainfield, and increasingly Brownsburg, will continue to enjoy strong reputations as distribution centers. Quality developers are building quality speculative distribution buildings and marketing them very effectively within Indianapolis and beyond. This has been the predominant source of qualified business attraction leads and actual facilities investment.

The Partnership's challenge is to also harness business attraction to transform and diversify the local economy by adding quality new office, manufacturing, research and health industry employers to the local economic base.

The Partnership currently earns high marks for assisting developers of the leading distribution parks, helping Plainfield and Brownsburg to interface with state level economic developers, for creating essential print economic development data, for conducting workforce compensation and underemployment surveys, and for responding effectively to prospect information requests.

Its Executive Director works diligently to maximize project referral opportunities through the Indy Partnership and the state of Indiana's business development arm, currently the newly formed Indiana Economic Development Corporation. Recently both have undergone significant staff transition, making the Partnership highly dependent upon leads from developers active in Hendricks County and upon its own marketing.

A. Build General Marketing Capabilities

1. Continue to **support developer efforts to bring distribution projects** to existing distribution industrial parks and available distribution buildings through liaison with the communities and with the state regarding incentives, workforce needs, and other key business needs.
2. **Leverage company contacts to encourage projects** that may not be appropriate for one town **to consider all appropriate sites within the county.**
3. Through personal networking and participation in selected joint marketing missions, **develop marketing opportunities through the new Indiana Economic Development Corporation.**
4. Work with interested private investors and other member Local Economic Development Organizations to **foster stronger marketing capabilities at the Indy Partnership.**

5. Apply benefit/cost models in terms of tax base development vs. incentives and additional service costs to **assist communities in determining the potential attractiveness of new economic development projects.**
6. **Continuously upgrade the Partnership economic development website,** including periodic outside evaluation and ongoing efforts to link with the economic development sites for the Indy Partnership, the Indiana Economic Development Corporation, utilities and other economic development allies.

B. Build Capacity to Develop the Office Sector

1. **Define the office market niches and product most appropriate to Hendricks County** through research, attention to competitors, and interviews with area and Midwestern developers, brokers, consultants, CoreNet members, and real estate and personnel executives for major office employers. This will likely prove to be garden office, tech/flex space, and low rise office product for the office service sector, administrative corporate and governmental offices, and data centers.
2. **Build the labor market case for office employment growth, track office employment growth, and market results** through relationships with the Indy Partnership, your network of developers, brokers, consultants and target company executives, the Partnership website, and public relations.
3. **Strongly support marketing of the Galyan's headquarters building,** working through the listing broker, the Indy Partnership and other means to develop and proactively market to a target user group. Include demographic as well as real estate data in this effort. Recognize that the special nature of this building limits market appeal to administrative office users, so that the buildings speed of absorption will not necessarily be a true test of county office development potential.
4. **Conduct a metropolitan public relations campaign** focused on the IBJ and other metropolitan area business publications to market Hendricks County as a developing place to work, given its demographics, housing stock, and quality of life.

C. Step up Proactive Manufacturing Marketing

1. **Create stronger synergies between business attraction and business retention & expansion** in terms of backward linkages from distribution to assembly, other lead development, and defining whether Hendricks County has a workforce competitive advantage.
2. Strongly **support the efforts of Steel Dynamics to recruit customers to its Pittsboro site** by developing a joint strategy and helping to communicate labor supply and potential incentives.
3. **Link with the state's motor sports development efforts.**
4. **Conduct competitive analysis** to learn whether deep distribution capabilities have aided manufacturing development and led to linked service businesses in such noted distribution centers as Memphis, Ft. Worth and Columbus.

Strategy 2. Move Business Retention & Expansion to the Next Level

Helping existing businesses is critically important because it is usually easier to influence companies already here than to attract them from afar.

Although Hendricks County has a limited and relatively underdeveloped employment base, there is more light assembly connected with some of the big box distribution facilities than most people recognize, with some potential for more such development in the future.

The county's potential for entrepreneurial development beyond the local retail and business service sector is as yet unproven. The County is not known for technology businesses or new product development. There are no Hendricks County gazelles (very rapid growth entrepreneurial companies with growing impact on the regional and national markets), the types of emerging companies that lead to significant job growth.

The Partnership currently devotes about .4 FTE to retention and expansion efforts. It conducts informal business retention visits with its key employers. It has worked to build a business roundtable for employers in the distribution sector, though many contract distribution facilities resist such efforts because they are highly secretive about customers and business practices. It also holds job fairs to help large new employers recruit local employees.

Moving to the next level requires a more disciplined and focused approach. It requires applying greater economic development professional expertise to retention and expansion calling in order to create and mine an analytical database to drive future initiatives related to workforce development, infrastructure, and building and marketing local competitive advantage.

The Partnership has also helped in small ways to nurture small business development. It maintains relationships with local community Chambers of Commerce. It has built a relationship with the Indianapolis-based Small Business Development Center to be available to counsel Hendricks County small businesses. It has successfully applied for and launched a \$50,000 Microenterprise Revolving Loan Program. And it has sponsored a feasibility study for a small business incubator, likely focused on the motor sports industry.

Moving to the next level in entrepreneurial development means creating a climate to encourage and foster the development of more gazelles or other rapid growth companies.

A. Develop Customer-Focused Retention & Expansion

1. **Serve existing employers by developing a calling plan and account information system, setting goals and tracking referrals** to local, state, federal and education economic development programs, and define retention and expansion services in print materials and on the Partnership website.
2. **Serve ongoing strategic planning** by developing a survey and process to define competitive advantage, conduct more thorough workforce development analysis, and be able to give feedback to elected officials about key infrastructure priorities.
3. In cooperation with local managers, **conduct selective calls on corporate headquarters of major local employers** in pursuit of local business development.
4. **Join the Workforce Investment Board** to identify appropriate resources and program models to build Hendricks County's competitive workforce advantage and to identify workforce development funding for job-generating economic development initiatives.
5. Over the longer term, **build employer awareness of good employment practices** in assimilating the immigrant workforce and providing effective supervisory skills for a highly diverse workforce.

B. Encourage Entrepreneurial Development

1. Pending a final positive feasibility recommendation for the incubator feasibility project, work to **find outside developer, state and/or foundation resources to construct and administer the incubator/accelerator**. This will require funds to construct the building as well as to provide advanced business consulting services to companies within the incubator to accelerate their development. Monitor especially carefully whether the Indiana Motor Sports Initiative can help to fund the Hendricks incubator.
2. **As a last resort, evaluate whether to extend very limited incubator funding**. This could include capital investment, probably through a secured low interest loan for construction/development and a partial operating subsidy for no more than three years. Set clear goals to maximize leverage of Partnership funds.
3. Track whether a **local risk capital pool** involving banks, governmental funds, and other sources should and can be developed as a way to support incubator tenants.
4. **Monitor the effectiveness of the Microenterprise Revolving Loan Fund** in terms of financial leverage and job creation to decide in 2007 whether to seek resources to expand the program.

Strategy 3.

Help to Build Quality Economic Development Product

Product development is one of the most critical economic development functions. Decisions regarding transportation and other infrastructure, planning and zoning, and business/industrial park development affect business retention & expansion as well as business attraction. They also impact the local quality of life, now and for the long term.

Product development is an important role for the Partnership as a public/private organization, since each side brings essential perspective to land use, infrastructure, and site development issues. It is therefore especially important that the Partnership be a consistent advocate for greater office development within the county.

The Partnership should work with local Chambers and elected officials to influence state and federal government regarding local infrastructure needs. It is important to speak with one voice.

The Partnership should also leverage its staff, key consulting engagements, retention and expansion insights, and its strong ability to create public/private dialogue for the countywide interest to ensure that infrastructure, planning/zoning, and annexation issues factor in the long term perspective of quality economic development.

A. Action Steps to Build Quality Product

- 1. Work with the County and the communities to encourage planning and zoning for greater office product** as part of the approval process for all future business/industrial parks.
- 2. Work with business park developers to encourage greater office product**, including garden office, tech-flex space, and reserving a select number of prime exposure sites for potential mid-rise or campus office development.
3. Continue to work with the County and affected communities to ensure the **full construction of the Ronald Reagan Parkway, including the I-74 interchange.**
- 4. Encourage rail-related industrial site development** at CentraLogistics (affecting Avon and Plainfield) and in Danville and Pittsboro.
- 5. Encourage appropriate future industrial park development** in Avon, Brownsburg, Danville and Pittsboro and participate in **long-term planning for the I-70/Rte. 39 and I-74/Lizton interchange sites.** Ready to go sites include clear site control, all necessary planning and zoning, and all necessary sewer/water, electric, and road infrastructure to the external site boundary.
- 6. Advocate accelerated development of a north/south transportation artery in western Hendricks County** linked to business/industrial park development.

Strategy 4. Build the Economic Development Organization to Carry Out Our Mission

The Partnership will remain a lean organization, but implementing this strategy will require:

- More focused allocation of budget resources
- Increased volunteer input and more effective staff utilization
- Careful attention to program priorities and outcome metrics.

Benchmarking against other leading Central Indiana local economic development organizations (LEDO's) shows that the Partnership is competitive in terms of resources, resources per capita, and level of economic development staff.

Central Indiana Local Economic Development Organization Comparisons

Area	2004 Population (000)	Budget (000)	Budget Per Capita	Professional Staff	Support Staff
Hendricks County Current	123	\$527	\$4.28	1.5	1.5
Hendricks County Recommended		\$552	\$4.49	2	1
Hamilton County*	232	\$550	\$2.37	2	1
Tippecanoe*	152	\$540	\$3.55	2.5	1
Johnson	126	\$200	\$1.59	1	1
Shelby	44	\$200	\$4.55	1	1
Monroe*	121	\$451	\$3.73	2	1
Average	130	\$411	\$3.34		

* Hamilton may add .5 professional for its entrepreneurship effort next year. Lafayette-West Lafayette currently has one professional position vacant pending the outcome of its organizational strategy. The second staff person in Monroe County is with the Bloomington Life Sciences Partnership, a spin-off of the Bloomington Economic Development Corporation.

Currently the Partnership utilizes its Existing Business Director approximately half time as an economic development professional (the remainder of time is spent on administrative matters). This must change if the Partnership is to do more with its current staff levels.

This makes 2005 and 2006 critical transitional years if the Partnership is to improve by working smarter with only modestly increased budget resources. The critical resource decision is the extent to which the Board wishes to subsidize incubator development if sufficient external resources can not be found.

A. Budget

1. **Continue the current formula for local government investment of 5% of EDIT revenues in the Partnership.** This is an equitable approach and it adjusts local shares in proportion to tax base change.
2. **Continue the \$50 per unit plat fee dedicated to economic development.** This helps to provide resources to guard against becoming too much of a bedroom county.
3. Utilize the strategic plan to seek to **broaden private sector investment** and move current investors to higher levels, especially targeting companies for which the Partnership has provided location or incentive application assistance. Target \$25,000 of new private revenue from these sources.
4. **Publicize this strategy and develop an extended communications plan,** including a quarterly update to the Board and key elected officials, to solidify the investment base.
5. **Seek outside foundation and state and federal governmental resources to support economic development initiatives.** Forming a 501-c-(3) arm or restructuring the Partnership as a 501-c-(3) non-profit corporation would allow it to receive foundation funding and make individual contributions tax deductible.

B. Staff and Administrative Recommendations

1. **Allocate current and future strategy initiatives** between the Executive Director, the Existing Business Director, and selective use of loaned executives and outside consultants.
2. **Shift all administrative functions,** including bookkeeping and check writing, to the Administrative Assistant.
3. **Track staff time by major program area,** and reflect program priorities in budgeting and annual reporting.
4. **Focus more on outputs,** shifting its measurement and internal reporting from inputs to final results.
5. **Tie annual reviews to new Partnership metrics.**

C. Volunteer Leadership Development

The Partnership relies heavily upon its Executive Director, with review by the Executive Committee, for day to day direction, but it does not currently fully mobilize its full Board, past Board chairs, and other qualified individuals who will be able to help to refine the plan and implement the strategy.

We recommend the following Standing Committees and Task Forces to help to implement the strategy in a timely and effective way. Ideally, each would have someone from the Executive Committee as a member, providing seamless communications between the Committees and Task Forces and the Executive Committee. Beyond this, Committee and Task Force membership should not be limited to Partnership Board Members when other highly qualified and interested persons are available. This should include past Board chairs as well.

1. Recommended Standing Committees

- Marketing and External Communications
- Retention & Expansion
- Fundraising and Internal Communications
- Microenterprise Revolving Loan Fund (Currently in place)

2. Recommended Task Forces

- Incubator Development (Currently in place)
- Development Fund (Currently in place)
- Office Niche & Marketing

D. Evaluation Metrics

Strategy Area	Inputs	Intermediate Outcomes	Final Outcomes
Business Attraction	<ul style="list-style-type: none"> ▪ Key materials production ▪ Keep website current ▪ Establish office segment ▪ Network with IDOC & Indy Partnership staff ▪ Number of key developer/office executive calls, meetings, seminars ▪ Monitor competitors ▪ Strategy for Gaylan’s market support ▪ Public relations plan 	<ul style="list-style-type: none"> ▪ Number/potential jobs & investment of qualified prospects ▪ Number/metrics of face to face prospect meetings ▪ Number/metrics of project Announcements 	<ul style="list-style-type: none"> ▪ Jobs ▪ Jobs paying above county average ▪ Economic diversification ▪ Investment ▪ Tax Yield (after incentives) ▪ Partnership role in project closing ▪ Location customer satisfaction results
Retention & Expansion And Entrepreneurship	<ul style="list-style-type: none"> ▪ R&E calling instrument ▪ Calling plan & schedule ▪ R&E customer information system ▪ Completion of Incubator feasibility studies 	<ul style="list-style-type: none"> ▪ Number of companies visited ▪ Number of program referrals ▪ Program/policy recommendations from R&E calls ▪ R&E customer satisfaction results ▪ Construction of incubator with no Partnership funding or maximum leverage of Partnership investment ▪ Cash flow of incubator 	<ul style="list-style-type: none"> ▪ Job creation ▪ Jobs paying above county average ▪ Investment ▪ Tax Yield (after incentives) ▪ Partnership role in project closing ▪ Number of program referrals acted upon ▪ State/federal and other dollars leveraged from HCEDP referrals/project help ▪ Number of placements from job fairs ▪ Job creation & investment from successful incubation
Product Development	<ul style="list-style-type: none"> ▪ Infrastructure plans ▪ Quality of developer relationships 	<ul style="list-style-type: none"> ▪ Listing of road projects on state/federal transportation plans ▪ Acres zoned for office development ▪ Acres set aside for office development 	<ul style="list-style-type: none"> ▪ Acres of available fully served sites ▪ S.F. of available quality buildings ▪ Acres of rail-served sites ▪ Completion of RRP ▪ I-74/RRP interchange ▪ I-74/Lizton interchange ▪ Western N/S corridor
Organization Development	<ul style="list-style-type: none"> ▪ Program budget & Metrics ▪ Linked job descriptions, MBO plan ▪ Implement investor communications plan ▪ Shift all administration functions to the Admin Assistant 	<ul style="list-style-type: none"> ▪ Investor customer satisfaction results 	<ul style="list-style-type: none"> ▪ Total budget ▪ Investor renewal rates ▪ Additional private sector funding

E. Priorities and Timing

	Priority		
	Critical	Very Important	Important
Ongoing	<ol style="list-style-type: none"> 1. Facilitate project locations/expansions. 2. Encourage projects to consider the range of sites in the County. 3. Maintain strong network relations with IEDC and Indy Partnership staff. 4. Encourage full construction of the Ronald Reagan Parkway and its I-74 interchange. 5. Maintain strong relationships with public and private Partnership investors. 6. Apply project benefit/cost models to assess incentives and track long-term Partnership project benefits. 	<ol style="list-style-type: none"> 7. Continuously upgrade the Partnership website. 	
2005	<ol style="list-style-type: none"> 1. Develop stronger evaluation metrics. 2. Reconfigure staff assignments to support the strategy. 3. Assess office location niche and begin proactive office location marketing. 4. Support marketing of Gaylan's building. 5. Work with public official and developers to encourage development of office product. 6. Encourage rail-related industrial site development, starting with Avon & Plainfield. 7. Develop R&E goals, calling plan, information system. 	<ol style="list-style-type: none"> 8. Establish recommended Standing Committees and Task Forces. 9. Create stronger synergies between R&E and marketing. 10. Help Steel Dynamics recruit suppliers. 11. Link with state's Motor Sports effort for marketing & incubator funding. 	<ol style="list-style-type: none"> 12. Track link between distribution and manufacturing in other major distribution centers.
2006	<ol style="list-style-type: none"> 1. Build the case for Hendricks County as an office location. 2. Seek outside funders to develop the incubator. 3. Encourage industrial park development in Danville and Pittsboro. 	<ol style="list-style-type: none"> 4. Encourage stronger marketing capabilities at Indy Partnership. 5. Join the Workforce Investment Board. 6. Track whether a local capital pool can be formed to support incubator tenants. 	<ol style="list-style-type: none"> 7. Utilize public relations to boost image as office location. 8. Make selective headquarters R&E calls.
2007	<ol style="list-style-type: none"> 1. Facilitate in long-term planning for I-70/Rte. 39 and I-74/Lizton interchanges. 2. Support future north/south transportation artery in western Hendricks County. 		<ol style="list-style-type: none"> 3. Monitor the effectiveness of the Microenterprise Loan program 4. Track and build employer awareness of good practices in assimilating the immigrant workforce.