Addendum: Regional Growth Plan (2021)

Greater Wichita Partnership

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Project Overview

In 2018, the Greater Wichita Partnership (the Partnership) facilitated a process to update regional economic development strategies supporting target sectors. The resulting Regional Growth Plan (RGP, the Plan) outlined 37 initiatives and 10 priorities to advance targeted regional economic development. One year after the Plan was finalized, the regional economy was rattled by the effects of the Boeing 737 MAX suspension of service. Just four months later, a global pandemic hit. It was the second major external shock to hit the regional economy; another example of the unforeseen challenges that necessitate flexibility in economic and workforce development. Collectively, they illustrate the reality facing regional economies and economic development organizations (EDOs) today: long-term planning is necessary, but our plans and their operationalization must accommodate more frequent tactical refinement.

Accordingly, this project supports the development of an Addendum to the Regional Growth Plan which is responsive to **new opportunities and challenges in the wake of a global pandemic**. It also seeks to ensure that the Plan and its priorities are appropriately **aligned with the Kansas Framework for Growth** (FFG, the Framework) and the funding opportunities that may support its implementation. In this regard, the project does not intend to update or prioritize the Regional Growth Plan but rather, to identify new opportunities that align with the Plan and the Framework, and their pillars and target sectors.

The process has been supported by a series of interviews and meetings with business leadership in the region's target sectors, elected and appointed leadership from the region's communities and economic development organizations, and other regional leadership influencing the region's economy and its competitiveness. This input was complemented by a review of recent research on global and sector-specific trends during the pandemic, recent planning and response efforts conducted in the region during the pandemic, and other relevant resources including best practices from peer communities and organizations.

This Addendum begins with a brief overview of the Regional Growth Plan and the Framework for Growth to provide necessary context for a series of observations and opportunities that are presented through the lens of the Plan's pillars and target sectors. Each pillar (5) and target sector (7) contain two primary sections:

Observations: Key trends emerging during the pandemic which are relevant to each pillar or target sector.

Opportunities: Potential adjustments or investments to be considered in response to observed trends and/or to promote alignment with the Kansas Framework for Growth and its priorities.

Identified opportunities are categorized in the following manner:

Those opportunities accompanied by the Partnership's logo reflect potential tactical adjustments to the Partnership's program of work that are responsive to observed trends.

Those opportunities accompanied by the Regional Growth Plan's logo reflect potential opportunities to be considered or advanced collaboratively by the Strategic Advisory Team (SAT) and other partners.

Those opportunities accompanied by the Framework for Growth logo reflect potential projects that align with the Framework's priorities and the intended grant programs that support them.

Regional Growth Plan: Overview & Background

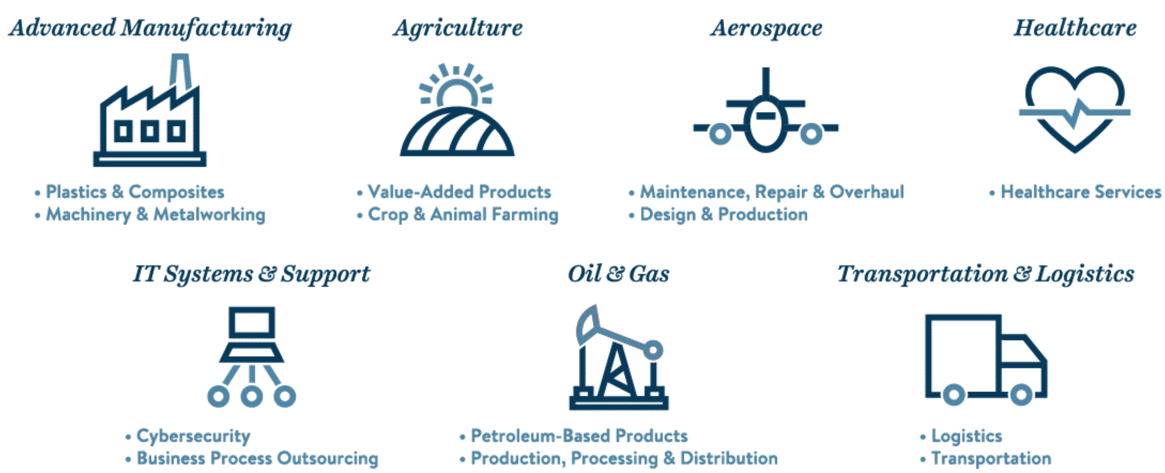
The Regional Growth Plan is an economic strategy to grow the greater Wichita region's economy, attract new businesses and expand existing industries.

This Plan pinpoints strategic areas for economic growth (pillars) and provides actionable steps (key initiatives) for how the region can work together to make generational change occur and achieve collective outcomes. The plan was completed in 2018 after an extensive process convened by the Greater Wichita Partnership and its regional partners using targeted data and stakeholder input.

Strategic Pillars: foundational elements necessary to drive economic prosperity

The multi-year Regional Growth Plan features **five strategic pillars** that serve as the foundational elements necessary to drive economic growth, **seven target sectors** representing the region's core strengths, and **37 key initiatives** to guide accelerate positive change.

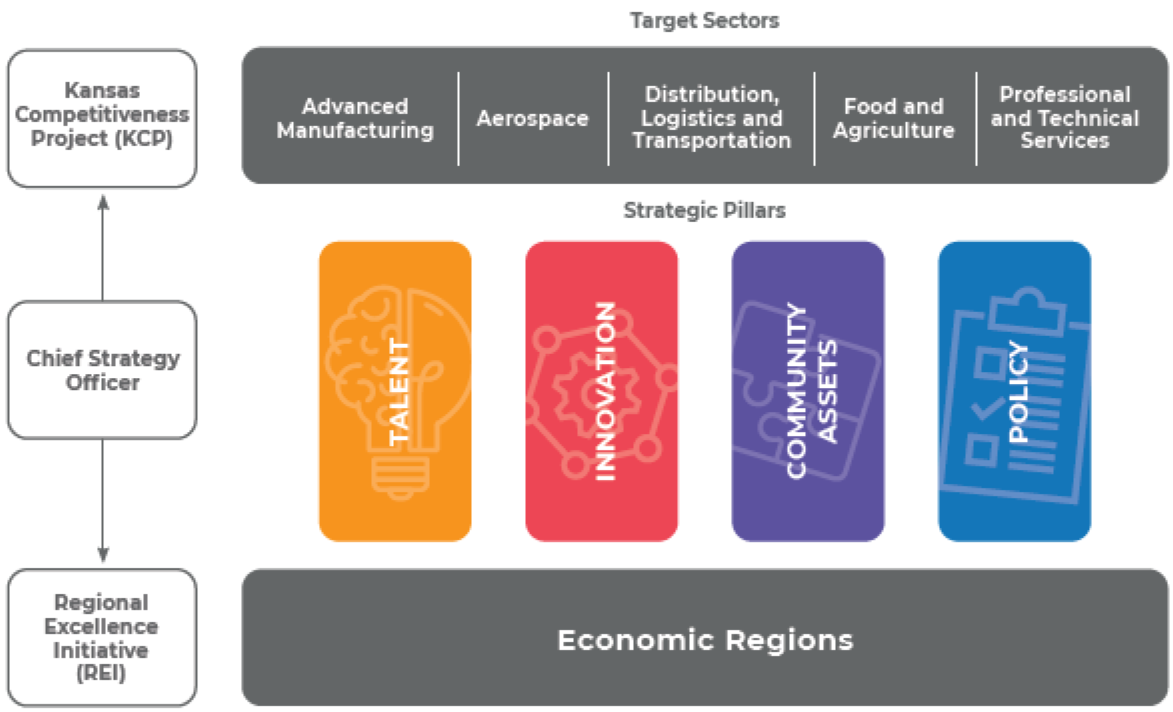
Target Sectors: key industries representing core regional economic strengths



The Plan's implementation has been supported by a regional framework and the guidance of the Partnership's **Strategic Advisory Team (SAT)**. Comprised of private-sector leaders and public-sector officials, the Team assists in guiding the Partnership's economic development strategies and provides critical leadership to propel the initiatives identified within the Regional Growth Plan.

Framework for Growth: Overview & Background

In partnership with communities, businesses, academia and economic development partners across the state, Kansas has developed its first comprehensive economic development strategy since 1986: the Kansas Framework for Growth. Released in February 2021, the Kansas Framework for Growth is a plan to take the Kansas economy from stable to soaring by strategically focusing on four pillars to prosperity: talent, innovation. community assets, and policy. These four pillars support the competitiveness and resilience of the state's target sectors and economic regions.



To help set the Framework into action, two new initiatives and associated funding opportunities are planned by the Department of Commerce:

The **Kansas Competitiveness Project (KCP)** intends to focus state resources to aid development of skills and technologies that strengthen competitiveness in target sectors and accelerate development of core competencies within the state's workforce, higher education institutions, research centers, and elsewhere.

The **Regional Excellence Initiative (REI)** intends to focus state resources and technical assistance to support regional planning efforts that align with the Framework for Growth. The initiative intends to help regional partners assess their needs and opportunities, develop proactive plans to accelerate competitiveness in alignment with the Framework, and afford resources to aid their implementation.

This Addendum supports alignment of the Regional Growth Plan with the Framework for Growth to effectively demonstrate the Wichita region's interest in proactively advancing state strategy while aiding the Wichita region's competitiveness for potential funds related to the Framework.

Robust Talent Development Pipeline

OBSERVATIONS

"Remote readiness" has emerged as a new priority in workforce development. Although many sectors and economic activities are difficult if not impossible to be conducted remotely or virtually, various studies have estimated that between 35 and 40 percent of all jobs can be conducted remotely full-time. Similarly, surveys have confirmed that many employers intend to maintain hybrid environments while confirming that many employees wish to continue working remotely, at least part-time. Employers, training providers, and communities need to ensure that individuals are prepared with skills that support their employability in hybrid or remote environments.

People and families are not moving as frequently, and the pandemic has further constrained household mobility. Even so, communities are competing aggressively in an attempt to attract remote workers. Data from the Census Bureau and other sources have illustrated that mobility (the rate at which people and families relocate) has been steadily declining for decades across various demographics and is at an all-time low. Those who tend to move during economic recessions are more likely to be well-educated and economically mobile (higher income. Numerous economic development organizations (EDOs) have expanded expenditures on advertising and marketing to potentially attract remote workers. Others (e.g., Tulsa Remote, Choose Topeka, Remote Shoals) have adjusted programs offering financial incentives in order to better accommodate and attract remote workers.

Midsize markets have gained attention from businesses *and talent* for varied reasons in recent years. The pandemic seems to have accelerated this attention. The aforementioned programs are all predicated on the notion that midsize markets have increasing appeal to individuals seeking an ideal balance between quality of life and cost of living. Although it will be years before data is able to confirm or deny the anecdotal evidence, countless media outlets have given attention to the flight of individuals from larger, higher-cost markets along the coasts to smaller, lower-cost markets across the country.

Colleges, universities, and training providers are making lasting changes to their service delivery models. Much has been made of the education sector's relatively slow rate of technology adoption; it is historically among the least digitized and most labor-intensive sectors. The pandemic exposed this reality and fanned the flames of conversations surrounding the value of higher education today. Education technology adoption has necessarily accelerated, and there is a growing recognition that higher education and workforce development must be increasingly flexible, custom, on-line, and on-demand. Unbundled programs, new technical certificates and badges, coding boot camps, and other non-traditional educational experiences are increasingly prevalent and necessary.

Some cities have supplemented state and federal funding for workforce training of displaced workers. Numerous cities leveraged federal funding in 2020 to expand training opportunities for residents whose jobs were affected or eliminated by the pandemic. The City of San Antonio is among the cities that complemented these funds with a local ballot initiative (1/8th cent sales tax) to fund new training initiatives.

Diversity, equity, and inclusion (DEI) are more relevant than ever in economic and talent development. A growing focus on workplace diversity, a recognition that the "digital divide" was exacerbated by the pandemic, and the Black Lives Matter movement are among the trends influencing economic development strategies, public investments, residential location decisions, and corporate site selection.

Robust Talent Development Pipeline

OPPORTUNITIES

Utilize labor market information and other forms of workforce analytics to continually optimize talent attraction, retention, and development. Potential exists to use proprietary labor market information (EMSI, JobsEQ, LinkedIn, etc.) to optimize and refine the Partnership's ongoing implementation of the Talent Marketing Blueprint and other efforts through refinement of target markets, tracking of graduates and alumni, and other potential uses. For example, worker mobility in 2020 (higher educated workers in remote-oriented jobs leaving coastal cities) implies that efforts aligned with the Blueprint's target markets and target sectors would reasonably prioritize Los Angeles and IT/Data in the near-term. The Partnership should work with other partners in the region – notably the Workforce Alliance – to evaluate the most cost-effective methods to enable expanded access to labor market information across multiple organizations within the region.

Evaluate opportunities to build a new tool that help's connected job seekers to employment opportunities that are expected to grow post-pandemic. The San Diego Workforce Partnership has created an effective resource for job seekers to identify occupations that leverage their existing skills, are growing in the region, and pay above average wages. A similar effort with regional workforce entities could be a sensible investment for the region. With integration of relevant job postings, the resource could build on other efforts underway to support implementation of one of the RGP's key initiatives: "Develop a managed clearinghouse to connect employers and applied learning candidates."

Develop a new "Remote Work Ready" certificate that can support retraining and employability. Employers in a wide variety of target sectors could benefit from a new program that seeks to provide fast-tracked, basic training in computer literacy, troubleshooting, communication, and other skills necessary to be employable as a remote worker. A model certificate is available via the Utah State University Rural Extension. Flagship Kansas could be a viable partner along with area institutions of training and higher education.

Evaluate opportunities to "unbundle" degree programs and create new career-focused opportunities. A variety of opportunities exists to aid the evolution of higher education delivery by identifying new applied learning opportunities that provide a different student experience and new credentials demanded by industry.

Continue to expand multi-disciplinary educational offerings the build competencies related to digital transformation and aid student preparedness for the future of work. Initiatives to advance career-focused credentials at the area's colleges and universities are critical to securing a competitive advantage and building a competency in digital transformation that can be leveraged for generations to come. They also support preparedness for the future workplace and the future of work, a topic addressed recently by Deloitte which is central to the adoption of smart manufacturing techniques. The Framework for Growth seeks to "develop new programs to effectively train workers with Manufacturing 4.0 skills" and to "strengthen relationships and partnerships between MBA and computer science programs."

Targeted Innovation Development

OBSERVATIONS

The Accelerate Wichita: Regional Entrepreneurial Ecosystem Report noted that the region is characterized by relatively low levels of entrepreneurship and venture funding, and an underdeveloped support system. The report suggested that the region needs to increase the rate of company formation to create a stronger pipeline of venture backed companies capable of driving innovation and associated job creation in a post-COVID world.

The pandemic severely impacted small businesses and their level of research, development, and innovation. Many entrepreneurs or small businesses – particularly bootstrapped startups – were unable to continue operations, interrupting the cycle of startup formation, growth, and associated innovation.

However, corporate research and development expenditure among the largest manufacturers expanded in 2020, indicative that innovation is a vital component of so many businesses today. The 2020 Global Innovation Index revealed that the 2020 rate of corporate R&D investment among the world's 2,500 largest manufacturers was comparable to 2018 (pre-pandemic) levels. Since the Great Recession, many developed and developing economies have seen research and development decouple from other cyclical indicators such as gross domestic product and employment.

Although the pandemic accelerated research and development in the pharmaceutical and life science sectors, a wide variety of other university research activities were halted entirely as labs shut down. Across the world, academic researchers and their partners incurred significant losses to their research endeavors with some anticipating that rates of commercialization and technology transfer could suffer in the years to come as a result.

Federal funding for research and development has grown significantly under the new administration. New budgets and pandemic relief bills have elevated federal funding for research and development in a variety of disciplines; budgets for entities such as the NSF, CDC, and NIST have grown considerably to catalyze pandemic preparedness and reprioritize science within federal funding.

Technology adoption accelerated by necessity in many sectors during the pandemic. The transition to remote work accelerated information and communications technology adoption. The interruption of global supply chains has compelled many to finally invest in supply chain digitization. Countless business models invested in new technology to adjust their delivery of goods and services in a pandemic environment.

Venture capital and tech investors have joined the flight from California and New York. Multiple investors have announced in the last year that they have relocated or intend to relocate to other parts of the country, in part due to cost, regulation, and governance in their home states of California or New York, with many selecting Miami – an emerging technology market – as their new home.

Targeted Innovation Development

OPPORTUNITIES

Invest in business intelligence that complements regional expertise and can help identify high-growth, high-potential businesses. A variety of tools and technologies (e.g., AngelList, CB Insights, Crunchbase, Pitchbook, etc.) exist that can help the Partnership identify businesses in various stages that deserve focused attention and resources at the regional and state level. The Framework for Growth has noted that a potential future initiative or investment is a "Invest in Kansas" marketing campaign that attempts to attract venture capital investment to support the state's target sectors, addressing a gap in identified in the Wichita Entrepreneurial Ecosystem Report. Every effort should be made to align expenditure with resources available from the WSU Center for Economic Development and Business Research (CEDBR) and other regional or state institutions.

Create a low-cost innovation attraction program targeting visitors to the new Smart Factory @ Wichita. The region has the potential to make lasting, positive impressions on hundreds of companies that will be visiting the Smart Factory each year to optimize their operations. The Partnership can work with various entities to develop a program, package, or other initiative that seeks to expose executives visiting the facility to other assets in the region, effectively incorporating these visitors into the Partnership's inbound prospect hosting.

Evaluate the viability of developing an aerospace accelerator in Greater Wichita. The Wichita Entrepreneurial Ecosystem Report indicated that the region would benefit from new programming (and potentially complementary facilities) to help improve the pipeline of early-stage companies that receive venture funding. The region could support return on investment and attractiveness to state or federal funding by focusing on aerospace to create a differentiated program. Innovation ecosystems and startup environments thrive when there is a concentration of successful business owners with the expertise and monies to aid company maturation; the aerospace sector represents Wichita's clear concentration of talent and opportunity to create a nationally or globally differentiated program. As suggested in the Report, the region should "lean into" its existing strengths when considering any potential new facility or programming. Potential also exists to identify a corporate sponsor to launch an affiliated accelerator; the Framework for Growth has identified a need to "partner with and incentive companies to establish accelerators and innovation competitions."

Develop facilities and attract expertise to solidify a regional competency in Digital Transformation. The planned developments of the National Institute for Research and Digital Transformation (NIRDT) and the Smart Factory @ Wichita are among the physical developments that will provide new resources to existing and prospective businesses, and fundamentally improve the competitive landscape of many target sectors. The Kansas Framework for Growth seeks to "Accelerate and focus state investment in the research, development, and commercialization of emerging and niche technologies that can 'future proof' our economy." The Framework's intended grant programs (REI and KCP) can direct resources to support the development of NIRDT, the attraction of world-class researchers, and other endeavors that help deepen a regional competency – digital transformation – that aids the competitiveness of both state and regional target sectors. The RGP recommended the creation of a Task Force for Manufacturing Innovation; a reasonable adjustment given the potential for new state support is the formation of a Task Force for Digital Transformation, drawing upon stakeholders from the aforementioned institutions and private industry to help create competitive grant applications.

Value-Driven Branding, Marketing & Attraction

OBSERVATIONS

The pandemic paused project activity in many sectors but accelerated activity in others. Overall, economic development project activity has been strong following a brief period of uncertainty. Many relocation and expansion projects hit "pause" in the second quarter of 2020 but quickly resumed their project timeline; low interest rates, labor availability, the growth of E-Commerce, and reshoring activities were among the myriad trends and factors that helped sustain project activity and corporate investment domestically.

Corporate relocations from high-cost, high-regulation states (CA and NY) have accelerated based on pandemic conditions and response. Lower-cost, mid-size metros (particularly Sunbelt markets) are winning. In addition to sensitivities to regulation and governance, weakened economic conditions heighten sensitivities to cost factors and elevate their prominence – along with proximity to supply chains – in site selection conversations.

Economic development projects in the coming years will likely reflect a movement towards more decentralized operations and facilities in a variety of sectors. Many executives have suggested that they intend to redirect their corporate real estate strategy towards a larger number of smaller offices, distributed across multiple locations as opposed to concentrated in one location. While this trend will most clearly materialize in office settings, it is also likely to occur in industrial settings as certain larger manufacturers seek to support supply chain resilience in the wake of the pandemic through regionalization of production facilities.

Companies are reshoring operations to support supply chain resilience and reduce vulnerability to shocks. Tremendous attention was paid to the vulnerability of various nations during the pandemic as global competition raged for limited supplies of pharmaceuticals, medical devices, and personal protective equipment. Meanwhile, demand shocks and supply shocks created significant disruptions, and a variety of adverse conditions in international markets have compelled producers and service providers to reconsider reshoring. Many companies stopped planned international projects and directed their real estate teams to reevaluate domestic locations.

The economic development profession shifted to virtual operations during the pandemic and the business will likely never be the same. While virtual site visits occurred pre-pandemic, interactions with prospective companies transitioned to an entirely virtual environment during the pandemic. EDOs were forced to create meaningful visits via teleconference, convey a sense of place virtually, and communicate organizational competence without face-to-face interaction. Although site visits will return in prominence (and will remain critical for final site decisions) they are likely to be less frequent, involve fewer individuals, and continue to rely more heavily on front-end data analysis to make well-informed decisions.

Pandemic response has emerged as an item on the site selection checklist. Companies and their executives are keenly aware of the way their operations were affected by the decisions and response of elected leadership in the locations where they operate. Site location consultants and brokers have made it clear that pandemic response – reflective of regional leadership – has become an important consideration for many companies.

State and municipalities are confronting incentive compliance related to remote workers. Governments need clear policies on remote work within their incentive programs, and economic development organizations need to be informed and able to provide clear answers to prospective companies considering relocation.

Value-Driven Branding, Marketing & Attraction

OPPORTUNITIES

Invest in intelligence that identifies post-pandemic recruitment targets from supply chain relationships, planting the seeds for an efficient international attraction program targeting new opportunities. Platforms such as Panjiva, ImportGenius, and Jungle Scout allow users to mine information on the international suppliers of companies using U.S. Customs records. Other EDOs such as the Greater Phoenix Economic Council and the Indy Partnership have combined such platforms with local information mined from BRE efforts to develop new leads and successfully recruit suppliers to their region. With an abundance of reshoring activity and opportunities to align with state-level corporate recruitment, potential exists for the Partnership to develop a hyper-focused international recruitment effort targeting a limited number of suppliers to anchor employers.

Maintain or expand investment in lead generation activities that have produced a positive ROI. Existing relationships with lead generation firms have resulted in some successful, high-value projects in target sectors. These services can be tremendously helpful in identifying and qualifying leads within niche sectors and technologies, and opportunities exist to expand investment into other services or business intelligence platforms provided by such firms to further strengthen the project pipeline during a time of opportunity for midsize metros.

Expand regional access to labor market information that aids regional effectiveness in RFI response. The Wichita region – the Partnership and its various economic development partners – need on-demand access to best-in-class proprietary labor market information (e.g., EMSI, JobsEQ) in order to provide competent and complete information to prospective companies. This data and information have the potential to drive greater sophistication and refinement across all areas of the Partnership's operations and particularly its corporate attraction efforts. As previously mentioned, the Partnership should work with other partners in the region – notably the Workforce Alliance – to evaluate the most cost-effective methods to enable expanded access.

Ensure that tools and technologies support competitiveness in a virtual site selection environment. Drone video of available sites, interactive data dashboards, cost comparison tools, video tours of the region and its assets (plants, research centers, etc.) and a variety of other tools and technologies can help send a clear signal that the Partnership is a best-in-class EDO, leveraging best-in-class information, tools, and technologies. In a world in which we expect business to make data-driven decisions, prospective businesses need to see a comparable level of sophistication in economic development operations. Such investments are consistent with the RGP's initiative to "Leverage best-in-class multimedia communications tools and materials."

KANSAS FRAMEWORK FOR GROWTH

Align outbound marketing programs with planned state investments in corporate recruitment. The Partnership currently invests considerable monies in outbound marketing endeavors that help influence perceptions of the region, raise awareness of its assets, and generate leads for corporate recruitment. While travel to industry expos, conferences, and trade shows will undoubtedly resume post-pandemic, many companies have indicated that they intend to drastically reduce corporate travel for a variety of purposes. Simply put, outbound marketing to premier trade shows may not yield the same perceived ROI as past endeavors. Furthermore, the Framework for Growth recommends a new "Elevate Kansas" corporate recruitment marketing campaign and suggests that Commerce "expand the state's resources into aerospace industry conferences and events." As the Partnership reallocates expenditure following the pandemic to seize new opportunities, consideration should be given to opportunities to align outbound marketing with planned state investments (and potentially reduce associated regional expenditure).

Catalytic Infrastructure

OBSERVATIONS

The pandemic heightened the digital divide in scale and scope. High speed internet access is the most essential infrastructure to future regional economic competitiveness and prosperity. Historical inequities in access to education were exacerbated during the pandemic and new inequities in employment access were introduced as a large portion of jobs shifted to remote work environments. The digital divide has persisted as a socioeconomic issue for years; today, it is drastically disrupting business models as health systems, education systems, and other businesses shift their service delivery models to virtual environments, and employers across many sectors shift their workforce strategies to hybrid and increasingly remote environments.

Cities will increasingly rely on "smart" digital infrastructure. The pandemic added public health to the case for investment: smart infrastructure helped some economies open sooner. There are countless examples of ways in which such investments can support operational efficiency and effectiveness in communities; sophisticated, connected communities will be able to make better decisions to support resident and business well-being. Other countries have made significant investments in digital infrastructure that aided their ability to combat the spread of the coronavirus and ensure that their economies recovered relatively quickly.

The pandemic drastically impacted budgets for a variety of public agencies that provide and maintain transportation infrastructure. Airports were among the most significantly impacted. From the Highway Trust Fund to state DOTs to local transit authorities, entities that rely on user-generated fees associated with travel have taken a significant hit. Federal support to-date has helped but many await the final details and passage of a $2 trillion federal infrastructure proposal from the new administration.

Walking and cycling infrastructure, and parks, trails, and other forms of outdoor recreation received heightened demand relative to other amenities during the pandemic. Many expect these preferences to persist, reflected in current urban and city planning endeavors and recent commercial real estate developments. The value and importance of this infrastructure has risen for many when considering residential relocation.

Communities with ready-to-go industrial sites and buildings will continue to be well-positioned to capture demand from economic development projects that stalled during the pandemic. Site selectors, brokers, and economic developers from across the country have validated that interest has been particularly high in existing, ready-to-go sites and buildings in the latter half of 2020 and early 2021. Many projects that stalled are now aiming to stick to their original project timelines in anticipation of the economy fully reopening; ready-to-go sites and buildings may allow them to compress their project schedules.

Catalytic Infrastructure

OPPORTUNITIES

Work regionally to improve local competitiveness for broadband funding and compel catalytic regional investment. Communities across Kansas are competing for a limited allocation of funding from the Office of Broadband Development: between $5 and $10 million annually from 2020 – 2030. State funding can help fill critical gaps exacerbated by the pandemic but will likely be insufficient to support catalytic infrastructure at a regional level. By working together and sharing lessons learned, communities in the Wichita region can improve collective competitiveness for grants within the state while developing a coalition to advance catalytic broadband infrastructure development in the Wichita region. Potential best practices from other communities in and around Kansas were documented in the Chung Report, and remain relevant amidst other new technologies. Various private partners have also helped bridge gaps and create catalytic infrastructure in other communities.

Evaluate interest in forming a new Smart City Lab connecting local governments with entities such as the National Institute for Research and Digital Transformation (NIRDT) or the Smart Factory @ Wichita. The Wichita region has recently added new significant new capacity in the space of digital transformation. These institutions – NIRDT, the Smart Factory, and others – can aid the transformation of public infrastructure and not simply the transformation of business processes. Potential exists to create a program within one of these institutions – a Smart City Lab – that works with local governments to accelerate adoption of existing smart city plans and aid identification of new opportunities to position the region as a leader among smart cities with smart infrastructure. The Framework for Growth has prioritized investments in "Enabling Infrastructure" including smart grid technologies.

Pursue available state and federal funding to advance airport infrastructure improvements. Regional leadership has identified priority investments in water, wastewater, and taxiway infrastructure at Eisenhower National and Jabara Airport to support economic development and competitiveness in regional target sectors such as aerospace, logistics, and others; these investments align with the target sectors identified in the Framework for Growth and its "Runway to Recovery" priority. The region should aggressively pursue all available monies from state programs (i.e., KCP and REI) as well as federal funding opportunities from the Economic Development Administration (EDA).

Pursue available state and federal funding to advance the preparation of industrial mega-sites. Regional leadership has identified priority investments in roads, water, sewer and/or rail infrastructure that are needed to support the development and redevelopment of key industrial sites around the region, including but not limited to the El Dorado I-35 Mega-Site and the Redevelopment Opportunity at I-135 and 21st St. Both sites represent opportunities which align with the Framework's priority to "Direct state resources to economic regions seeking to improve the attractiveness and preparation of sites and buildings" and which can help local, regional, and state partners better compete for large projects in target sectors that have significant economic impact.

Growth-Supportive Existing Business Efforts

OBSERVATIONS

If it was not already clear to economic development organizations (EDOs) nationwide, the pandemic illustrated the importance of an effective business retention and expansion (BRE) program. EDOs with relationships and trust cultivated through years of intentional outreach and responsive service to their existing businesses were able to respond immediately and aid their business community during a time of crisis. They were better positioned to help individual companies and their entire business community navigate new regulatory issues, uncertain real estate conditions, and challenging workforce dynamics.

Communities and their economic development organizations responded to support existing businesses during the pandemic in myriad ways. In addition to supporting collaborative pandemic response, many EDOs deployed surveys, created resource hubs, developed new grant programs (e.g. GO Topeka's $2 million HOST relief fund), created new lending programs (e.g. Indy Chamber's BOI lending), and provided a variety of forms of targeted assistance to aid workforce transition, navigate new regulations, and acquire available support.

A variety of existing businesses with office leases have and will continue to confront difficult real estate decisions that affect their corporate location. EDOs need to be prepared for these movements. Class A office vacancy peaked above 17 percent nationwide amidst the pandemic; many midsize markets experienced vacancy rates above 20 percent. While multiple tech companies (Twitter, Facebook, Microsoft, etc.) have announced plans to allow employees to remain remote, others (notably Alphabet/Google) have announced intentions to require most employees to return to physical environments. Companies are and will continue to make important decisions related to existing leases that impact the vibrancy of individual developments, business districts, and communities. EDOs need to be prepared to help support their transition, and effectively retain their economic and fiscal impact.

Suburban markets within metros are capturing a larger share of growth among white-collar sectors. The pandemic accelerated trends experienced in recent years as the suburbs have seen a resurgence following a decade of corporate and household exodus for urban areas characterized by density, transit access, and amenities. Cost differentials between markets have driven movements, but so too have perceptions regarding highly dense urban areas and their relative attractiveness during public health crises (in the short-term) and following a transition to hybrid work environments among many employers (in the long-term). The movement towards more decentralized headquarters functions – the hub and spoke model – in the wake of the pandemic is also supporting the competitiveness of suburban markets relative to central business districts.

Growth-Supportive Existing Business Efforts

OPPORTUNITIES

Prioritize existing business outreach efforts within target sectors and consistently deepen relationships with specific cohorts over time. Existing business retention and outreach (BRE) often receives inadequate attention because there rarely enough time in an economic developer's day to adequately service the existing business community while also supporting corporate relocations. Those that do find the time often fail to do so consistently, causing relationships to erode. The Partnership could focus on a manageable and consistent approach to outreach within target sectors that prioritizes a limited number of employers in each of three categories: anchor employers (the sector's largest), fast-growing or high growth-potential enterprises, and new recruits (recently relocated).

Invest in technologies that aid regional expansion of business retention and expansion (BRE) services. The Partnership can also expand the reach of regional business retention and expansion (BRE) efforts by enabling staff and regional partners with tools to manage relationships and deploy consistent survey instruments, as well as labor market information and other forms of market intelligence. A variety of midsize metropolitan areas have found that a regionally coordinated and locally implemented approach to BRE can be efficient and effective; when local staff capacity or resources are insufficient to support program implementation, the regional EDO is able to provide service via an agreement. Economic development partners could commit to a similar model of prioritized outreach. The WSU Center for Economic Development and Business Research (CEDBR) has access to a variety of tools and specialized expertise that can aid BRE efforts tremendously.

Build capacity to effectively connect business retention and expansion (BRE) to organizational and regional strategy. Existing business outreach efforts should produce market intelligence that is unavailable elsewhere: confidential and non-confidential information on company plans, regional conditions, and other opportunities that can and should influence organizational and regional strategy. EDOs have begun to invest in capacity that can drive this level of sophistication in their organization, notably, a staff member that is responsible for ensuring that regional business intelligence and analytics are connected to and effectively support strategic thinking and planning at the organizational and regional level. A new Partnership staff member devoted to Strategy and Analytics can help advance this maturation.

Consider launching an insourcing challenge – InSource InWichita – to encourage and potentially incentivize employers to identify at least one local alternative to a non-local supplier. A variety of trends are encouraging companies across sectors to reevaluate their supply chains in the wake of the pandemic. Potential exists for the region to create a movement – a series of voluntary individual actions which result in significant collective impact – that champions the existing business community and its ability to meet each other's needs. Partnership staff and a variety of other regional partners can aid company identification of alternative suppliers, support introductions and facilitate relationships, collect information, quantify impact, and promote the effort. Such an effort would align with the Framework's objective to "…encourage employers to source products and services from local suppliers/vendors." Potential exists to create a pilot program in partnership with the State whereby incentives encourage businesses to participate and keep expenditure InWichita. If partnering with the State, the program may need to expand to focus on identifying Kansas-based supplier alternatives and not simply those located in the Wichita region.

Advanced Manufacturing

OBSERVATIONS

Pandemic impacts varied tremendously by manufacturing subsector. Production shutdowns affected all non-essential facilities but rapidly shifting consumer and business needs heavily impacted demand. Changing preferences and rising demand supported a variety of manufacturing industries such as household food and beverage products, medical suppliers and pharmaceuticals, and supportive machinery and equipment. Declining consumer and business demand affected a variety of other subsectors, particularly those tied to petrochemicals, aviation and aerospace, construction machinery, transportation equipment, metal products, and many others.

A focus on supply chain resilience and reshoring will create opportunities within the manufacturing sector. During the pandemic, numerous surveys illustrated that executives were appropriately concerned about the vulnerability of their supply chains, lacking confidence in the visibility of their supply chain and their ability to adjust if needed. Deloitte's 2021 Manufacturing Outlook noted that 44 percent of the 350+ surveyed manufacturing executives indicated that they "plan to recalibrate their supply chain by shifting toward a regional model in the next year." Roughly one-third indicated that "they will nearshore some part of their production back to the Americas in the next year." Other surveys have validated these intentions across various subsectors.

Digital transformation is no longer optional for manufacturers. The pandemic heightened its importance, accelerated its urgency, and exposed many who had delayed investments. Companies that delayed digital transformation found that a lack of visibility and flexibility within their supply chains inhibited their ability to adjust in a time of crisis. Deloitte's postelection poll in late 2020 (included in their 2021 Manufacturing Outlook) found that more than three-quarters (76%) of manufacturing executives intend to increase investments in digital initiatives and pilot more Industry 4.0 technologies. Other surveys have validated that technology and digital transformation are top priority investments for manufacturing executives, while supply chain stability and inputs are top priority cost containment measures to support recovery. Locations that can provide meaningful partnerships to aid adoption of new technologies should be more competitive.

Robotic process automation investments will accelerate due to pandemic-induced workforce challenges. Analysis from Boston Consulting Group (BCG) found that manufacturers with more advanced artificial intelligence and machine learning reported fewer negative impacts to their core business and those with more advanced robotics reported fewer labor shortages during the pandemic. Locations that can provide meaningful partnerships to aid adoption of new technologies should be more competitive.

Skilled labor shortages persist, and the pandemic heightened certain gaps. Unskilled labor became more readily available, and the pandemic accelerated the imperative for automation of many unskilled positions. A renewed interest in domestic manufacturing coupled with accelerated growth in digital transformation and robotic process automation (RPA) post-pandemic will further exacerbate skilled labor shortages in many markets. Community and technical colleges will continue to be essential assets while four-year institutions work to adapt programs and support more industry-focused credentials. Companies need skilled labor to operate new technologies and manage new processes, but they also need skilled labor to help them design and implement corporate strategy as it relates to digital transformation and RPA. This reality elevates the competitiveness of locations that have assets and subject matter expertise to support digital transformation and robotic process automation through industry partnerships.

Advanced Manufacturing

OPPORTUNITIES

Update terminology and marketing of "Advanced Manufacturing" to reflect new opportunities; consider Digital Manufacturing, Smart Manufacturing, or Advanced Manufacturing & Digital Transformation. The Partnership's marketing efforts can be further differentiated from the competition by adjusting terminology and associated marketing efforts to reflect new, differentiating assets (e.g. NIRDT, Smart Factory @ Wichita).

Work with existing businesses, institutional partners, and lead generation firms to identify and target manufacturers of Digital Transformation Technology that would benefit from locating in the region. The Wichita region should seize an opportunity to leverage new assets – notably NIRDT and the Smart Factory @ Wichita – to attract manufacturers of technologies that are integral to digital transformation (e.g., artificial intelligence and machine learning, augmented reality, Internet of Things, sensor technologies, etc.). Emerging producers of new technologies could benefit from co-location near these new assets, gaining unique and potentially unrivaled exposure to subject matter expertise, valuable partnerships, and potential customers.

Connect manufacturers to digital transformation assets as an extension of BRE service. Gaining access and transparency into employers' supply chains can be difficult but tremendously valuable for economic developers. The region is home to new assets (NIRDT, Smart Factory @ Wichita, etc.) that will be actively working with existing industry to help accelerate their digital transformation; in many cases, this could include digitization of their supply chains. The Partnership can aid the development of meaningful partnerships between these assets and existing industry through its targeted BRE program. In doing so, it can potentially build trust, gain transparency into the supply chains of existing businesses, and create a unique advantage for its economic development program that could not be replicated absent partners like NIRDT and the Smart Factory @ Wichita.

Pursue complementary state, federal, and private investment to accelerate the growth and development of assets supporting the region's Digital Transformation competency. In order for the region's economy to maximize the value of new assets like NIRDT and Smart Factory @ Wichita, timeliness is of the essence. Every effort must be made to pursue available state, federal, and private investment to support the growth and development of these institutions and others in alignment with their missions. The Framework for Growth suggests that the state should "help transition local manufacturers to digital manufacturing…and invest in local innovators who will become the next-generation digital manufacturers" while also suggesting that the state "invest in industry-serving university innovation centers to develop cutting-edge technology using advanced competencies such as AI, data analytics, robotics, and automation." The region is home to competitive assets that are clearly well-positioned to support these state objectives and deliver a strong return on investment.

Agriculture

OBSERVATIONS

Although agriculture, food, and beverage are generally more recession-proof that other sectors, farmers and producers experienced significant impacts from the pandemic. The closure of restaurants and hotels disconnected many farmers from their buyers and end customers, a reduction in travel reduced demand for biofuels, and the closure of meat processors resulted in significant losses for livestock farmers. Countless other trends impacted producers of varied crops and livestock.

The pandemic accelerated a variety of trends impacting agriculture sector and the food and beverage manufacturing sectors, including the imperative for technology adoption and digital transformation. Smart farming technologies and digital agriculture investments have helped mitigate risk for years – most notably as it relates to natural disasters (e.g., hurricanes, fires, etc.) – and the pandemic presented a new challenge. Food and beverage manufacturing has leveraged digital technology to enhance food safety, an issue that has and will continue to receive heightened attention due to the global pandemic and its impact on food supply.

Although food and beverage manufacturers received attention during the pandemic from mass outbreaks and facility shutdowns, the sector sustained project activity and the pipeline is reportedly strong. Data illustrated that food and beverage projects – and the incentives awarded by states – actually rose considerably in the first two quarters of 2020 as compared to the same periods in the previous year, and consultants report that they expect project activity in the sector to remain strong throughout 2021.

Agricultural exports held up relatively well during the pandemic as compared to other domestic exports. The outlook for U.S. agricultural exports in the coming years is favorable. For example, the USDA projects soybean exports – one of Kansas' leading agricultural products – to grow 26 percent year-over-year in FY2021.

The growth of online grocery sales and delivery services resulted in tremendous new demand for cold storage space. A recent CBRE report suggested that up to 100 million square feet of additional cold storage space may be needed across the country to support continued growth in online grocery demand over the next five years.

OPPORTUNITIES

Update terminology and marketing of "Agriculture" to "Food & Agriculture." This adjustment reflects targeted opportunities and appropriately aligns with the marketing of "Food & Agriculture" by the state.

Encourage utilization of speculative building incentives to capture projected growth in cold storage. Opportunity exists to capture tremendous growth occurring in similar markets that have ample speculative buildings and cold storage space to accommodate rising demand in grocery delivery services and other products that require ample cold storage to meet regulatory requirements for their products. Existing incentive programs can be more aggressively marketed to prospective developers alongside research illustrating this market potential. New programs in other parts of Greater Wichita would also support regional competitiveness.

Aerospace

OBSERVATIONS

The aerospace sector – notably the production and service of commercial aircraft – was among the heavily impacted by the pandemic. Many manufacturers have and will continue to experience excess capacity. Generally speaking, defense prime contractors and suppliers and general aviation have experienced more favorable conditions.

Despite pandemic impacts on production, the industry saw a variety of new entrants and OEMs make investments in new technologies. These are growth opportunities for established clusters. A number of major domestic and international manufacturers announced intentions to establish or expand operations in areas such as unmanned aerial systems (UAS)and urban air mobility (UAM), hypersonics, battery technologies, space technologies, and a variety of other areas. These expansions and the innovation occurring from new entrants should be attracted to global aerospace centers that offer competitive advantages found only in such clusters.

Some manufacturers are also looking to expand aftermarket service/Maintenance, Repair, and Overhaul (MRO). MRO services can help supplement and stabilize revenue streams. Although near-term demand for MRO is projected to remain depressed in the coming years, long-term projections (through 2030) are favorable and indicate that investments are appropriate for many.

Digital transformation is a top priority among aerospace executives, as with other manufacturers. Many have and will continue to focus on de-risking their supply chains as they wait for demand to return.

OPPORTUNITIES

- **Focus targeted recruitment efforts on growing technologies such as UAS/UAM, hypersonics, aerospace battery technology, and MRO technology.** Investment in various aerospace technologies is growing tremendously. The region is well positioned to capture growth through targeted recruitment efforts aided by existing businesses and lead generation firms.

- **Align outbound marketing with the State of Kansas to optimize expenditure and maximize ROI.** The Framework for Growth notes that is will be important to "Expand the state's resources into aerospace industry conferences and events." The Partnership can optimize organizational expenditure by aligning with Commerce, particularly in new submarkets like UAS/UAM, MRO, hypersonics, and others.

- **Advance critical airport infrastructure improvements to support targeted economic activities.** As previously mentioned, regional leadership has identified priority investments in water, wastewater, and taxiway infrastructure at Eisenhower National and Jabara Airport. These investments align with the Framework's "Runway to Recovery" priority and would enhance competitiveness for other new investments (e.g., potential hangar space) that would support the Framework's objective to "capture projected growth" in MRO.

- **Expand Maintenance, Repair, and Overhaul (MRO) training infrastructure at WSU Tech.** Consistent with the recommendations of the region's COVID-19 Economic Recovery Group, the region has an opportunity to attract outside funding to further the reputation of WSU Tech as the national leader in MRO training. The FFG seeks to "double down on our competitive advantages to capture projected growth in MRO opportunities."

Healthcare

OBSERVATIONS

Although healthcare represented the pinnacle of "essential services" during the pandemic, 2020 is likely to be the first year to show an annual decline in national health expenditures since data has been collected. Spending on non-COVID hospital care, dental services, nursing homes, clinical care, and a variety of other services declined and is beginning to return to pre-pandemic levels.

The pandemic accelerated the adoption of technology – notably telehealth technology – within the sector. Many health care providers are expected to continue to expand telehealth services post-pandemic following a period in which providers learned a great deal about consumer preferences and business needs related to telehealth. Broadband access will be critical to equitable healthcare access.

Healthcare services is rarely identified as a target sector by economic development organizations (EDOs) for a variety of reasons, and the State of Kansas has not identified Healthcare Services as a target sector. The Wichita region is well positioned to capture investments from the state in a variety of target sectors for which it is competitive but the region is unlikely to receive targeted economic development resources from state (or federal) partners supporting healthcare services and its expansion. EDOs often provide support to predominantly local-serving healthcare operations through efforts that strengthen quality of place and support talent attraction; after all, healthcare is often one of the largest – if not the largest – sector of a local economy. To this end, EDOs, healthcare systems, and higher education institutions have partnered in recent years to advance "anchor institution" strategies that are capable of catalyzing community, economic, and workforce development through focused purchasing power.

OPPORTUNITIES

Evaluate interest in developing an Anchor Institutions pilot program in partnership with the State. The Framework for Growth seeks to "Develop a partnership program to incentivize and encourage anchor investment strategies that spur revitalization and placemaking." The Wichita region could convene a small leadership group from area anchor institutions to: 1) learn about the state's objectives with respect to anchor investment, and 2) help the State define appropriate policies, incentives, and programmatic support necessary to encourage anchor investment strategies. In doing so, the region could position itself as a pilot for a state-supported initiative.

Information Technology Systems & Support

OBSERVATIONS

Remote work heightened the necessity for cybersecurity investment in a variety of workplaces. The immediate and massive expansion of remote workforces places a considerable burden on information technology functions and ensured that cybersecurity became a top priority among employers.

The competition for Cybersecurity projects and job creation will be immense. EDOs in numerous major metropolitan areas have devoted millions to cybersecurity cluster development for years in an effort to differentiate themselves in a sea of competition. Metro Atlanta has successfully carved out a fintech cybersecurity niche while San Antonio and Washington D.C. have developed identities as hub for military- or intelligence-related cybersecurity. These places and others are competitive for new projects and will absorb much of the growth,

The pandemic accelerated the virtual call center and will fundamentally alter real estate within Business Process Outsourcing (BPO). According to Gartner research, 35 percent of the customer experience (CX) workforce is anticipated to work entirely from home in 2023, up from just five percent in 2017. According to J.D. Power, 86 percent of CX centers intend to implement a permanent work-from-home model after the pandemic. Although many with more sophisticated customer service will preserve their real estate, others will significantly reduce their footprints; project data and site location consultants report that the number of workstations per call center project is falling dramatically in 2021.

The pandemic created new workforce challenges for the BPO sectors. The requirements to be a successful customer service representative (CSR) are changing; remote CSRs will need to complete more basic computer operations and troubleshooting in absence of technical support available at a central workplace.

Information technology and digital transformation are underpinnings of all business operations; there is activity comprising a sector but more importantly, information technology is infrastructure for all sectors. Cyberattacks affecting sectors from pipeline transportation to financial services to national defense illustrate this reality. Educational institutions and training providers are appropriately focusing on cross-sector, multi-disciplinary initiatives. Cybersecurity boot camps are increasingly prevalent, following the trend and success of coding and other boot camps.

OPPORTUNITIES

- **Consider adjustments to terminology and marketing of the target sector that better reflect differentiated economic activities.** At present, the target sector encompasses operations that are increasingly differentiated in their required skill sets and corporate location requirements: cybersecurity and business process outsourcing (BPO). A continued emphasis on differentiation from the competition will be important.
- **Support the development of cyber boot camps.** Evaluate opportunities to continue the growth of multi-disciplinary studies (e.g., Convergence Sciences at WSU) through new cybersecurity boot camps.
- **Advance development of a Cybersecurity Range.** The region's COVID-19 Economic Recovery Group identified a cyber range as a targeted investment to aid the area's growing cybersecurity sector. The project also supports the Regional Growth Plan's initiative to establish a Cybersecurity Center of Excellence.

Oil & Gas

OBSERVATIONS

Oil demand plummeted during the pandemic and many believe that the timeline for peak oil demand has fast-forwarded. Deloitte and others project that 2021 oil demand will remain below 2019 pre-COVID levels. Similarly, Deloitte's 2021 Oil & Gas Industry Outlook anticipates that 70 percent of jobs lost in oil and gas during the pandemic are unlikely to come back by the end of 2021.

Energy produced from renewable sources is increasingly affordable relative to fossil fuels. Wind and solar prices have fallen considerably while prices of electric cars and the costs of battery storage have also plummeted.

The Biden administration has recommitted to addressing climate change and is advancing an infrastructure plan that intends to heavily incentivize fossil fuel reduction. The new administration has expressed an interest in incentivizing the attraction of battery producers and their suppliers from China while also incentivizing domestic electric car production.

As with other industries, the pandemic accelerated digital transformation in oil and gas, but the industry still lags many others in terms of adoption. PWC surveying found that industry leaders in oil and gas anticipate digital applications will deliver on average a 10 percent increase in revenue and an 8 percent decrease in cost. Despite this recognition, only 7 percent of executives self-identified their company as "Digital Champions." Restrictions on travel, distancing, and workplaces challenged many operations to be conducted remotely. Robotics, artificial intelligence, sensors, drones, and other technologies have abundant applications in oil and gas.

The State of Kansas has not identified Oil & Gas (or Energy) as a target sector, and thus, few complementary resources will be available from the state to support Oil & Gas as a source of economic development. By comparison, neighboring Texas and Oklahoma both identify "Traditional Energy" and "Renewable Energy" as key industries in their targeted marketing efforts.

OPPORTUNITIES

- **Consider adjusting terminology associated with the target sector to "Energy."** Such an adjustment would provide the region with greater flexibility in conveying the evolution of its economy and its attributes.
- **Focus lead generation and targeted recruitment activities on aviation battery technology.** Electric aircraft are receiving tremendous investment and recent advances in lithium-ion batteries could lead to breakthroughs and accelerated development. This could be a natural niche for the Wichita region within emerging energy technology.

Transportation & Logistics

OBSERVATIONS

Project activity in the transportation, logistics, and distribution sectors was driven by a variety of trends during the pandemic and is likely to remain strong for years to come. General economic recovery, the growth of E-Commerce, a shift away from just-in-time systems, the regionalization of supply chains, reshoring activity, and a variety of other trends will continue to fuel growth and job creation opportunities for population centers.

Demand for existing warehouse space depleted inventories and encouraged speculative development. Vacancy rates reached historically low levels in many markets. Various analysts and site consultants expect warehouse space to expand tremendously in population centers in the coming years to meet demand. As mentioned in the Infrastructure section, demand for cold storage space is anticipated to expand tremendously in the next five years.

Automation continues to change workforce demands and project dynamics in the sector. Whether it occurs in the warehouse with the growth in robotics adoption or on the road with the growth in driverless technology, automation is helping the industry meet rising demand while changing the way people are utilized on the job.

Other digital investments are changing the transportation and logistics landscape. Digital transformation in other industries is driving many of the trends and growth observed in transportation and logistics. Necessarily, the sector remains at the forefront of digital transformation itself. "Smart Warehouse Solutions" are among the use cases featured by the Smart Factory @ Wichita.

OPPORTUNITIES

Work regionally to expand creation and utilization of Speculative Building incentive programs. Existing and potential future speculative building tax abatement programs can help the region's development community improve the inventory of available "product" (sites and buildings) that supports economic development projects. Communities with such incentives are better positioned to weather business cycles with respect to product availability. Those with available product and flexible, speculative space have seized certain opportunities that necessitated a quick-to-market solution in the wake of stalled project timelines during the pandemic. Further, those with ready-to-go product will be best positioned to capture projected growth in cold storage and other warehouse facilities in the years to come.

Pursue development of a Transload Facility in the region. The COVID-19 Economic Recovery Group identified a new Transload Facility as a critical project that would make the region more competitive for Transportation and Logistics projects. The facility would also support competitiveness of rail providers, truck transportation, and a variety of providers of logistics services in the region, as well existing and prospective future employers in the Advanced Manufacturing, Aerospace, and Agriculture target sectors; transload facilities often heavily serve these targeted economic activities. The Framework for Growth prioritizes investment in "multi-modal logistics" and seeks to "support the sustainability of existing logistics parks and the intentional establishment of new logistics parks by incentivizing and investing in the adoption of the latest multi-modal capabilities and technologies."