

# FORT WAYNE, INDIANA

## A CASE STUDY IN COMMUNITY RESPONSE TO THE ECONOMIC CHALLENGES FACING OLDER INDUSTRIAL CITIES

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SEPTEMBER 10, 2010

Chicago

2

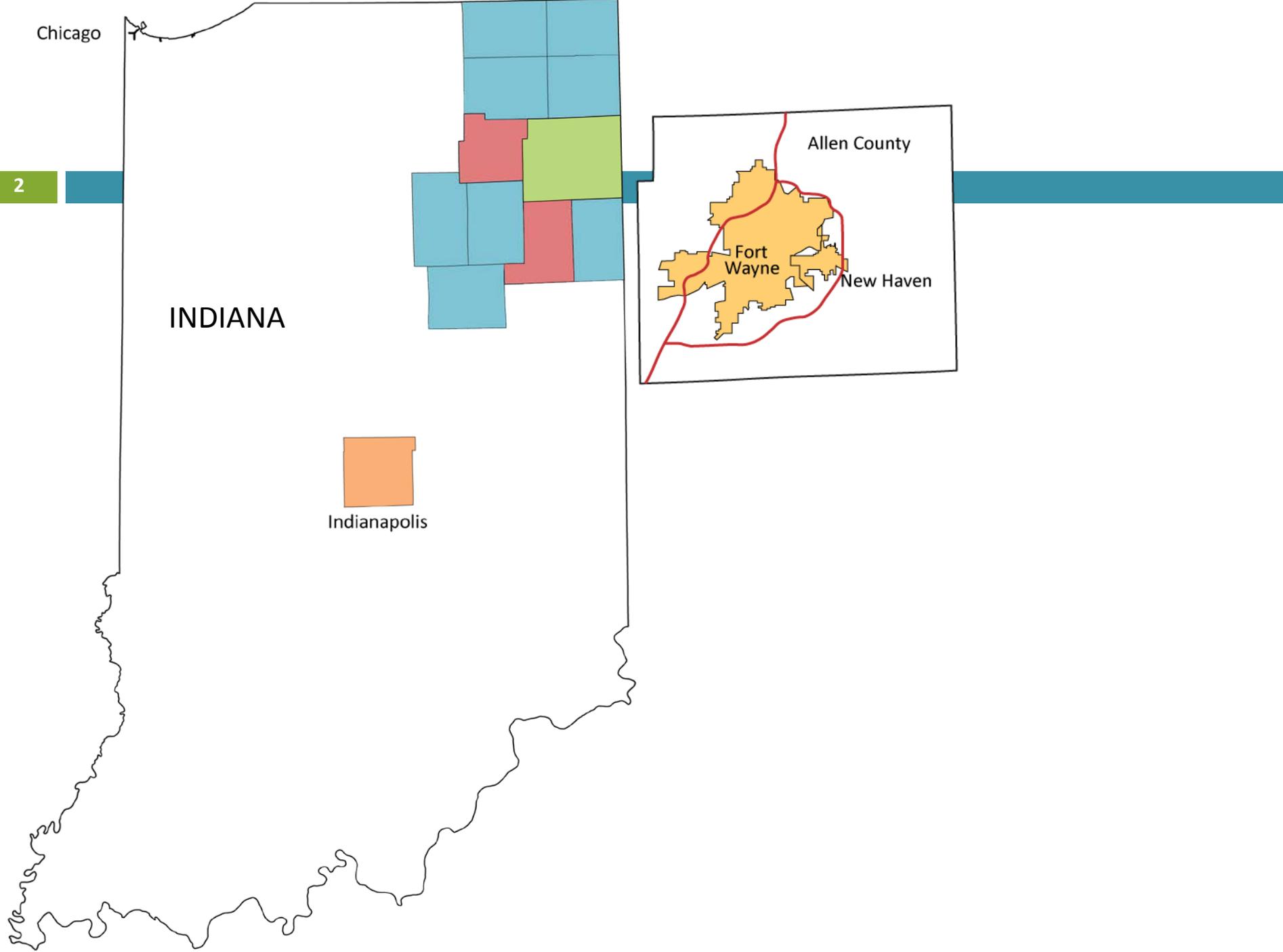
INDIANA

Indianapolis

Allen County

Fort Wayne

New Haven



# DESCRIBING THE REGION

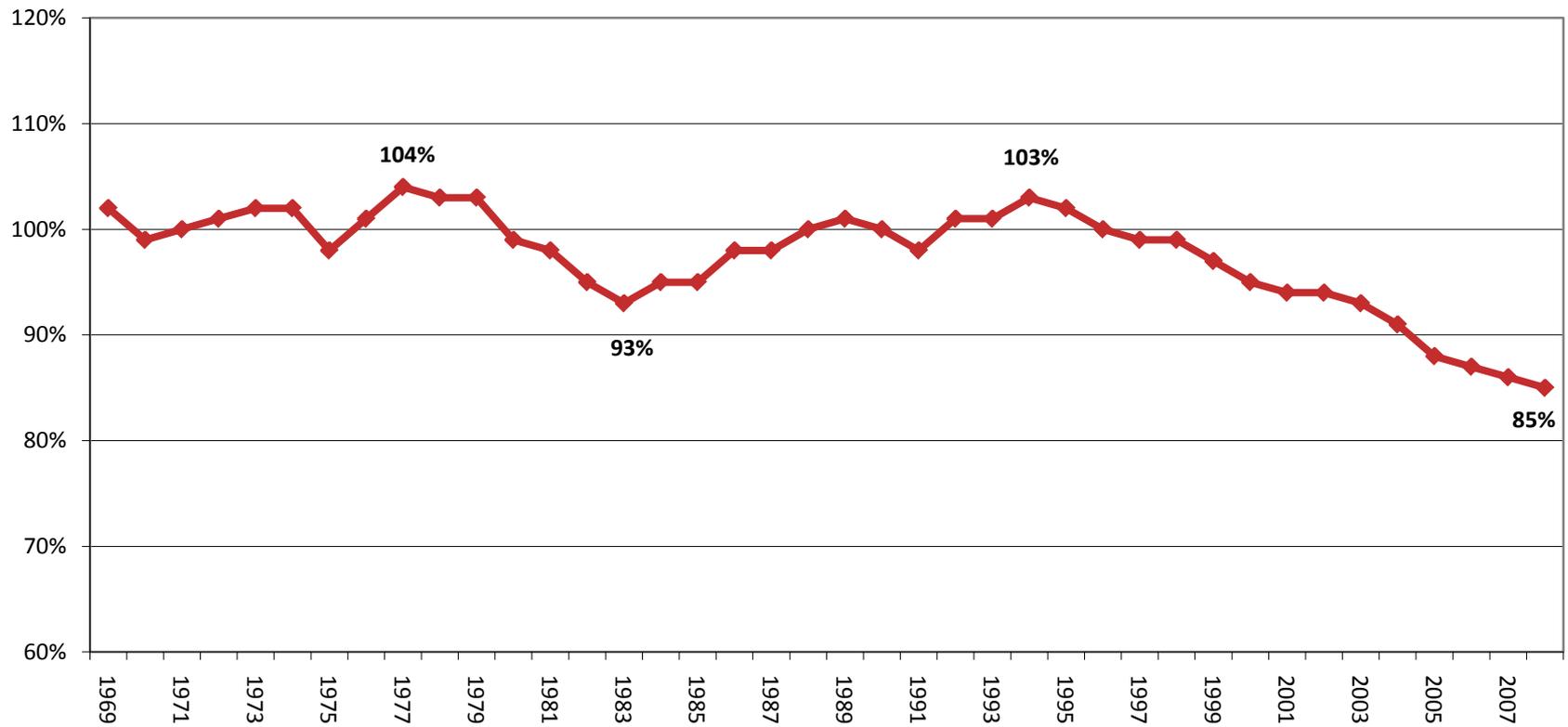
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<b>GEOGRAPHY</b>	<b>2009 POPULATION</b>	<b>2009 EMPLOYMENT</b>	<b>2008 PER CAPITA PERSONAL INCOME</b>	<b>2008 POVERTY RATE</b>
NORTHEAST INDIANA	748,573	310,221	\$31,703	n/a
FORT WAYNE MSA	414,315	191,272	\$34,176	10.6%
ALLEN COUNTY	353,888	169,915	\$34,652	11.0%
CITY OF FORT WAYNE	255,890	n/a	n/a	13.5%

Sources: U.S. Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis

# OUR SHIFTING ECONOMIC VITALITY

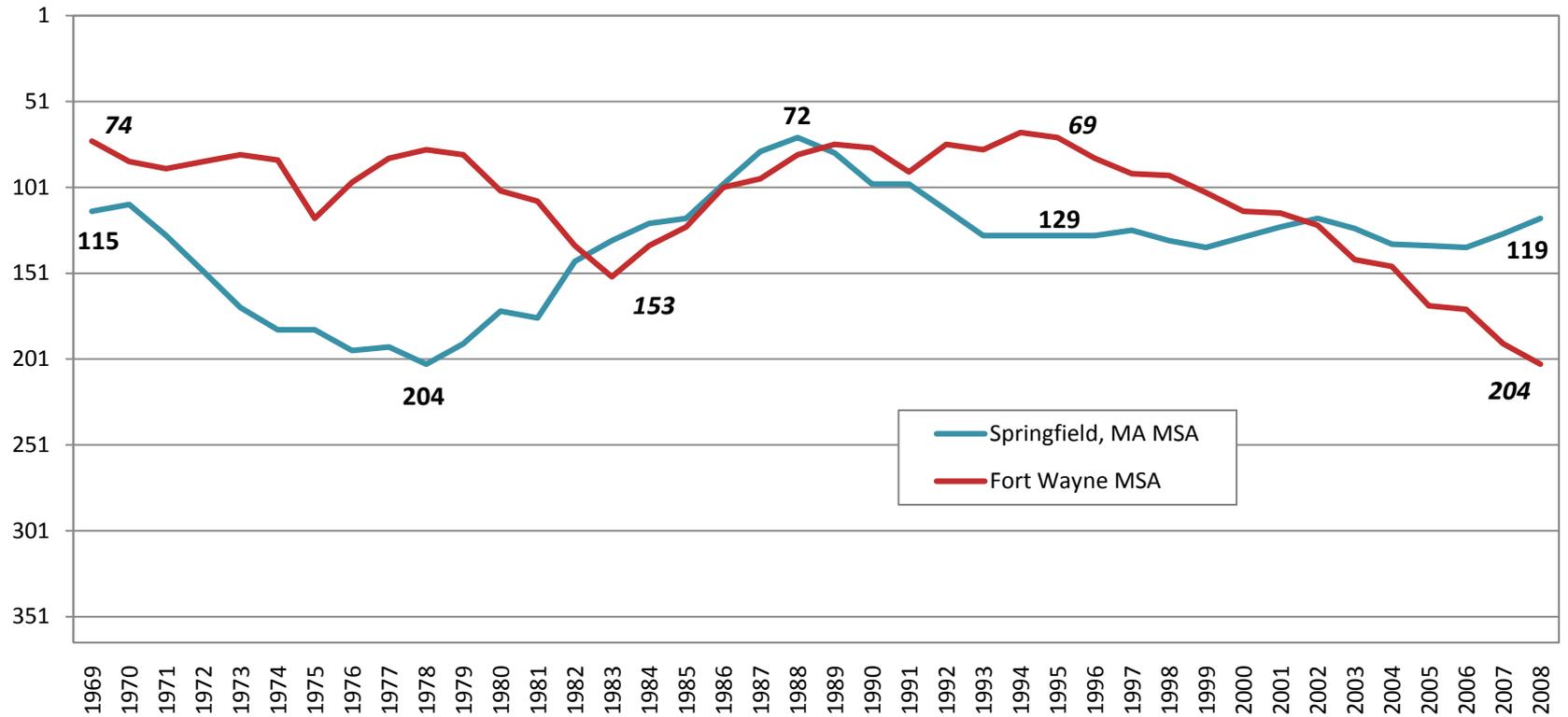
Annual Per Capita Income in Fort Wayne MSA as a Percentage of U.S. Per Capita Personal Income



Source: Bureau of Economic Analysis

# OUR SHIFTING ECONOMIC VITALITY

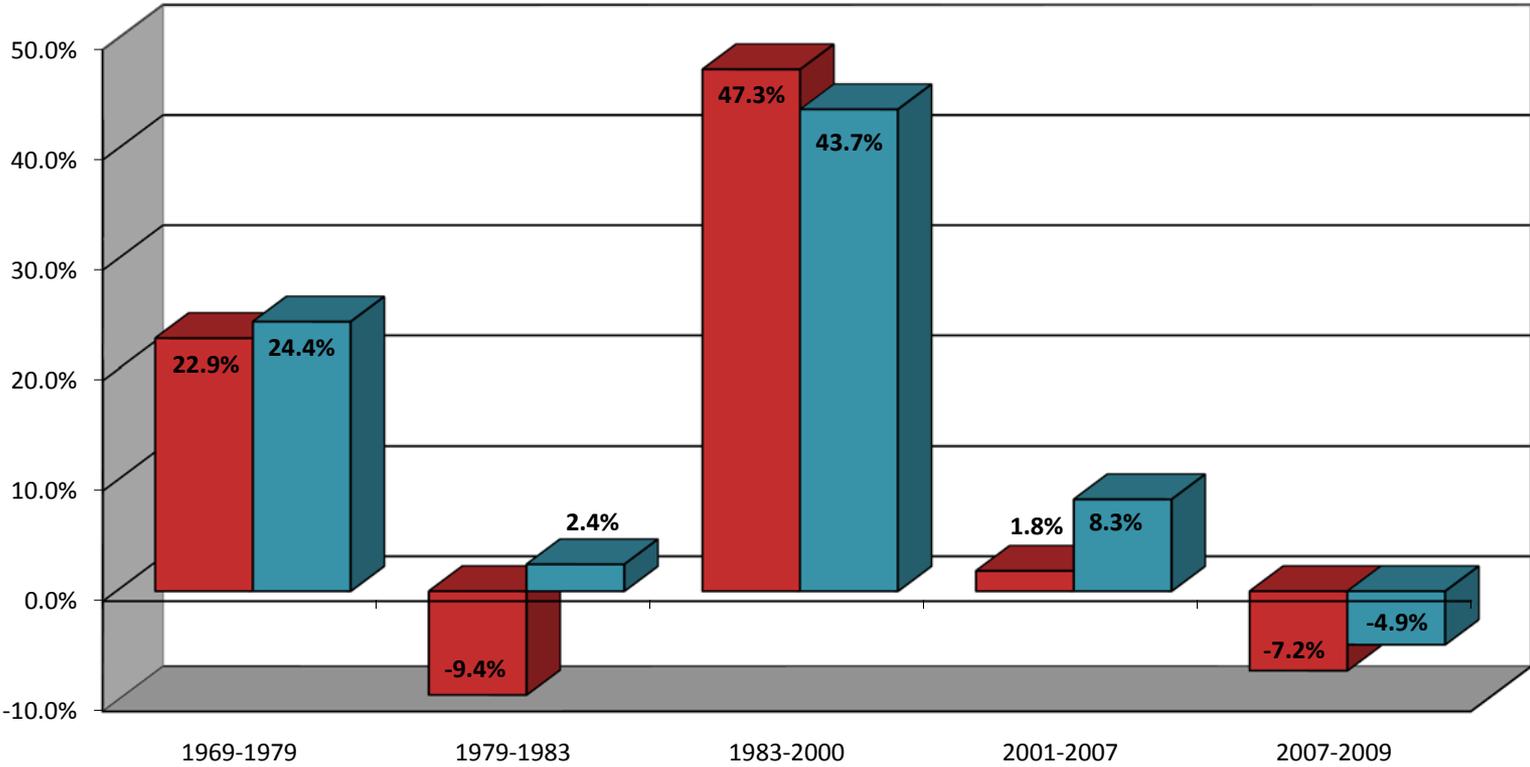
Rank of Fort Wayne MSA and Springfield, MA MSA  
Per Capita Personal Income out of 366 MSAs



Source: Bureau of Economic Analysis

# DIFFERENT PERIODS, DIFFERENT RESULTS

Employment Growth by Economic Periods for the United States and the Fort Wayne MSA

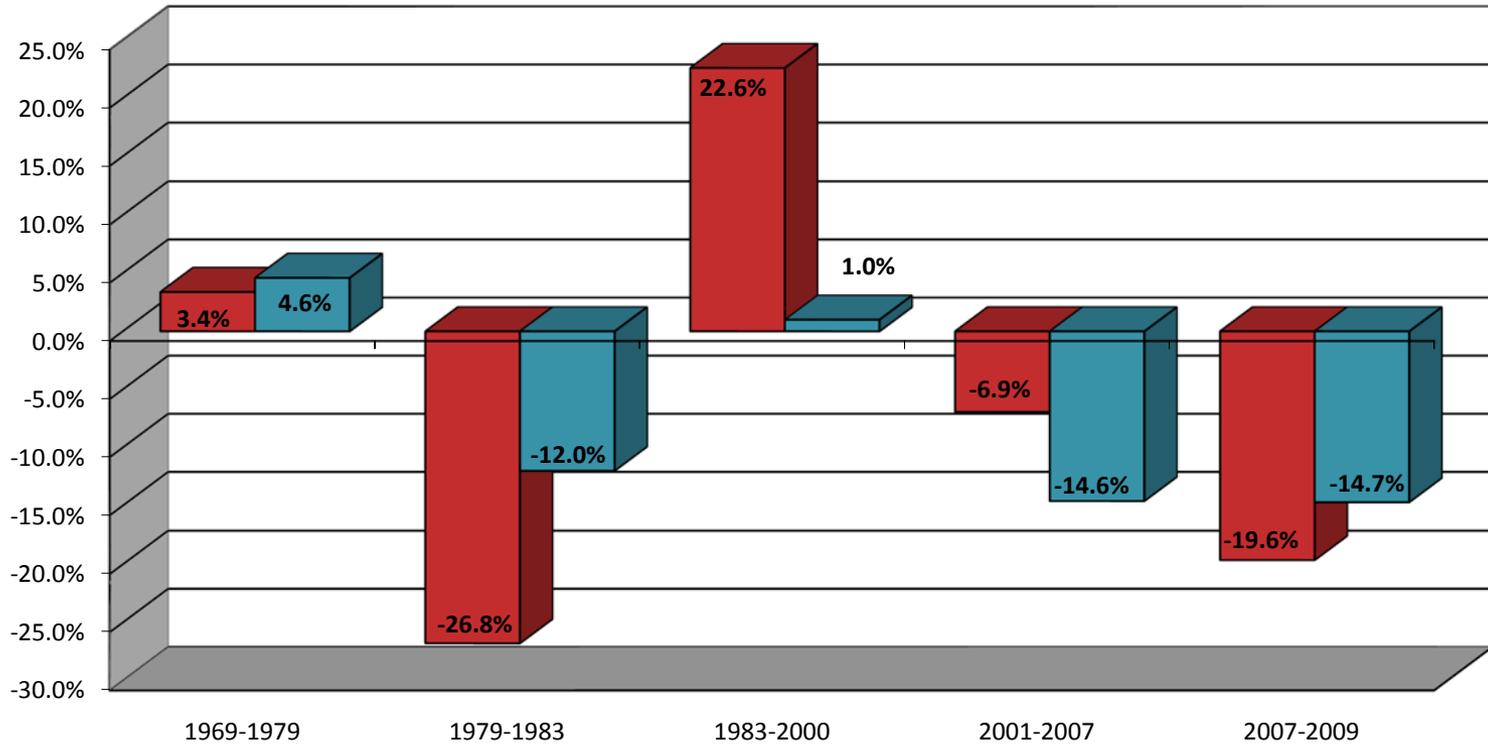


Source: Bureau of Economic Analysis

■ FORT WAYNE MSA      ■ UNITED STATES

# DIFFERENT PERIODS, DIFFERENT RESULTS

**Manufacturing Employment Growth by Economic Periods for the United States and the Fort Wayne MSA**



Source: Bureau of Economic Analysis

■ FORT WAYNE MSA

■ UNITED STATES

# HITTING BOTTOM

- Unemployment in Allen County reached a peak of 14.5% in February, 1983.
- International Harvester closed the doors to its Allen County truck assembly operations in July, 1983 July, 1983 – had been the largest employer with over 10,000 workers
- Between 1980 and 1984 Allen County experienced an out migration of more than 16,000 residents.



Source: Fort Wayne News Sentinel

# ... AND GETTING BACK UP OFF THE FLOOR

- Response to the crisis
  - Reinvention of the Chamber as an economic development organization
  - Changing role for local government
  - Changing role for state government
  - Fort Wayne/Allen County became a statewide leader in economic development using the new tools provided by the state

**The Journal-Gazette**  
 Saturday, July 30, 1953 Fort Wayne, Indiana 25 cent

**ITT, area win Army radio jobs**

**3 rockets fired near Soviet ships, Nicaragua claims**

**Allen County Jail 'jammed' to the rafters'**

**The Journal-Gazette**  
 Fort Wayne, Indiana Saturday, September 1, 1964 25 cent

**County gets GM plant**

**Firm to employ 3,000 on two shifts**

**GENERAL MOTORS INCENTIVE PACKAGE**

GM REQUEST	COST (in millions)	COMMITMENT	SOURCE
Improvement to Lafayette Center Road interchange	\$6	\$11	Indiana Department of Highways (Federal-State)
Construction of Lower Huntington Road interchange	\$5		
Improvement to county	\$6.75		Allen County, Indiana

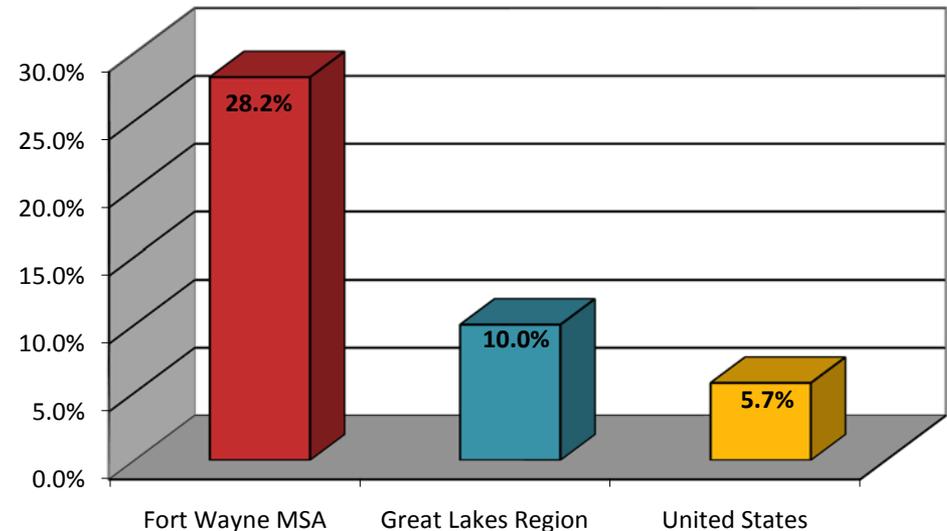
Source: Fort Wayne Journal Gazette

# ... AND GETTING BACK UP OFF THE FLOOR

10

- Key factors in the resurgence
  - ▣ Midwest manufacturing retooled itself
  - ▣ political leadership from the Fort Wayne Mayor and the Governor/Lt. Governor
  - ▣ Engagement of the local private sector with the Greater Fort Wayne Chamber of Commerce as the vehicle

Growth in Manufacturing Employment 1983-1998

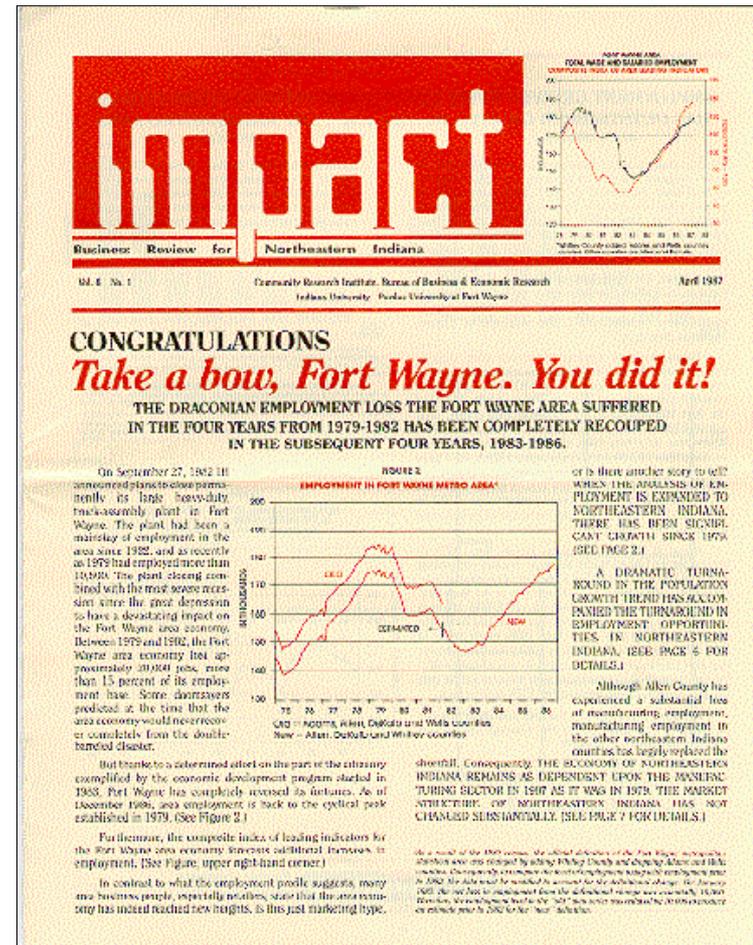


Source: Bureau of Economic Analysis

# PROSPERITY BREAKS OUT

11

- The perception of prosperity breaks out and we begin to coast
  - Became to comfortable with economic development successes
  - Change of political priorities
  - Reaction of the private sector, impact on the Chamber



Source: Community Research Institute

# THE BLOOM FALLS OFF THE FLOWER

- This time it occurs gradually rather than suddenly
- A growing understanding of quality (wages levels) vs. quantity (counting jobs)
- “Things have been too easy, in some ways it was very positive, but masked some of the underlying concerns.”

News Sentinel, July 24, 1998

## TAKING CARE OF BUSINESS

# Job climate shifts

With the recent exodus of jobs, local officials are redoubling their efforts to stimulate growth.

**Jobs lost**  
Job losses in 1998 began with Lincoln National Life in January and have continued throughout the first seven months, now totaling 2,550. In addition, the consolidation of Fort Wayne National Corp. into National City Corp. is expected to trim more than 300 jobs, although the company will not confirm a cutback number.

**Announcement:** Jan. 5  
**Company:** Lincoln National Life  
**Jobs lost:** 250  
**Eliminated:** December 1999  
**Cause:** Consolidating individual-life business in Connecticut

**Announcement:** Jan. 13  
**Company:** Nestle distribution center  
**Jobs lost:** 100  
**Eliminated:** March  
**Cause:** Consolidating warehouse system

**Announcement:** Jan. 23  
**Company:** Raytheon Co.  
**Jobs lost:** 800  
**Eliminated:** December 2000  
**Cause:** Radio manufacture consolidated in Florida\*

**Announcement:** March 5  
**Company:** Dana Corp., Heavy Axle & Brake  
**Jobs lost:** 100  
**Eliminated:** December 1999  
**Cause:** Building headquarters and engineering center in Kalamazoo, Mich.

**Announcement:** June 19  
**Company:** Corbell Motors  
**Jobs lost:** 100  
**Eliminated:** March 1999  
**Cause:** Consolidating in Tennessee

**Announcement:** June 23  
**Company:** Mattel Power Wheels plant  
**Jobs lost:** 600  
**Eliminated:** June 1999  
**Cause:** Consolidating in Kentucky

**Announcement:** July 13  
**Company:** River Patton Electric  
**Jobs lost:** 250  
**Eliminated:** January 1999  
**Cause:** Moving to Missouri, offshore

**Announcement:** July 22  
**Company:** Sears Customized Delivery Service  
**Jobs lost:** 350  
**Eliminated:** Sept. 23  
**Cause:** Automating telephone system

\* Fort Wayne and Allen County sessions. Photos by Normando Munoz of The News-Sentinel

**By Lynne McKenna Frazier of The News-Sentinel**  
Fort Wayne and Allen County have ridden the good-times bandwagon. The community bounced back from the loss of its dominant employer, International Harvester Co. It survived the cutbacks in defense spending that slashed employment at Magnavox Electronics Co., now Raytheon Co. It skated through the 1990-91 recession with few scars. Things might have been too easy, said John Stanford, director of strategic planning for the city. "In some ways it was very positive, but masked some of the underlying concerns." In the early 1980s, the community knew its economic fortunes were tied to manufacturing, especially automotive manufacturing. Fifteen years later the situation hasn't changed. And now some of those manufacturing jobs don't look so secure.

Since the beginning of the year, more than 2,550 job cuts have been announced by Allen County companies. Expected cutbacks at banks, which are merging at a furious pace, probably will add to that total. The unemployment rate still is low, but an increase later this year is likely.

Why hasn't someone done anything about that? The answer is complicated. Economic development and business attraction have not disappeared, but they have fallen from the limelight. Public concern about adding new jobs fades when help-wanted signs proliferate. Political leaders don't feel the public breathing down their necks. Private-sector leaders face criticism for exacerbating a labor shortage by recruiting new companies. This week those topics hit the radio call-in shows. "When you are affected or know someone is affected, that is when it See BUSINESS, Page 7A ▶"

*Since the beginning of the year, more than 2,550 job cuts have been announced by Allen County companies.*

**INSIDE**  
▶ Cutbacks can be traced to mergers or consolidations. Page 7A

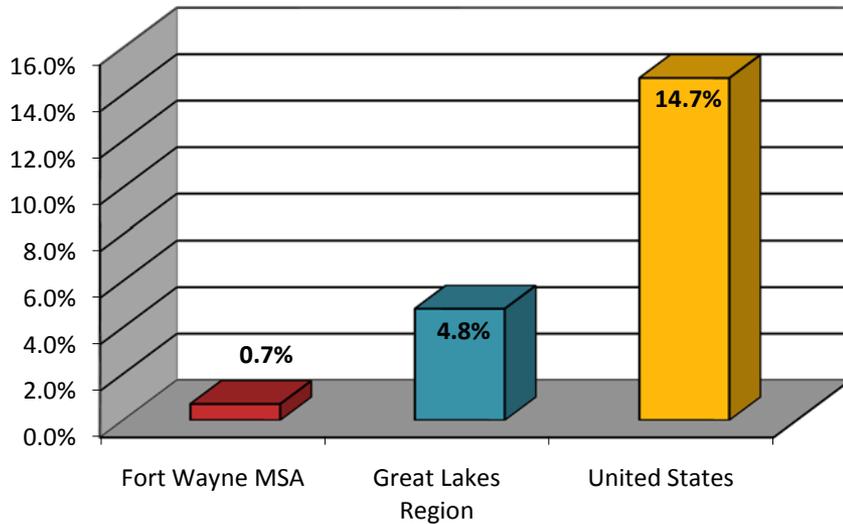
**Deals lost**  
Allen County has been in the running for some of the megadeals of the last few years, but lost out.

Project	Value	Where located	When plant opened
Best Buy, distribution center	\$32 million	Findlay, Ohio	Summer 1995
Harley-Davidson plant	\$82 million	Kansas City, Mo.	Fall 1997
LTV Corp. tube plant	\$66 million	Marion, Ohio	Fall 1997
Steel Dynamics Inc. structural mill	\$285 million	Whitley County	To open in 2000

Graphics by The News-Sentinel

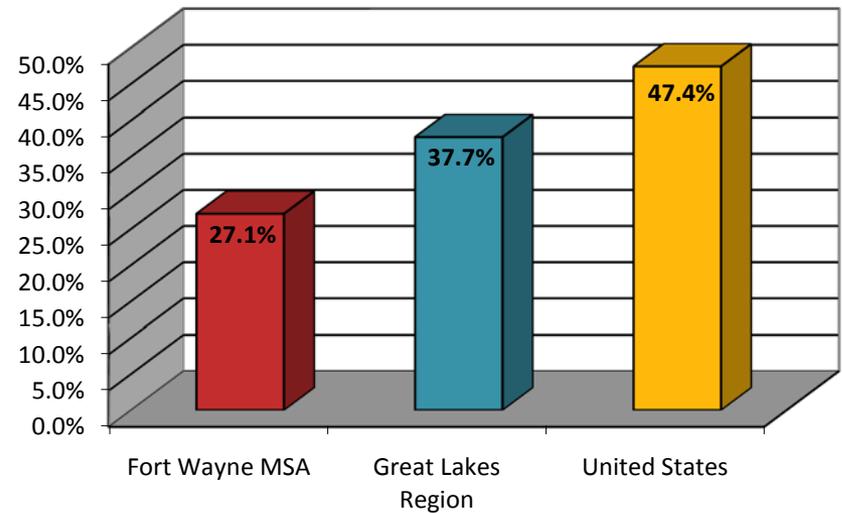
# THE BLOOM FALLS OFF THE FLOWER

### Growth in Total Employment Between 1998 and 2008



Source: Bureau of Economic Analysis

### Growth in Per Capita Personal Income Between 1998 and 2008



Source: Bureau of Economic Analysis

# THE SECOND ITERATION OF COMMUNITY RESPONSE TO THE ECONOMIC CHALLENGE

14

- Key components:
  - Creation of the Economic Development Alliance in Allen County and a LEDO in every other county in the region
  - Creation of the Northeast Indiana Innovation Center, an example of significant community support for the gardening component of economic development
  - alignment of Workforce and Economic Development
  - Going regional – launching the Northeast Indiana Regional Partnership
  - The Talent Initiative - \$20 million to targeted at improving the talent pipeline
  - Vision 2020, a focus on building product and fostering broader collaboration

# LESSONS LEARNED ALONG THE JOURNEY

15

- Take aways:
  - Economic development is a constantly moving target, if you don't change and improve you will quickly be passed by
    - How do you build a sustainable economic development effort when the pressure is off and how to you fund it in economic downturns?
  - Be careful to understand the underlying trends not just the superficial short-term results
    - What role should manufacturing play in a Midwestern community's economic strategy moving forward?
  - Leadership and collaboration are absolutely essential
    - How do you build a sustainable leadership environment in both the public and private sectors?

# CONTACT

16

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