

Economic Briefing

Hosted by the
Greater Valparaiso Chamber of Commerce
Presented by
Purdue University North Central
College of Business

November 10, 2011

PURDUE
UNIVERSITY
NORTH CENTRAL

FOCAL POINT

Business Conditions in Northwest Indiana

Presented by: Dr. Daniel Rutledge

Associate Professor of Business

Purdue University North Central

November 10, 2011

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Analysis Based On...

Opinions of Local Business People...
Challenges and Outlook

Valparaiso Chamber Members

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Responses.... $n = 51$ (2.7% Response Rate)

Profile....

- Orientation.... Profit = 70% Non-Profit = 30%
- Size (employees).... Average = 51
- Longevity.... Years in Business = 54

Business Sector....

Goods Producing = 10%
(manufacturing, construction)

For-Profit Services = 53%
(retailing, services, health care, transportation)

Non-Profit/Other = 37%
(education, government, non-profits)

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Q.1 How Has Your Company Been Impacted Over *Past 12 Months*?

Getting Worse

Holding

Getting Better

1 -- 2 -- 3 -- 4 -- 5 -- 6 -- 7 -- 8 -- 9

| | <u>Nov. 2011</u> | <u>Nov. 2010</u> | <u>Change</u> |
|------------------------------|------------------|------------------|---------------|
| Marketing = (Q2+Q7) | 5.15 | 5.20 | -.05 |
| Operations = (Q3+Q6+Q10) | 4.21 | 4.21 | 0 |
| Finance = (Q4+Q5+Q8) | 5.18 | 4.82 | +.36* |
| Human Resources = (Q1+Q9) | 5.40 | 4.92 | +.48* |

***Significant Difference**

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Q.2 Two Important Factors Anticipated Over *Next 12 Months*?

| | <u>Nov. 2011</u> | <u>Nov. 2010</u> | <u>Change</u> |
|--|------------------|------------------|---------------|
| Controlling Costs of Business | = 43% | = 55% | -12% |
| Finding/Keeping Competent Employees | = 23% | = 15% | +8% |
| Reaching Sales/Revenue Targets | = 65% | = 63% | +2% |
| Finding New Business Opportunities | = 38% | = 45% | -7% |
| Financial Health and Obtaining Capital | = 5% | = 8% | -3% |
| Health Care | = 20% | = 20% | 0 |
| Other Concerns Not Listed | = 0% | = 0% | N/A |

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Q.3 Business Optimism Score By Sector

| By Sector.... | <u>Nov. 2011</u> | <u>Nov. 2010</u> | <u>Change</u> |
|-----------------------|------------------|------------------|---------------|
| Goods Producing = | 6.25 | 5.00 | +1.25* |
| For-Profit Services = | 6.24 | 5.90 | +0.34 |
| Non-Profits = | 6.33 | 6.13 | +0.20 |

*Significant difference

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Summary... Valparaiso Chamber Members

1. Since Fall 2010 = Finance and HR significant improvement
Operations and Marketing holding own
2. Next 12 months Concerns
 - = No. 1: Revenues
 - = Less: Controlling Costs
3. Business Optimism Score at 6.28 by +.35 but not significant
4. Members “optimism evident”

The State of the Economy **Porter County**

Presented by: Professor Anthony Sindone

Continuing Lecturer of Business

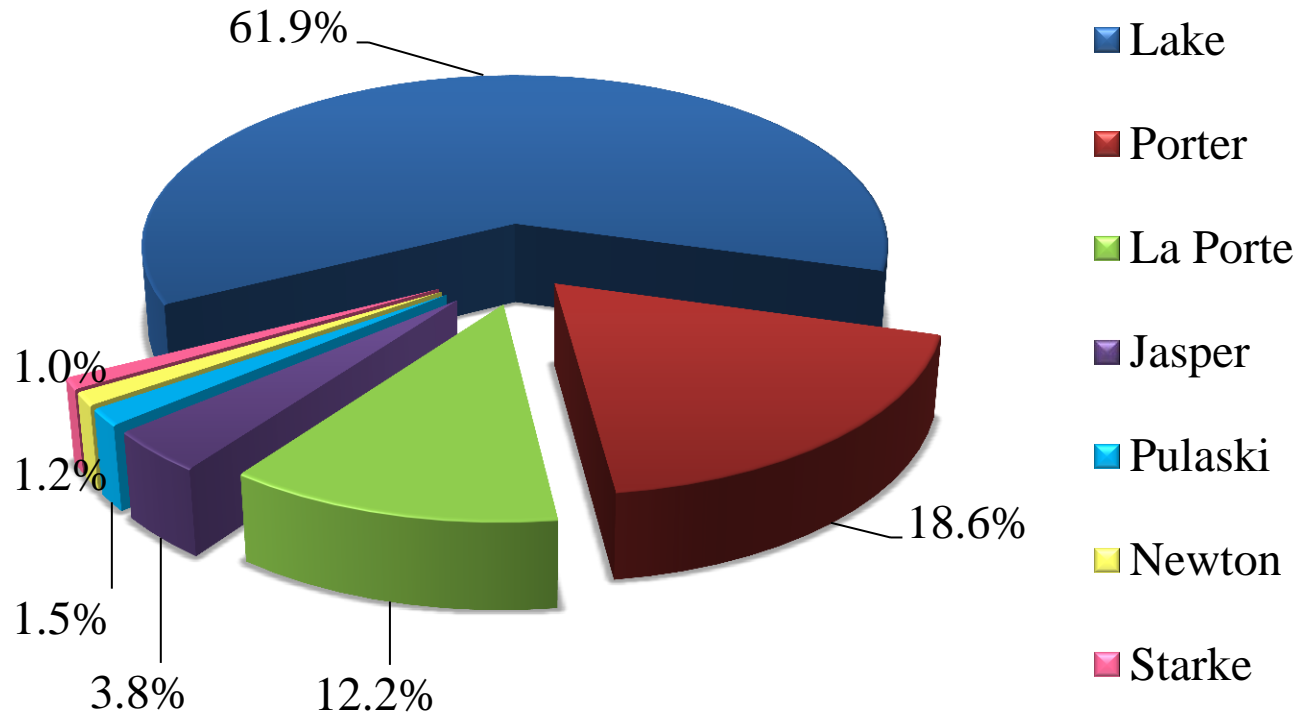
Purdue University North Central

November 10, 2011

Porter County

- Manufacturing overall has seen a moderate growth rate in the last 3-5 years. Transportation, Metal and Prefabricated Metals have grown, while others such as Electronic and Computer, Printing and Food have declined
- The Construction industry has seen low single digit growth rates. Civil Engineering has remained flat while the grouping of Building Construction and Specialty Trade contractors have seen moderate growth
- The Porter County economy appears to have a platform of service industries, including health care to compliment manufacturing in the economic recovery
- Both Porter and La Porte counties have realized very large, annual double digit growth rates in farm earnings from 2001 to 2009

Gross Regional Product: County Contribution



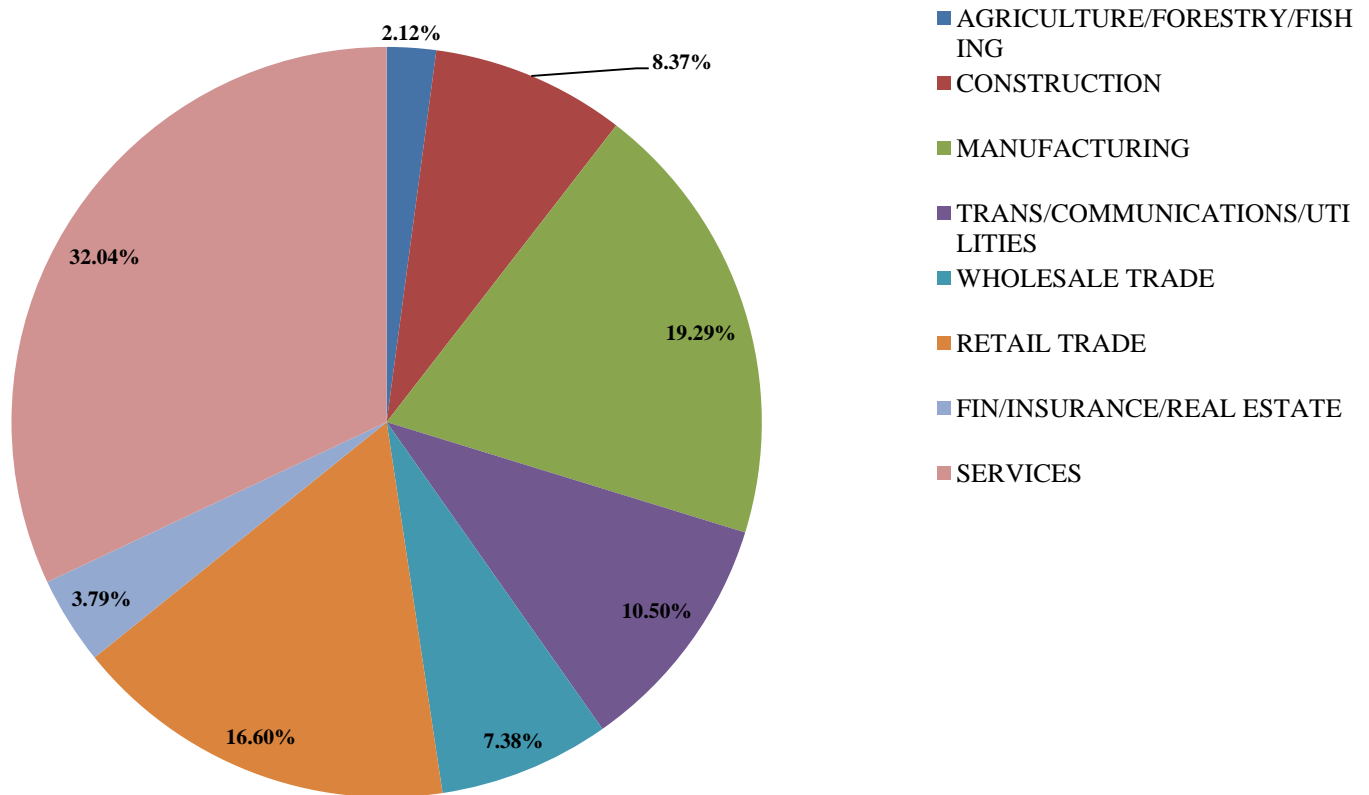
Total 2008 GRP \$29.3 Billion (11% of State)

Total 2001 GRP \$22.5 Billion

Indiana 2008 GRP \$258.4 Billion

Porter has approximately 9,800 establishments and an employment base of 63,000. Total Sales for the County approximately \$5.0B. The top revenue industries are Manufacturing, Services, Retail and Transportation.

Major Industry Classification Segmentation in Porter County - % of Total Sales

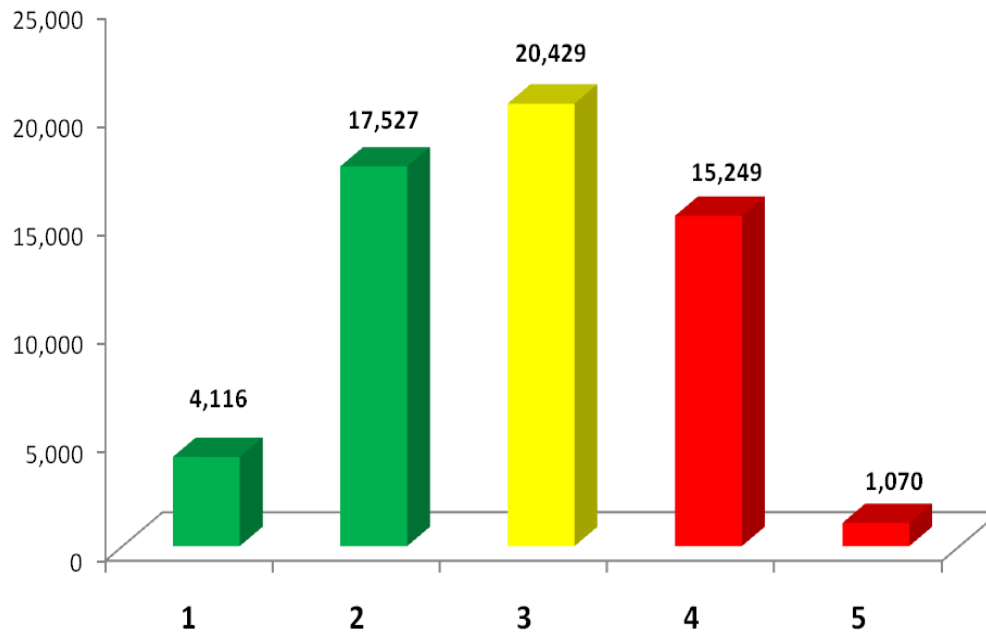


Of the 49,000 businesses in NWI
Porter County represents 19 percent

| NAICS Industry Cluster | LAKE | JASPER | LA PORTE | NEWTON | PORTER | PULASKI | STARKE | TOTAL |
|--|---------------|---------------|-----------------|---------------|---------------|----------------|---------------|---------------|
| <i>Administrative Support Services</i> | 4,083 | 458 | 981 | 146 | 1,678 | 181 | 257 | 7,784 |
| <i>Other Services</i> | 3,429 | 268 | 762 | 92 | 958 | 146 | 178 | 5,833 |
| <i>Retail Trade</i> | 3,213 | 252 | 813 | 84 | 1,006 | 121 | 146 | 5,635 |
| <i>Professional Scientific Technical</i> | 2,849 | 154 | 503 | 47 | 1,077 | 49 | 65 | 4,744 |
| <i>Healthcare</i> | 2,502 | 105 | 535 | 19 | 774 | 56 | 75 | 4,066 |
| <i>Construction</i> | 2,413 | 252 | 632 | 74 | 966 | 74 | 115 | 4,526 |
| <i>Finance Insurance Real Estate</i> | 2,323 | 180 | 476 | 70 | 859 | 73 | 79 | 4,060 |
| <i>Arts Entertainment Accomodations Food</i> | 1,775 | 121 | 467 | 42 | 561 | 50 | 81 | 3,097 |
| <i>Wholesale Trade</i> | 1,179 | 110 | 324 | 41 | 364 | 62 | 50 | 2,130 |
| <i>Manufacturing</i> | 928 | 78 | 325 | 44 | 327 | 33 | 55 | 1,790 |
| <i>Transportation & Warehousing</i> | 869 | 134 | 208 | 52 | 346 | 56 | 64 | 1,729 |
| <i>Education</i> | 572 | 36 | 93 | 12 | 176 | 11 | 23 | 923 |
| <i>Information</i> | 434 | 28 | 99 | 18 | 149 | 16 | 23 | 767 |
| <i>Government</i> | 421 | 53 | 111 | 39 | 127 | 42 | 42 | 835 |
| <i>Agriculture & Mining</i> | 219 | 333 | 313 | 164 | 231 | 248 | 137 | 1,645 |
| <i>Utilities</i> | 60 | 6 | 24 | 3 | 17 | 2 | 1 | 113 |
| <i>Unclassified</i> | 6 | 0 | 3 | 0 | 2 | 0 | 0 | 11 |
| TOTAL BUSINESS SITE LOCATIONS - | 27,275 | 2,568 | 6,669 | 947 | 9,618 | 1,220 | 1,391 | 49,688 |

Using the D&B Financial Stress Score (FSS) in combination with other variables, develop outreach strategy around Growth / Expansion, Retention & Layoff Aversion

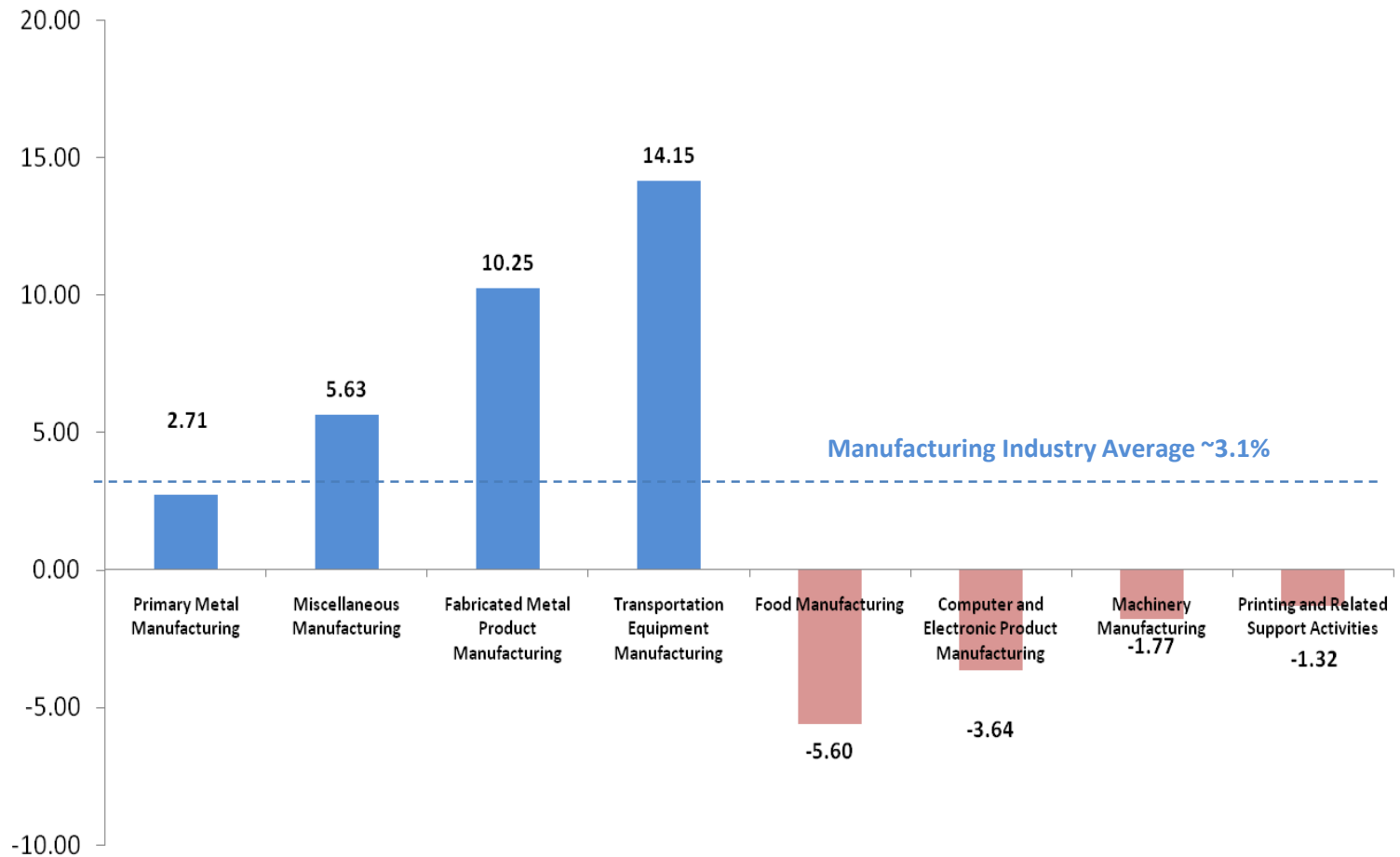
Total Employees Here in Porter County by FSS



- Expansion & Growth**
Service & Retention of Businesses with 21,643 employees
- Retention & Maintenance**
Layoff Aversion of 20,429 employees
- Retention & Loss Prevention**
(prevent from going out of business)
Layoff Aversion of 16,319 employees

← **Low Risk** *Financial Stress Risk Class* **High Risk** →

The top 4 growth and decline Manufacturing sub-sectors in Porter County



Top Specialty Trade Contractors in Porter County

| Business Name | US City | NAICS 3 Digit |
|---|------------|--|
| McDaniel Fire Systems, LLC | VALPARAISO | Plumbing, Heating and Air-Conditioning Contractors |
| G. E. Marshall, Inc. | VALPARAISO | Site Preparation Contractors |
| Circle R Electric Inc | PORTAGE | Electrical Contractors |
| J & J Heating and Air Conditioning of Valparaiso, LLC | VALPARAISO | Plumbing, Heating and Air-Conditioning Contractors |
| V & H Excavating Co., Inc. | HEBRON | Site Preparation Contractors |
| Custom Designers Inc. | PORTAGE | Painting and Wall Covering Contractors |
| Pyro Industrial Services Inc | PORTAGE | Masonry Contractors |
| Ameratronic Industries, Inc | PORTAGE | Electrical Contractors |
| Superior Drywall With Jamar Companies Inc | VALPARAISO | Drywall and Insulation Contractors |
| Langley Construction, Inc. | PORTAGE | Framing Contractors |
| Trout Glass & Mirror Inc | CHESTERTON | Glass and Glazing Contractors |
| Lynn Electric Inc | PORTAGE | Electrical Contractors |
| McDaniel Fire Systems, LLC | VALPARAISO | Plumbing, Heating and Air-Conditioning Contractors |
| Kent Heating and Air Conditioning Inc | VALPARAISO | Plumbing, Heating and Air-Conditioning Contractors |
| Zarnas, Inc. | PORTAGE | Painting and Wall Covering Contractors |
| Specialized Restorations & Construction Inc | VALPARAISO | All Other Specialty Trade Contractors |
| Bloomfield Corporation | PORTAGE | Plumbing, Heating and Air-Conditioning Contractors |
| Hernandez Mechanical Inc | HEBRON | Plumbing, Heating and Air-Conditioning Contractors |

CURRENT STATE –INDUSTRIES:

- Biggest Industries in Porter County 2009

| <u>Industry</u> | <u>Total Earnings (in thousands)</u> |
|-----------------|--|
| | ,894 |
| | ,530 |
| | ,552 |
| | ,037 |
| | ,179 |

CURRENT STATE –INDUSTRIES:

- Porter Drivers (in thousands, 2001 to 2009)

| <u>Biggest growth industries</u> | <u>Total Change in Earnings</u> | <u>Percentage Change</u> |
|--|--|-------------------------------------|
| Ambulatory health care services | \$129,384 | 105% |
| Professional, scientific, and technical services | \$59,104 | 59% |
| Other services, except public admin | \$45,336 | 47% |
| Educational services | \$37,792 | 69% |
| Administrative and support services | \$33,072 | 61% |

| <u>Fastest growing industries</u> | <u>Average Growth</u> |
|---|----------------------------------|
| Computer and electronic product manufacturing | 161.29% |
| Performing arts and spectator sports | 44.20% |
| Farming | 42.69% |
| Food manufacturing | 26.70% |
| Nonmetallic mineral product manufacturing | 20.98% |

CURRENT STATE –INDUSTRIES:

Declining Industries in Porter (in thousands, 2001 to 2009)

| <u>Biggest declining industries</u> | <u>Total Change in Earnings</u> | <u>Percentage Change</u> |
|--|--|-------------------------------------|
| Motor vehicles and parts dealers | -\$9,376 | -22% |
| Accommodation | -\$6,768 | -48% |
| Printing and support activities | -\$6,344 | -42% |
| Real estate | -\$5,411 | -20% |
| Gasoline stations | -\$3,672 | -24% |

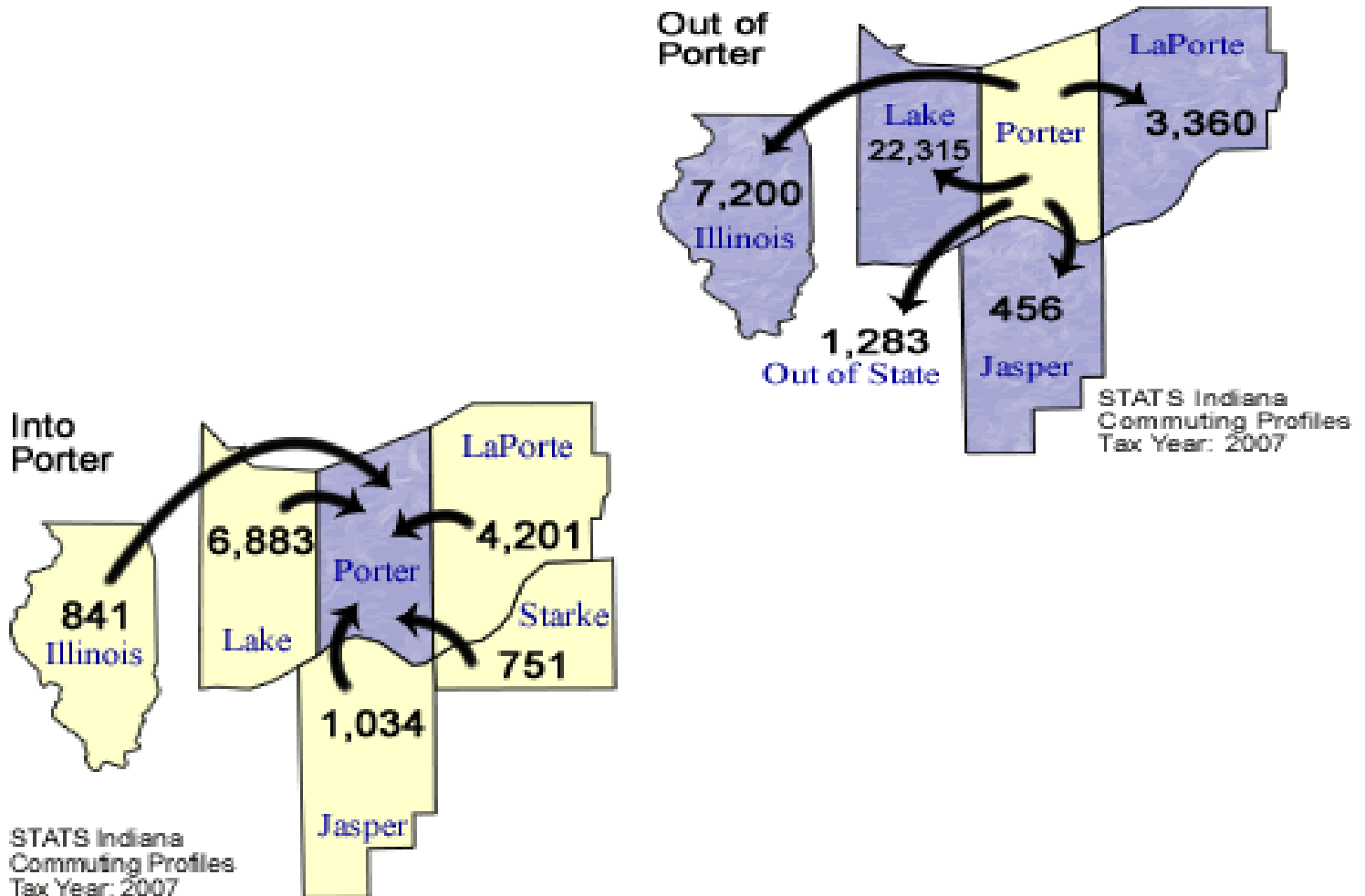
| <u>Fastest declining industries</u> | <u>Average Decline</u> |
|--|-----------------------------------|
| Accommodation | -6.90% |
| Electrical equipment and appliance manufacturing | -5.92% |
| Real estate | -5.05% |
| Furniture and related product manufacturing | -4.33% |
| Printing and related support activities | -3.74% |

PORTER COUNTY: TOP TWENTY EXPORTING INDUSTRIES
(Ranked by Expenditure)

| Rank | Top Twenty | Export Base Expenditure (millions of \$'s) |
|-------------|---|---|
| 1 | Iron and steel mills and ferroalloy manufacturing | 5,602.8 |
| 2 | State and local government, education | 231.6 |
| 3 | All other crop farming | 132.9 |
| 4 | Ball and roller bearing manufacturing | 108.2 |
| 5 | Pharmaceutical preparation manufacturing | 100.9 |
| 6 | Nonferrous metal (ex.copper &aluminum) rolling, drawing, extruding & alloying | 99.5 |
| 7 | Construction of other new nonresidential structures | 98.0 |
| 8 | Steel product manufacturing from purchased steel | 93.1 |
| 9 | Coating, engraving, heat treating and allied activities | 92.0 |
| 10 | Motor vehicle parts manufacturing | 91.6 |
| 11 | State and local government - except education | 91.0 |
| 12 | Construction of new nonresidential commercial and health care structures | 80.8 |
| 13 | Ground or treated mineral and earth manufacturing | 74.8 |
| 14 | Synthetic dye and pigment manufacturing | 71.2 |
| 15 | Transport by truck | 68.6 |
| 16 | Private colleges, universities, and professional schools | 67.2 |
| 17 | Plastics packaging mat. & unlaminated film & sheet manuf. | 62.8 |
| 18 | Other industrial machinery manufacturing | 60.6 |
| 19 | Valve and fittings other than plumbing manufacturing | 59.3 |
| 20 | Wholesale trade businesses | 56.7 |

Source: IMPLAN Model for Porter County 2008.

Porter County Commuters



Porter Education Statistics

| Educational Level | Unemployment Rate | Labor Force Participation Rate | Labor Force |
|------------------------------------|--------------------------|---------------------------------------|--------------------|
| Less than high school graduate | 8.5% | 53.4% | 5,188 |
| High school graduate | 9.7% | 76.6% | 31,687 |
| Some college or associate's degree | 10.5% | 79.0% | 26,654 |
| Bachelor's degree or higher | 4.7% | 84.6% | 21,772 |
| Totals | 8.7% | 78.0% | 86,285 |

Education Matters!

Student Recognition Award

Cassandra Chester

- Senior slated to graduate with a BS in Human Resource Management May 2012
- PNC Student Government Representative & Chairperson of the Open Forum Event Series
- Campus Student lead for President Obama's Interfaith Campus Challenge, has completed over 650 hours of service as an Americorps volunteer to date
- Member of the Dean's Leadership Group, Chancellor's Leadership Seminar, and Past President of the PNC SHRM Student Chapter
- Currently works for the PNC Office of Career Development and is an academic intern with the College of Business as the Founder and Mentor Coordinator for the "Side by Side" Peer Mentor program
- Recently nominated to be inducted into Sigma Beta Delta, and international business honors society
- Proud recipient of Chancellor's List, Semester Honors, and the Robert and Betty Schwarz Scholarship
- Hopes to pursue her Master's degree and find a challenging career in higher education or human resource management

Student Recognition Award

Jordan Lill

- Senior double majoring in Business Management and Economics, graduating in Fall 2012
- Recipient of academic honors and the Chancellor's award every semester since beginning at PNC
- Accepted into the Disney College Program where she worked as a merchandise intern in the EPCOT theme park
- Presented the Merchantainer Award for outstanding performance as a cast member and dedication to Disney traditions by the Vice President of EPCOT
- Asked by management to extend internship an additional semester to train incoming international college program students. Became one of two specialty shop trainers for the Art of Disney Gallery
- After graduation plans to pursue an Associate's Degree in Hospitality Management and a management internship with the hopes of being able to work at Tokyo Disneyland
- Would like to work in the hospitality industry overseas. Ultimately, would like to manage her own Asian-inspired fine dining restaurant or hotel.



**Center for
Economic
Development
and
Research**

Center for Economic Development and Research - CEDaR

- CEDaR's mission is to foster the economic development of northwest Indiana and southwest Michigan by:
 1. offering educational opportunities related to economic development
 2. conducting research related to regional economic and public policy initiatives
 3. offering contract training services that support workforce development

MBA Consultancy Project

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Questions

