

Indiana attracting variety of businesses

Collaborative attitude among strategies that are working for state

By Shari Held
Special to IBJ

Indiana has had plenty of negative economic news in recent years, with some of the state's largest firms moving elsewhere and others being purchased by out-of-state concerns.

Nonetheless, many other companies have made Indiana their No. 1 choice for location or expansion, bringing millions of dollars in investment capital and new jobs to the state. For example:

■ HomeGoods opened a \$45 million distribution center in Brownsburg that's projected to add 800 jobs.

■ A.J. Wright announced it's going to build a \$41 million distribution center in South Bend that will mean 800 jobs.

■ Klipsch Audio Technologies unveiled plans to keep its headquarters in Indiana and expand—a \$12.8 million expansion with 132 additional jobs.

■ Toyota announced it would spend \$2 billion on two expansions that will add 4,300 jobs.

■ Puritan Bennett decided to stay in Indiana and announced a \$9.9 million expansion with 180 new jobs.

"2001 was a difficult year in many ways, but Indiana continued to support many business expansion and relocation projects," said Lt. Gov. Joe Kernan, who leads the state's economic development. "Life sciences grew by 3 percent in 2001. On the manufacturing side, the automotive industry is making investments and adding employees."

In fact, the 2001 annual Governor's Cup survey conducted by Site Selection magazine ranked Indiana fifth in a national survey of economic development activity and fourth in growth in new and expanded facilities.

What is driving the increasing popularity of Indiana as a prime location for corporate headquarters, emerging technologies, distribution centers or manufacturing-based businesses?

For one thing, an awareness among local, regional and state organizations that a win for Indiana is a win for them all has replaced the "every man for himself" attitude prevalent in previous years. "Our collaborative efforts have begun to show dividends," said Kernan, who serves as director of the Indiana Department of Commerce.

The commerce department helps Indiana attract, retain and grow business by offering incentives and assistance, such as tax credits, workforce training programs and grants for industrial and infrastructure development. Kernan works closely with city and local organizations, such as Indy Partnership, to ensure that Indiana offers a competitive package with a good product mix.

Indy Partnership is a sales organization that markets the Indianapolis region (Marion and surrounding counties). It focuses on recruiting new business and retaining and growing existing business. A version of Indy Partnership exists in virtually every Indiana city or county to

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James O. Kneisley, CornChem Technologies Inc. executive vice president

promote the specific interests of their respective locations.

"We are more focused on trying to find the best match for the company," said Job A. Conrad, vice president of Marion County Economic Development, a division of Indy Partnership. Conrad, who heads retention and expansion efforts, said the regional approach offers companies one point of contact for many different locations. Companies receive upfront information from one channel, easing the process of decision-making.

Suzanne Vertesch, senior vice president of client services for Indy Partnership, keeps Indianapolis on the radar screen of national site-selection consultants. She woos clients via relationship-building face-to-face meetings, monthly direct-mail campaigns and strategically placed editorials in *The Wall Street Journal*.

As a result, Indianapolis is being placed on more company relocation lists than ever before, Vertesch said. In the space of a year, Indy Partnership's client base has grown from three clients in three states to 146 clients in 26 different states.

Which strategies are working? "They're all working," Vertesch said. "No one has pushed Indiana in a long time."

Another piece of the new strategy is focusing on markets that are a good fit for Indiana—markets where Indiana has a competitive advantage. Life sciences, information technology, advanced or high-end manufacturing, sports and logistics clusters (distribution centers) are the new targets to balance the state's traditional manufacturing focus.

Why Indiana?

Businesses had a variety of reasons for choosing Indiana over other states.

Public Relations division of Tyco



Photos courtesy Toyota

Top: An assembly team member attaches a luggage rack to a Sequoia on the final inspection line at the Toyota plant located in Princeton, Indiana (above).

Healthcare, opted to stay in Indiana but move from Indianapolis to Plainfield. An ample pool of talent to support its projected 40-percent growth, plus a suitable space within a 10-mile radius of its existing facility, contributed to Puritan Bennett's selection of Indiana over other states.

The spirit of cooperation and communication among Indiana organizations impressed Forrest Whittaker, president of respiratory for Tyco Healthcare. "We talked about wage rates, infrastructures and access to facilities, and all of those are available in other locations," Whit-

taker said. "I think the communication was the real key part. Everything else was pretty close. Indiana just brought the most to the table in terms of being pro-business and was solicitous of finding out how they could help us out."

Toyota has expanded twice since opening a new facility in Gibson County in the late 1990s—once to manufacture the Sequoia sports utility vehicle and again to manufacture the Sienna minivan. Neither expansion was necessarily a "sure thing" for Indiana. "But Indiana became very proactive when it came to retaining jobs," said Mike Goss, public affairs



(B) Photos/Robin Jersad

Klipsch Audio Technologies, above, chose College Park for its new headquarters, which includes an anechoic chamber, right, which is a room where sound is not reflected from the walls, ceiling or floor.



manager for Toyota.

Goss credits the state's offer to provide training dollars and to take over the assessment and screening of job applicants with tipping the balance in Indiana's favor. "It was a huge undertaking since we received applications and résumés from about 80,000 people. It was really critical to have the state handle that piece of it for us."

Dan Kittle, global R&D leader for Dow AgroSciences, said his firm's decision to move its plant genetics and biotechnology R&D area from San Diego to Indiana was based in part on a desire to "accelerate the pace with which we can deliver the kinds of solutions we want—healthier and safer food products for consumers." Before selecting Indiana, DAS analyzed a dozen different alternatives. Indiana's quality of life and close proximity to excellent research facilities and academic institutions helped give the state the edge.

But Indianapolis' efforts to attract high-tech companies through the Central Indiana Life Sciences Initiative and leadership at both the city and the state levels were significant factors as well. DAS worked with the city, the Indiana Department of Commerce and Indy Partnership and found "a very high level of coordination and cooperation among those groups" in identifying resources to address the firm's specific needs. "Perhaps the most compelling thing about Indiana today is its vision and commitment to grow high-tech business in central Indiana," Kittle said.

Klipsch victory

The grand opening of Klipsch Audio Technologies' state-of-the-art headquarters in College Park this summer marks yet another triumph for Indiana. The engineering and technology center will be one of the most advanced consumer audio research facilities in the Midwest and will boost Indiana's expansion in the area of technology.

"What the state did was work really hard to keep our corporate headquarters here," said CEO Fred Klipsch. "That was not easy to do considering that some of the more competitive states in the whole U.S. are right around Indiana."

Klipsch has facilities in multiple states, but "I really wanted Klipsch, which is my primary business, headquartered here," Klipsch said. He credits Gov. O'Bannon, Lt. Gov. Kernan and Mayor Bart Peterson with "working together to negotiate a fair transaction that allowed us to do just that."

ComChem Technologies Inc., a start-up company devoted to drug research, is getting national recognition from the National Cancer Institute in the form of research grants for its novel tumor-targeting compounds. Collaboration with the Purdue School of Pharmacy and Indiana University's School of Medicine, as well as proximity to Eli Lilly and Co., Dow AgroSciences, Roche Diagnostics and other players in the life sciences area, made Indiana a natural place for their growth.

The support ComChem received from the state also helped. "The recent rallying of leaders among the private sector and governmental, academic and philanthropic organizations to build Indiana's future in health sciences and technology is a critical aspect of what's right about Indiana," said James O. Kneisley, executive vice president of CCTI. Indy Partnership and the Indiana Health Industry Forum, advocacy groups who "work hard at it," also draw his praise. "[Indiana is] figuring out what is necessary on everybody's part to move the process along much more rapidly," Kneisley said.

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