



A Competitiveness Blueprint: Iowa
2025 *Executive Summary*

“A Competitiveness Blueprint: Iowa 2025” in its entirety and related materials can be found on the Iowa Business Council’s Web site: www.iowabusinesscouncil.com

Expanding personal and business incomes ensures competitiveness of people and companies by providing the necessary resources to invest in, buy from, and grow an economy for Iowa’s current and future generations.

This perspective prompted the formation of the 2001 *Case for Change* and the subsequent *Framework for Action*. Nearly a decade after its initial work, the Iowa Business Council believes there is a need for reassessment of the current business climate and conditions for future economic growth prospects

The general proposition for the newest ‘case for change’: *Iowa cannot adequately invest in those opportunities that will make it nationally and globally competitive when public resources continue to support the status quo in government services and practices. Inefficient government practices and an unwillingness to deal with fiscal realities in a responsible and accountable manner will present tough choices for future generations.*

In 2011, the greatest challenges facing Iowans and their economic competitiveness is opportunity for growth of income, the strength and depth of workforce skill sets, providing access to critical infrastructure, sustaining a rich quality of life, and maintaining a hospitable climate for businesses to flourish.

Driving Iowa Forward - Purpose of the Blueprint:

“ The purpose of evaluating Iowa’s competitive posture is to re-visit questions posed in 2001, update progress, identify areas of concern, and introduce any new issues that warrant immediate consideration. The desired outcome is to offer a blueprint for policymakers that identifies those economic and workforce development challenges the State needs to address now. And to identify initiatives and projects that IBC can implement, catalyze, or encourage alignment with existing endeavors.” (Charge to the Deputies & Regionovate)

Focus of the Blueprint:

What must be done now to maintain positive growth trends in Iowa five, ten, twenty years down the road? How do concerned and engaged Iowa business leaders make sure their state’s economy continues to compete and thrive in the national and global marketplace?

The **Blueprint for Iowa 2025** focuses attention on a set of opportunities and challenges while recommending actions that acknowledge where Iowa has been, where it is currently, and where it must given attention in the future to be a competitive economic engine for all Iowans.

One critical, overarching recommendation for Council consideration is to host, through its long-standing role as a convener and facilitator, a ***Blueprint Forum on Iowa 2025*** – a venue where the findings, goals, recommendations, and performance measures suggested through this assessment can be discussed and prioritized. If efficient use of time and resources is desired to address Iowa’s weaknesses and exploit its advantages, convening a diverse set of business, education, and government leaders will serve to generate concurrence on objectives and, more importantly, spur accountability for initiative implementation through agreement on issue areas and metrics to be engaged.

We recognize there are many important and significant initiatives and projects underway at the local level throughout Iowa. With the adoption of a regional approach as described in following sections, there is an opportunity to effectively connect the entire range of interests and participants across the state into a more strategic discussion about assets, investments, and outcomes.

A New Sense of Urgency for the Next Decade

We have identified the ‘Iowa quandary,’ i.e., while specific Iowa communities are recognized in popular rankings for successfully chartering economic growth through the past decade and the recent downturn, other rankings suggest that Iowa has a negative business tax climate, is difficult for doing business, and may have other fiscal and financial clouds on the horizon. Our analysis and findings suggest that the sense of urgency facing Iowans in 2010-11 includes:

1. State and local expenditures for debt and other fiscal obligations outstrips resources needed for investment to generate new economic growth. As several Iowa locations have had negative population growth year on year, public revenues generated by these jurisdictions has diminished. The use of bonds and other debt financing has put a number of government institutions in a precarious position as these locations show limited signs of re-generating a taxable revenue base. New strategies must be adopted for attracting innovative, value-adding industries.

2. A low population growth rate and lack of diversity is a detriment to Iowa’s future workforce supply. Business plans require a constant access to a deep pool of skills, including top science and technical talent. Many IBC companies and institutions stress ‘diversity’ in their mission statements, yet

Competitive Landscape Snapshot		
Where Iowa Leads	Where Iowa Competes	Where Iowa Lags
Ag Seed R&D, production, crop management	Income Growth	Overall Corporate and Individual Tax Burden
Wind-based energy	Low Cost of Living	Government Debt Ratio
Financial Services Cluster	Low Workers Compensation Costs	Business Incubation and Early Stage Startups, Funding
Lowest Level of Income Disparity	Science and Engineering Grads and Degree Per Population	New Exports and New Market Access
Low Commuting and Travel Times	Air and Environmental Quality	Policies Favoring Entrepreneurs, Small Business Growth
Top Rank for Legal Liability System (Fair & Balanced)	Online Population, Use of Internet for Business	Broadband Distribution, Access
Low Overall Crime Rates	Human Capital Investment for Training, Skills Development	Taxes as a Share of State and Local Revenues
Manufacturing as a Share of Gross State Product	Student Resources and College Participation	Net Migration of Targeted Populations (Science, Skills)
Statewide Minimum Wage	Sales Tax Burden	Electronic Public Services

there is no clear public sector strategy to address this unique and critical challenge

3. The recent economic downturn and the on-going recovery has caused retrenchment and consolidation of firms from abroad and within the United States. These corporations are re-examining where to concentrate their operations and centralize their business processes.
4. Therefore whether Iowa is a choice location is up for grabs. It will depend on the state's innovation capacity, pool of skills and talent to meet advanced manufacturing and services expectations, and long-term infrastructure and capital investment.

Recommendations Based on a Situational Analysis of Iowa's Current Economic Landscape

- Greater coordination between the state's workforce, higher education, economic development and transportation leadership, management, and strategic planning efforts. This would be an executive branch-driven office similar to an 'Iowa Jobs Cabinet.'
- More frequent interaction among business and academic human resource experts to address supply-chain demands for certifications, degrees, skills upgrade, and similar progress in a workforce continuum of activities and investments.
- Increased focus on recruitment and retention of students, faculty, researchers, technical talent, and a diverse workforce that is benchmarked against global standards of competency.
- Formation of networks across the Iowa's regional assets, institutions, and business/industry interests to monitor on-going resource requirements and investments made. This knowledge can then be applied towards centers or regions of commercial activity, new markets, and opportunities utilizing scientific, technological, engineering, and manufacturing expertise.

Five Uniquely Iowa Clusters of Knowledge: The Next Economic Engines

These clusters leverage and link substantial industry, academic, and entrepreneurial assets into opportunities for Iowa to increase market-share for new products and services, as well as stimulate job creation.

1. Advanced Niche Manufacturing: Industrial Design & Production of Products of 'One-Offs'
2. Bioenergy, Wind, & Other Alternative Forms Applied to Public & Private Sector Infrastructure and Spaces
3. Medical Devices in Response to Aging & Human Revitalization (Nutrition, Neural Sciences, Motion)
4. Information-Engineering: Analytics, Artificial Intelligence, Robotics
5. 21st Century Global Consumers: Connecting Market Intelligence & Digital Technologies with Every-Day Challenges & New Delivery Systems (for Industry, Public Sector, Academic end-users)



Goals & Recommendations: Addressing Challenges Thru Benchmarking Iowa with Competitor States' Best Practices

Goal #1 – Go To Location for Business Relocation, Expansion, Consolidation and Innovative Startups

Critical because Iowa must expand its business engines for employment and investment by communicating and branding the State as a location of choice.

Goal #2 – Globally Competitive Regionally focused Commercial Centers or Hubs of Economic Activity

Critical because concentrations of economic productivity are increasingly organized by regions, not by individual counties nor cities.

Goal #3 – A Diverse Workforce and Population with Global Industry Readiness as its Core

Critical because the more diverse a workforce and population, the more productive the outcomes, relationships, and networks.

Goal #4 – Highly Regarded Efficiency in the Delivery of Government Administration, Services, Operations, Facilities, and Information

Critical because excessive government employment and spending on non-productive delivery wastes precious resources, limits innovation, and ultimately devalues entrepreneurial behavior.

Goal #5 – National Leader in PreK-20 Education & Training – Focusing on Youth & Student Competitiveness

Critical because Iowa's slow slide in critical STEM scores and graduation rates for college foretell an emerging gap in meeting the future demands for talent and workforce.

Next Steps: Priorities for Implementation

'Going it alone' does not build a sustainable foundation on which to successfully address challenges nor implement recommended actions identified by the **Blueprint for Iowa 2025**. A decade ago, IBC identified challenges and gaps in the economic landscape that would limit competitiveness, and then sought the inclusion of and engagement with several non-Council members, organizations, institutions and interests, including the Executive and Legislative branches. The Council looked to its own civic and corporate leadership to step forward as chairs and members of "Action Teams" – small, fast-paced work groups focused on implementation, metrics, and sustainable initiatives to transform Iowa's economic prospects. These teams were populated with the best minds from around the State to develop plans and tactics.

Regionnovate's recommendations include elements already being implemented at various stages of progress. Through a more formal process of facilitating expertise, leadership, and institutional know-how, we strongly encourage IBC to bring together disparate, often fragmented groups and initiatives for a **Blueprint Forum** to discuss these findings as well as the Competitiveness Index. This should spark another fast-paced implementation process – again using the **Action Team initiative** from the *Case for Change* in 2001 - for responding to opportunities and weaknesses in the current and emerging business climate. The Business Council's legacy as a convening body is even more critical in 2011 for the future of Iowa!



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