

# 2016 Strategic Plan Key Question Committee – Final Report

*“What are the major goals of local, regional and state economic development organizations and how could ISU’s programs and activities be better aligned with them?”*

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## **Summary:**

Local, regional and state economic development organizations continue to focus on quality of life strategies, talent development and retention, job creation, enhancing community image, innovation and the creation of an entrepreneurial landscape, and fostering greater collaboration between public and private entities. To better align with the goals of these organizations, Indiana State University needs to find ways to increase collaboration and shared resources, partner with business in the development of an effective model for workforce training, create innovative ways to attract entrepreneurial ventures, and build innovative clusters around our region's strengths.

## **Key Findings Summary**

Key Finding 1	Local, regional and state economic development organizations share the following short and long-term goals: attracting and growing businesses, improving quality of life factors, reducing unemployment and underemployment, meeting workforce needs, increasing support and capital for businesses, and increased collaboration between public and private entities
Key Finding 2	Population decline and the “Out-Migration” of college graduates is a major issue
Key Finding 3	Business support services are needed to retain and create jobs
Key Finding 4	Economic development organizations share concerns with business leaders about an undereducated and unskilled workforce
Key Finding 5	Technology is changing workforce needs, creating new jobs, and increasing the need for new or revamped academic programs
Key Finding 6	The private sector offers resources and support for university-based research and development efforts
Key Finding 7	Policy makers see entrepreneurship as a key mechanism for enhancing economic development
Key Finding 8	Community engagement and collaboration efforts are beneficial to business, the community, and the University
Key Finding 9	Recent economic development efforts stress a regional approach and include innovation and entrepreneurial opportunities
Key Finding 10	Improving the economic well-being of Indiana, in particular, west-central Indiana, is an important part of ISU’s community engagement efforts

## Recommended Actions Summary

Recommended Action 1	Capitalize on tech-focused future and prominent programs
Recommended Action 2	Rethink economic development partnerships and forge new institutional linkages
Recommended Action 3	Prepare the future workforce and align with top forecasted growth occupations
Recommended Action 4	Improve education for economic growth
Recommended Action 5	Engage more constituents in community engagement and collaboration efforts
Recommended Action 6	Create a regional entrepreneurial ecosystem, engage with entrepreneurs, and focus on entrepreneurship

### **Background:**

There is a collective set of goals shared by local, regional and state economic development organizations. Strategic initiatives across all organizations focus on quality of life strategies, talent development and retention, job creation, enhancing community image, innovation and the creation of an entrepreneurial landscape, and fostering greater collaboration between public and private entities.

Indiana State University continues to have a major economic impact on both the region and the state. According to the most recent economic impact study conducted by Thomas P. Miller and Associates in 2012, Indiana State University has a regional economic impact of over \$400 million a year. Additionally, it can be argued that the University is the largest economic contributor to one of the most economically troubled metro areas in the state, Terre Haute.

Indiana State University has provided financial support and student support services for several local, regional, and state economic development initiatives, including:

- Downtown Terre Haute revitalization
- Arts Illiana/Art Spaces community beautification projects
- “Turn to the River”
- The Innovation Alliance
- Rural-Urban Entrepreneurship Development Institute
- Institute for Community Sustainability
- Business Engagement Center
- Rural Health Innovation Corridor

A recent trend has emerged that emphasizes a regionalized approach to economic development. This trend spawned the creation of several regional economic development organizations, including Accelerate West Central Indiana. The regional emphasis has also created state-backed regional economic development initiatives such as Regional Cities. It appears that Indiana State University has taken a leading role in the current economic initiatives within our region.

The Question Committee is fortunate to have a tremendous amount of economic data made available through statewide collaborative efforts. The Committee has put forth several recommendations that will better align

Indiana State University with the economic strengths of our region and the short and long-term goals of the identified economic development organizations.

## **Analysis Methods:**

A committee was assembled with representation from staff, students, faculty, and external industry members. The committee created a comprehensive list of local, regional, and state economic development organizations. The committee collected an extensive amount of local, regional, and state data on current economic development initiatives, as well as the past and projected economic development initiatives. After the short and long-term goals of each organization were identified, a review revealed the commonalities of each organization. The committee used these commonalities to guide our recommendations on how ISU can better align and have the greatest impact on the largest number of organizations. Committee members researched topics and contributed content and research findings on a Dropbox site.

Major goals of local, regional and state organizations were identified by reviewing self-published articles and reports, as well as strategic planning and economic analysis reports. Major content was pulled from the state's economic and workforce development organizations, including: the Indiana Economic Development Corporation, the Indiana Office of Small Business and Entrepreneurship, Office of Community and Rural Affairs, the Indiana Department of Workforce Development, the West Central Indiana Economic Development District, Terre Haute Tomorrow, and Accelerate West Central Indiana.

## **Key Findings and Recommended Actions:**

The Committee's research revealed that key local, regional, and state economic development organizations share the following goals:

- Creating a positive business climate to help existing businesses and attract new businesses
- Growing the number of small businesses in the state
- Reducing unemployment and underemployment
- Halting "out-migration" of college graduates and the general population
- Increasing the population
- Improving quality of life characteristics in the area
- Meeting current and future workforce needs
- Attracting visitors to the area
- Increasing support and availability of capital for small and medium-sized businesses
- Improving and expanding education and training in technology, healthcare, and entrepreneurship

While Terre Haute remains one of the three most economically troubled areas in the state, there are many areas in industry and education where we have a competitive advantage. It could be argued that strong programs offered through a large number of local academic institutions are our biggest competitive advantage. By using our strong institutional programs as a steady base, we can promote greater collaboration with public and private sector partners throughout the state to implement initiatives that are both relevant to the University's strategic direction and needed to make ISU excel in the future.

Based on the above collective set of shared goals, ISU has several opportunities to align better.

**Below is an outline of the ways to better align ISU programs and activities:**

- 1. Capitalize on tech-focused future and prominent programs, including unmanned systems, technology, insurance, and entrepreneurship.**
  - a. There is a shift in the U.S. economy from heavy industry to technology businesses. Indiana ranks in the lowest quartile of the 50 states in new business investment dollars, new companies created, small business grant dollars, and other categories related to the creation of new companies.
  - b. Indiana State University faculty and students are actively engaged in a wide variety of cutting-edge technologies and applied research projects that impact the Wabash Valley, the state, and the world. Indiana State faculty and students routinely apply this new knowledge through meaningful, life-changing initiatives that stimulate business start-ups, create new jobs, and encourage innovative thinking and foster economic growth. Research is vital to the University's mission of creating knowledge and related infrastructure; transferring technology and know-how; supporting technology and business innovation, and creating human capital. In particular, it helps keep faculty and students current with leading thinkers in their fields and provides opportunities for hands-on student participation.
  - c. There are corporate opportunities to leverage teaching and research in distinguished programs, including unmanned systems, insurance and risk management, built environment, and health services.
  - d. In 2011, ISU, on behalf of Rural Health Innovation Collaborative (RHIC) contracted with Thomas P. Miller to provide recommendations and determine the feasibility of creating a mixed-use incubator (or accelerator) at or near ISU. The team identified a strong case to pursue detailed business planning for a regional business incubator.
  
- 2. Rethink our economic development partnerships and forge new institutional linkages.**
  - a. Indiana State University should begin "student research and development" with industry partners. There should be an emphasis on experiential learning.
  - b. Focus on technology. Technology changes complement the work of higher educated workers.
  - c. Target education programs more effectively.
  - d. A long-term employment trend has been a shift in employment and population growth away from the Midwest toward the West and South. ISU can do its part to contribute to the effort to combat the identified regional quality of life and wage and cost of living differences. University Engagement has been responsible for the largest number of community enhancement and positive image initiatives. It is recommended that University Engagement continues its current path, as past results and objectives align directly with key economic development organizations' goal of improving the quality of life.
  
- 3. Prepare the future workforce and align with top forecasted growth occupations.**
  - a. The greatest risk is if the companies that are established are unable to find the services and resources they need to support their business. It is critical to support existing industries so that their success will result in the retention and creation of jobs, generating revenue for the region and the State.
  - b. Embrace the clear role of higher education in teaching prospective employees how to adapt their skills to meet the needs of a technology focused economy.
  - c. A recent McKinsey & Company report emphasized that for the US economy to have the number of skilled workers it needs for a vibrant economy, we will need to increase graduation rates by 40%.
  - d. Many employers complain about the amount of retraining that they have to do.
  - e. Universities and businesses have had to devote scarce resources to correct the academic shortcomings of high school graduates that are underprepared for work. The ISU Career Center should continue its work to correct this problem.

- f. America's business leaders worry about the obvious workforce implications of a populace that is undereducated for the demands of the current and future economy. ISU needs to better align current curricular programs with projections of the labor force in the state. This approach will also complement a focus on emerging programs of promise.
- g. ISU should refer to the top forecasted growth occupations data and steer academic program direction and support in a way that will meet the need for employees with a specific set of skills in the future. Targeted programs better serve our students and industry and align directly with the goals of key economic development organizations.

**4. Improve education for economic growth.**

- a. Initiatives created by state legislators and the business sector have called for an emphasis on targeted educational programs that produce work-ready employees upon graduation.
- b. ISU must create more formal partnerships involving businesses, the University, and government, all of which will benefit from an educated, work-ready, employable workforce.
- c. The private sector offers resources and support for university-based research and development efforts. The University would benefit from an employee that creates, coordinates and nurtures these research and development relationships.
- d. ISU should devote resources to discover creative ways to accommodate the changes in the mix of occupations in the labor force. Data suggests that there is an increase in the number of professional and technical related occupations. The University needs to create programming and activities that focus on producing students that are prepared for these professions. Students must possess a set of transferrable skills that can be applied to any number of jobs across their career.

**5. Engage more constituents in community engagement and collaboration efforts.**

- a. Engagement efforts should include proposed collaboration, shared resources, and the development of an effective model for workforce training.
- b. Partner with industry to identify what makes graduates more creative, productive, and employable.
- c. Collaboration efforts should include an attempt to embed experiential learning into all academic programs.
- d. Greater collaboration between the University and public and private entities will result in additional internships.
- e. ISU's community image will be enhanced by the continued emphasis on community engagement.

**6. Create a regional entrepreneurial ecosystem, engage with entrepreneurs, and focus on entrepreneurship.**

- a. There has been a recent trend in the state to push for a more regionalized approach to economic development. The regional emphasis will continue to gain momentum as municipalities and the state increase support for creative initiatives that include business incubation centers and maker-spaces.
- b. More states are concentrating on homegrown businesses instead of going after established location driven businesses.
- c. Policy makers see entrepreneurship as a key mechanism for enhancing economic development.
- d. As the current dominant economic driver in the West Central region, Indiana State University is poised to take a leading role in the creation of new and non-traditional economic initiatives.
- e. A regional entrepreneurial ecosystem plan should include initiatives that attract entrepreneurial ventures, provide access to capital, and build innovative clusters around the University's and region's strengths.
- f. Much of the state's economic development efforts focus appropriately on creating, nurturing and attracting fast-growth companies. There is an opportunity to complement those efforts by focusing on small and middle-market Indiana businesses. This sector is the backbone of the

Indiana economy. When healthy, these businesses help stabilize communities and attract new industry. They also are a host of additional new business ideas.

- g.** ISU needs to discover creative ways to leverage the University's experience and resources to help solve business challenges.
- h.** By improving the University's entrepreneurship support efforts, we can change the economic outcomes for the better. Skilled labor, technology, capital, and funding for new businesses are converted into positive economic outcomes (wage and income growth, job creation, patents issued, new goods and services, or new business formation).
- i.** A regional business accelerator or incubator with microlending options and program offerings will increase the potential for new business startup success.

## **Conclusion:**

Indiana State University is in a position to leverage new opportunities and partnerships. For ISU to take advantage of these opportunities, it is clear that we must embrace change to successfully grow enrollment, bring in new sources of revenue through strategic partnerships, and adequately prepare future employees with the skills that they need. The University should be calling into question existing assumptions, strategic partnerships, and economic development efforts in ways that will have a major impact on our region and the state. When reassessing our relations with stakeholders, it is vital that the business community plays a role in shaping the outcomes. The business community is well positioned to be an ally of our University as we change, providing both funding and feedback to assist with program enhancement.

We do know that technology has transformed virtually every aspect of education, as well as workforce needs. Businesses call for higher skill levels in targeted areas and the development of new skills to stay competitive. Through strategic partnerships and a planned course of action, ISU can deliver the work-ready employees that businesses demand. There is a need for extensive discussion about what it is we want our students to learn as a result of their experience in college. Consideration should be given to University and industry input.

We cannot continue to lag behind on measure of entrepreneurial activity and prosperity. Traditionally, universities are slow to change and adapt. Going forward, the University will need to find new ways to enhance productivity, innovation, and efficiency. The University's students and faculty must welcome innovation and change.

Our recommended actions will increase experiential learning, workforce readiness, and graduation rates and provide additional sources of funding for the University.