

M7 Council Meeting – Feb. 27, 2014, 8 - 10 am

SC Johnson iMET Center (Gateway Technical College) Auditorium
2320 Renaissance Blvd., Sturtevant, WI 53177

John Daniels, chair emeritus of Quarles & Brady, chair of the Greater Milwaukee Committee and co-chair of the Milwaukee 7, welcomed all to the Milwaukee 7 Council Meeting. He also welcomed the public officials in attendance.

Daniels invited hosts **Bryan Albrecht**, President of Gateway Technical College and President of the Board of Directors of the Racine County Economic Development Corporation, and **Jim Ladwig**, Racine County Executive, to make welcoming remarks.

Since its last meeting in November, M7 has closed two deals that are adding new jobs and capital investment to the region.

- Bleum Inc., a global software development and IT services company headquartered in Shanghai, China. Bleum opened a new software and IT services center in Brookfield, where it will provide software development, testing, systems integration and managed services to its clients locally. The firm plans to grow to 100 employees in a few years. Landing Bleum in Brookfield was a six-month-long, competitive process helped by a team effort from the M7, the Wisconsin Economic Development Corp., Waukesha County and the city of Brookfield.
- Toellner Systems, a manufacturer of packaging automation systems, that relocated its headquarters and manufacturing operations to Glendale from Wisconsin Rapids. The company employs 25 people. Toellner is an interesting story because M7 heard about this project from the CEO of another business that M7 tried to lure to the region a while back. That CEO also happens to be an investor in Toellner, and suggested M7 help Toellner with its site search. This project win is a prime example of how building positive relationships can lead to success down the road.

These wins reinforce the continuing success M7 is having with its business attraction strategy. Another part of that strategy is the campaign to attract Illinois companies to Wisconsin. M7's efforts to target manufacturing companies in Northern Illinois have produced some solid new job opportunities and new capital investment for the M7 region.

At the last Council meeting, M7 announced its most significant Illinois win to date – Kenall, a manufacturer of LED lighting systems. Kenall will relocate its entire operation from Gurnee, Illinois to Kenosha, where it's building a 350,000 square foot headquarters and production facility. When Kenall opens its doors in 2015, it will have 400 employees. And the company expects that to grow to more than 600 in a short time.

One of the factors in the company's decision to relocate here was the proximity to Gateway Technical College. Kenall is now working with Gateway on an educational training curriculum to produce the skilled talent it needs to fill jobs for laser technicians, skilled welders and engineering technical support. Randy Hernandez, executive vice president for operations for Kenall, spoke briefly about the company's reasons for selecting Wisconsin and its partnership with Gateway.

In today's global economy, there are some great opportunities to attract foreign direct investment. M7 is reaching out across the world --marketing this region to companies exploring new or additional U.S. locations. Members of the M7 team are in Europe right now visiting prospects in

England, Germany, and France. These are prospects that have visited the M7 region and are close to making decisions on locations for their U.S. manufacturing operations.

In all, M7's current pipeline of prospects stands at 41 active projects – these are projects where M7 has delivered a proposal or had a site visit. Together, these projects account for more than 6,000 potential jobs.

As part of its strategic plan, M7 has targeted exporting as a key initiative to spur growth in small- and medium-sized companies in the region. At the last Council meeting, M7 announced that the Milwaukee Region was one of eight U.S. metro areas selected for the Global Cities Initiative, a high-profile program established by the Brookings Institution and Chase to expand global trade and exporting.

One of the first steps for the Milwaukee Region will be to design and implement a regional export strategy and action plan in 2014. M7 sent a group out to Washington DC for a training session with Brookings back in December. Since then, a team has been assembled locally to drive this program, with representatives from M7, WMEP, WEDC, the World Trade Association, federal government, and local partners participating.

The program is being headed by newly hired M7 Director of Export Services, Bill Burnett. Bill has a strong business and international background from his experience as an executive at Diner's Club International and his performance-based consulting practice. Bill is a loaned executive from WMEP.

Bill is leading the export charge and kicking off the program with a survey to gauge the current exporting landscape of local firms and determine the assistance they'll require to expand their exporting capabilities. The M7 Export Survey link is: https://www.surveymonkey.com/s/M7_Council. We encourage all manufacturers and service companies to take the short survey and provide your input. Bill will also be hosting a focus group around manufacturing and exporting. Please contact Bill if you would like to participate, (414) 287-4118, bburnett@mke7.com.

M7's industry cluster groups have also been busy over the last few months aligning their organizations to capitalize on new market opportunities. The Water Council and Midwest Energy Research Consortium are both developing long-range strategic plans and embarking on initiatives that will drive their missions and goals. They're also both launching new accelerator facilities to fuel innovation and business growth in their sectors.

Another important initiative for the M7 is Scale Up Milwaukee, the program to accelerate our region's entrepreneurial ecosystem. Scale Up is delivering new activities and bolstering existing efforts throughout the region to help young companies grow. The Greater Milwaukee Committee has spent the better part of the last year convening UWM, the city, the state and other entrepreneurial partners in the "demonstration phase" of Scale Up.

PHASE 1 ACCOMPLISHMENTS

- **24.6%** Average projected increase in 2014 revenues above and beyond initial projections by 2013 Scalerator participants
- **15+** Google Hangouts; **19** video interviews; **1700+** user views
- **7** Local, national or international print media stories; **121** online media stories; **7** TV broadcasts; **2** radio interviews
- **2** Mayoral roundtables; **15** participating entrepreneurs
- **10** Regional universities sent **24** professors to Faculty Workshop
- **75+** Attendees at Financial Stakeholder Workshop
- **210** Attendees at Corporate Venture Forum

Scale Up is now moving into its second phase, which will include developing new educational programs and collaborating with local economic development groups to spur even more startup growth.

PHASE 2 ACTION ITEMS

- Educational programs for growth-oriented entrepreneurs
- Communicating MKE's entrepreneurship assets nationwide
- Working with municipal, county and state government to support entrepreneurial growth
- Collaborating with local economic development groups to create scale up programs
- Helping to unlock existing debt and equity capital

Maximizing the growth potential of the Milwaukee region's businesses depends on a talent pipeline that has the right workers with the right skills to meet the needs of employers.

Today, there is a disconnect between jobs and skills that continues to widen across the United States and around the world. New technology and global business practices continue to raise the knowledge bar for most jobs, yet the education-to-employment system remains unchanged. Why are so many Americans sitting on the job sidelines, while more than six million jobs are vacant across the United States?

Ed Gordon presented the choices that need to be made at this employment crossroad. Drawing upon his research for his latest book, *Future Jobs: Solving the Employment and Skills Crisis*, Gordon discussed how cross-sector initiatives and partnerships are restructuring regional talent-creation systems.

Gordon is an internationally recognized writer, researcher, speaker and consultant on the future of America's and the world's workforce. He is president of Imperial Consulting, with a client list that includes Microsoft, the Swiss government, the Federal Reserve Bank, workforce and economic development boards, educational institutions and others.

Bulleted below are thoughts and statements Gordon made during his presentation not itemized in the slides. (Please refer to his slides for facts and figures.)

- What is happening now is what happened in agriculture 100 years ago. Using half the labor force but tripling the output.
- U.S. was first country to attempt to educate everyone
- Workers under age 45 account for a large part of the decline in the labor pool. They are staying home. It is NOT people retiring.
- Over the decades, companies took on the idea that they are not a school...they are here to make money. Company training and development budgets were reduced and cut.
- In the 20th century, U.S. had the best educated students. These days, worldwide, the U.S. is at a median level.
- Between now and 2020, 2/3 will be filling current jobs and 1/3 will fill new jobs
- Career information in H.S. and college is almost non-existent these days
- Education is the bottom line. We are competing with the world. There are educated students today, but not enough. If 2/3 have average intelligence, why can only 1/3 read at level upon graduation?
- This is a socio-economic problem. It is not a business problem. It is not an education problem.
- RETAINs: Regional Talent Innovation Networks. These tend to start-up when everyone is leaving.

- It's not about \$...it's how it is organized.
- There will be no future if you don't work with business. Focus on end result. Business community must fund the model. Too broad for one group to solve. Entire community must be involved.
- It's an interlocking system. If the base, or elementary education, is poor, the rest will be poor. Must include K-12s in the conversation.
- "Career Academies" are key. Need different career academies for different careers...IT, aeronautical, medical, etc. There is an association of career academies.
- Technologies are not going to get simpler. Need to change the cultural mindset. Not just a change in companies and their managers. Need to change perspective of parents, students and educators. Must get educational system involved at 1st grade...high school is too late.
- Companies relocate to where the location can meet or at least adjust to meet their needs
- Put all programs together, eliminate duplication. When presented as a whole, it is more apt to find corporate and foundation funding. Put working programs in a place that they will continue. NOT in a place that the program will end when the money runs out. Think long-term...decades.
- Bradley Tech is a career academy? Lakeside Academy is a career academy.
- RETAIN model is very flexible. You have to create your own. Don't just copy another city...It may not work in your region.
- There is not a standard set of metrics. Each region will want to measure different things.
- Burn your enemies list. Get in a room and talk about what you have in common.

The next M7 Council meeting is scheduled for June 19, 2014 in Milwaukee County. Meeting adjourned.