

GLOBAL MKE

The Milwaukee Region's
Global Trade & Investment Plan



Global Cities Initiative

A joint project of Brookings & JPMorgan Chase






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MILWAUKEE REGION GLOBAL TRADE & INVESTMENT PLAN

INTRODUCTION

Today's global economic landscape is changing rapidly. Regions around the world are becoming more globally interconnected and global economic growth is shifting from the Western world to the fast-rising Asia Pacific Region.

The Milwaukee Region's economic future depends on a focused and aggressive global trade and investment agenda that better positions the region's firms to compete in world markets. Realizing this economic imperative, the region's economic development community has

engaged cross-sector leadership from government, business and industry associations to champion new directions in international business development.

Setting a new global course for the region has begun through the Global Cities Initiative (GCI), a joint project of the Brookings Institution and JPMorgan Chase. The GCI is a multi-year collaborative process that brings a network of metropolitan areas together to establish actionable plans that promote greater global trade and economic competitiveness.

The first phase of the initiative focused on developing a regional export plan to make global trade a central, consistent part of broader regional economic strategies. An export plan for the region was developed in 2014 and is now in the implementation phase, with an extended partner network organized to help companies start or increase exporting. The second core component of the initiative has centered on creating targeted strategies to attract and leverage foreign direct investment (FDI).

The *Global MKE Trade and Investment Plan* combines these export and FDI strategies into a single, highly coordinated plan with a common goal and objectives to strengthen the region's global connections and support sustainable economic growth. The extensive data research, firm interviews and business surveys conducted as part of the export and FDI market assessments led to key findings and strategies that are mutually reinforcing and align international market opportunities that can make the Milwaukee Region more globally fluent and economically vibrant.

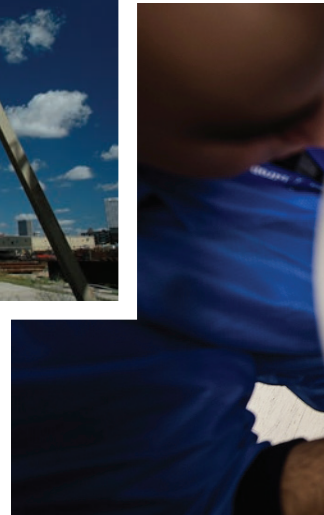
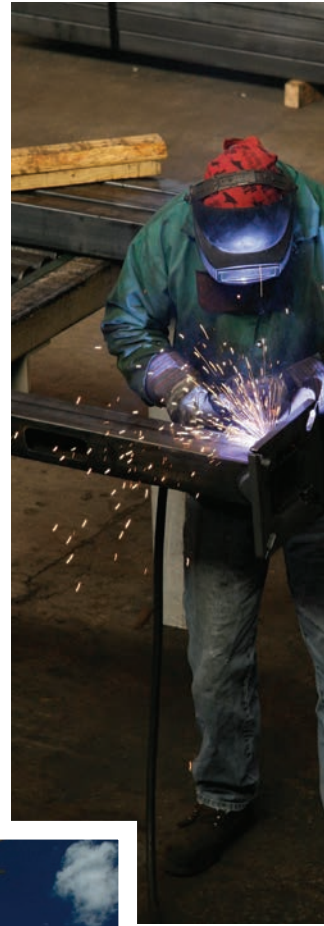
The Milwaukee Region's economic future depends on a focused and aggressive global trade and investment agenda that better positions the region's firms to compete in world markets.



THE IMPERATIVE

INCREASE INTERNATIONAL TRADE & INVESTMENT IN THE REGION

THE TIME IS NOW FOR THE MILWAUKEE REGION TO EMBRACE GLOBAL ENGAGEMENT. CHANGING DYNAMICS IN THE WORLD ECONOMY AND EMERGING OPPORTUNITIES FOR LONG-TERM, SUSTAINABLE GROWTH MAKE IT IMPERATIVE THAT THE REGION'S ECONOMY BECOME MORE ENGAGED IN INTERNATIONAL TRADE.

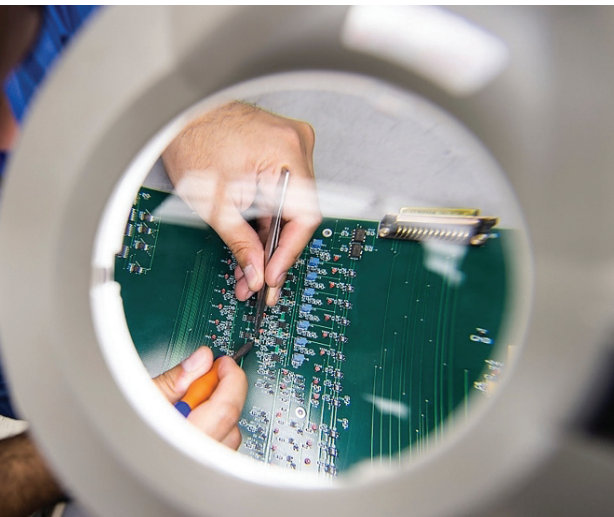


Today's realities are that world economic growth is shifting — by 2030, two-thirds of the global middle class will live in the Asia-Pacific region. Overall, 81% of global economic growth from 2015 to 2020 is projected to occur outside the U.S., according to the International Monetary Fund.

Local Economic Challenges

The Milwaukee Region is at an economic crossroads. In the past few decades, as the

global economy has experienced — and continues to undergo — a transformational shift and businesses become more knowledge-intensive as technology accelerates, the Milwaukee Region has experienced economic challenges that include declining income levels and long-term job losses. The recession from 2008 to 2010 compounded these trends and the region has seen a slower recovery than other U.S. metros. In 2015, Milwaukee ranked 78th out of the nation's 100 largest metro areas for recovery from the recession, according to the Brookings Metro Monitor, which measures changes in jobs, unemployment, output and home prices.



Expanding Exports and FDI to Boost Global Competitiveness

To reverse these local trends and take advantage of the fundamental shifts in the global economy, the Milwaukee Region needs to expand its global engagement by increasing exports and attracting foreign investment. Nationally, exports were responsible for 27% of growth in U.S. gross domestic product (GDP) from 2009 to 2014. Foreign-owned firms in the U.S. represent only 5% of all U.S. jobs, but account for more than 20% of the nation's goods exports and 19% of corporate R&D. These businesses also bring highly productive and high-paying jobs to the U.S. and the region, accounting for wages 28% higher than the national average.

Exports are critical to the Milwaukee Region's economic growth and job creation. In 2014, metro exports totaled \$10.1 billion (12% of metro GDP) and supported nearly 31,000 direct jobs (both figures ranking Milwaukee 35th out of the nation's top 100 metros). Regionally, exports totaled \$15.3 billion in 2012 (16% of regional GDP). Without growth in exports over the last 10 years that offset a decline in domestic sales, the regional economy would still be in recession. That export growth was achieved through the participation of just 6% of companies in the region, highlighting ample opportunity to expand the number of businesses exporting. And while exports have buoyed the region's economy, annual export growth has been slower than the national average. From 2008 to 2014, regional exports increased 0.6% annually, which ranked 79th among top U.S. metros.

Milwaukee also lags in growth of foreign direct investment (FDI). The region's share of employment in foreign-owned enterprises (FOEs) increased only slightly in two decades, from 3.4% in 1991 to 3.7% in 2011, while the U.S. share of FOE jobs grew from 4.6% to 5.4%, respectively, during the same time period.

The rates for exports and FDI are growing but are not yet at the national average, suggesting additional growth opportunities for the region in both exports and FDI.

Capitalizing on Regional Assets

To compete effectively in the increasingly global and knowledge-based economy, the region needs to capitalize on and connect the global opportunities arising from its competitive assets. These include one of the nation's leading advanced manufacturing sectors that has spawned organized industry clusters around water technologies; power, automation and controls; and food and beverage manufacturing. Today, manufacturing in the region accounts for 149,300 jobs, or 16% of regional employment, making the Milwaukee Region second for manufacturing intensity among the top 50 U.S. metros. Moreover, manufacturing jobs are a core rung on the region's ladder of opportunity – paying 31% more than the average job in the region.

While manufacturing is a strong driver of international trade and investment, service industries also represent a growing opportunity for global engagement in sectors including finance and insurance, health care, manufacturing-related services (e.g. IT, architecture, engineering), and travel and tourism.



A CALL TO ACTION

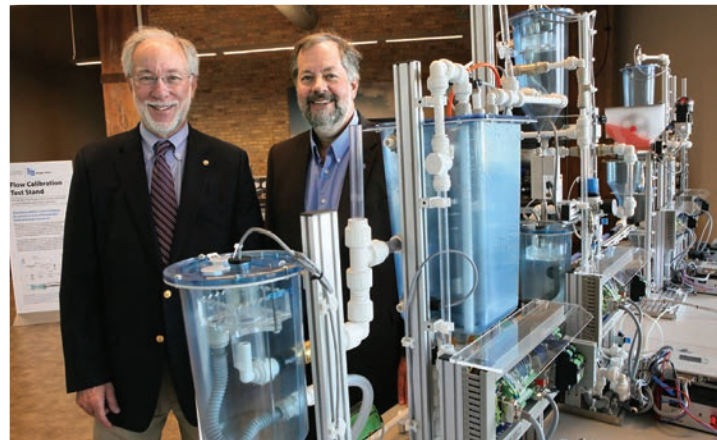
THE MILWAUKEE REGION'S RESPONSE TO THE CHANGING GLOBAL ECONOMY

Creating an intentional, targeted global trade and investment strategy that aligns with the Milwaukee 7's regional strategic plan, *The Milwaukee 7 Framework for Economic Growth*, will achieve synergies and position the region for high-quality growth and better jobs. At the core of the M7 economic agenda is a comprehensive, mutually reinforcing set of strategies formed around the economic levers of cluster development, global trade, human capital, innovation, entrepreneurship and infrastructure.

Championing New Pathways

The Milwaukee Region has already started transitioning toward a stronger, new economy environment, thanks to engaged leadership from the business, government and non-profit communities that are championing new economic pathways and programs.

In the past five years, the M7, private firms, economic development organizations and government agencies have partnered to launch industry consortiums around forward looking regional "asset" clusters to drive the region's economy, based on their size, concentration and growth potential. These nationally and internationally recognized networks are now actively engaged in research, innovation and business development in the sectors of water technologies; power, automation and controls; food and beverage manufacturing; and overall manufacturing. Each of these industry-led coalitions – The Water Council; the Mid-West Energy Research Consortium; FaB Wisconsin-Food and Beverage Network; and the Next Generation Manufacturing Council – offers a natural launch pad to expand and accelerate global trade and



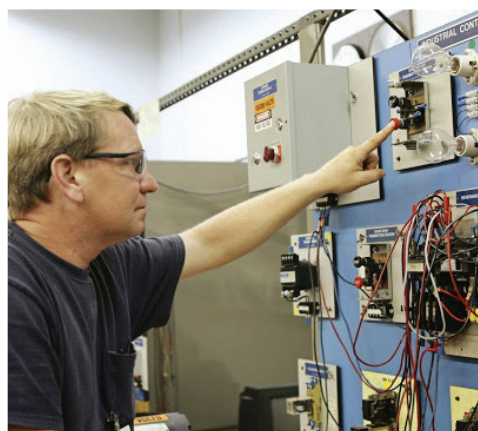
investment and can augment the trade and investment coming from our traditional economic strengths in manufacturing.

Gaining Competitiveness

To gain competitive advantage in the global marketplace, the Milwaukee Region is also participating with other U.S. metros in the Global Cities Initiative (GCI), a joint project of Brookings and JPMorgan Chase to develop and implement strategies to maximize the benefits of exports and foreign direct investment (FDI). Through the GCI program and its peer learning network, the region has developed this global trade and investment plan to fully leverage the benefits of global markets.

Other initiatives are underway within the region to engage globally and catalyze competitive advantage. Nationally, the Milwaukee Region is one of the first metros to be designated a manufacturing

Milwaukee's regional asset clusters include water technologies; power, automation and controls; food and beverage manufacturing; and overall manufacturing.



Next Generation Manufacturing

community in the U.S. Department of Commerce's "Investing in Manufacturing Communities Partnership" program. This initiative is led by the region's Next Generation Manufacturing Council, which supports the development of long-term strategies to help the region attract and expand investment in manufacturing.

At the state level, Wisconsin and its economic development agency, the Wisconsin Economic Development Corporation (WEDC), are supporting and engaging in regional global market development and strategic planning efforts through WEDC's Division of International Business Development. Where applicable,

the strategies developed for the Milwaukee Region will be extended to other parts of Wisconsin. Regionally, recent grants from the U.S. Economic Development Administration and JPMorgan Chase are funding initiatives to help companies in the region (and especially firms in the region's economically distressed areas) increase exports and expand global markets. On the local level, Milwaukee's World Trade Association, Wisconsin Center for Manufacturing and Productivity, Wisconsin Manufacturing Extension Partnership and the Milwaukee office of the U.S. Commercial Service are engaging in collaborative international business development efforts now underway in the region.

Building Momentum

These examples highlight the growing commitment of cross-sector leadership at the local, regional, state and federal levels to participate and collaborate in an overall global trade and investment program that strengthens the region's global economic connections and competitiveness. Building on this positive momentum, this strategic initiative will provide common structure and direction for all of these existing programs and projects, extending the strengths of these broad-based relationships to increase global trade and propel regional prosperity.

KEY FINDINGS

FROM THE MARKET ASSESSMENTS

As part of the strategic planning process, detailed market assessments were conducted for exports and FDI to establish facts about the region's performance, the outlook and actions of businesses, and the strengths and weaknesses of the local economy in global trade and investment. The assessments included research from a variety of sources, as well as surveys completed by more than 200 businesses and 100 face-to-face interviews with regional CEOs and other business leaders. Research and analysis was driven by data from the Brookings Institution, the U.S. Chamber of Commerce, local plans and reports, and numerous third-party studies performed both locally and around the world.

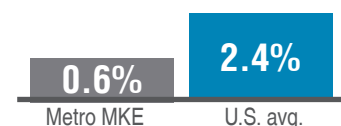
The following key findings directly inform and drive the goals, objectives and strategies outlined in later sections of this plan.



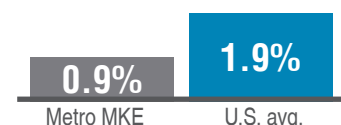


KEY FINDINGS AT

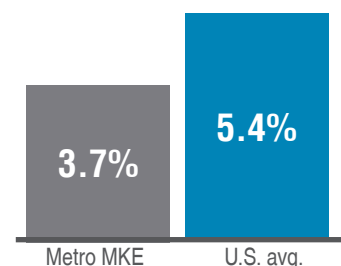
THE INTERSECTION OF EXPORTS AND FOREIGN DIRECT INVESTMENT



Real Growth Rate of Exports, 2008-2014



Avg. FDI Growth Rate from 1991-2011



FDI Employment
In 2011: 27,320 jobs

KEY FINDING 1

THE MILWAUKEE REGION HAS UNDERPERFORMED IN EXPORTS AND FDI

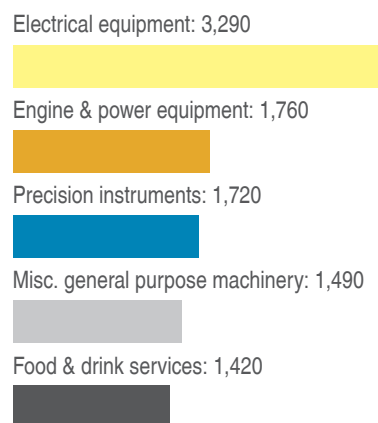
In 2014, Milwaukee metro exports totaled \$10.1 billion and export share of GDP was 11.6%, ranking 35th and 29th respectively, among top 100 metros.* (The Milwaukee metro's 2014 GDP of \$97.3 billion ranked 36th in the U.S.; the metro's 2014 population of 1.57 million ranks 39th nationally.) However, the real growth rate of exports between 2008 and 2014 was 0.6%, one-fourth of the national rate of 2.4%. In 2011, foreign-owned firms accounted for 27,320 jobs in the metro area, ranking 39th among top metros. Milwaukee's share of employment in foreign owned enterprises (FOEs) was 3.7% in 2011 vs. the U.S. average of 5.4%.

*Comparisons are done at a metro level but the regional statistics, to the extent available, tell a similar story. Regional exports were \$15.3 billion in 2012 (16% of the regional GDP).

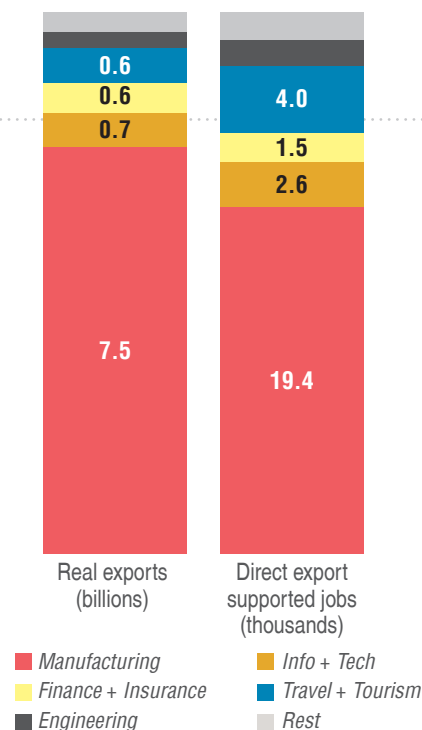
KEY FINDING 2

REGIONAL EXPORTS AND FDI ARE CONCENTRATED IN MANUFACTURING

Manufacturing in the Milwaukee Region accounted for 74% of real exports in 2014 and 63% of direct export-supported jobs. The manufacturing industry also accounts for 42% of total metro FDI employment and 20% of foreign-owned establishments. Electrical equipment was the leading industry by direct-export supported jobs (3,290 jobs) in 2014, and was also the top industry by jobs in FOEs in 2011 (2,700). General purpose machinery also was a top five industry in direct-export supported jobs (1,490) and FOE jobs (1,100).



Top Five Industries by Direct Export-Supported Jobs, 2014



Top Industry Sectors by Real Exports, 2014

KEY FINDING 3

THE REGION HAS STRONG CLUSTER NETWORKS

Clusters and geographic connections give firms a competitive advantage and typically form the basis of export and FDI strategies. The Milwaukee Region is home to several large, historically significant manufacturing clusters – water technologies; power, energy and controls; food and beverage manufacturing; and overall manufacturing – that are competitive assets for the region, exhibiting strong concentrations of businesses and employees. These clusters are supported by growing network organizations that are well established and driving business development, research, innovation and talent development within their respective industries.

KEY FINDING 4

THE MIDDLE MARKET OFFERS THE GREATEST GLOBAL GROWTH POTENTIAL

Research and experience gained through the GCI Exchange reveals that the greatest opportunity to impact both exports and FDI is through medium-sized enterprises (defined as firms with between \$10 million and \$1 billion in revenues, according to the National Center for the Middle Market). These firms represent just 3% of U.S. companies, but created 70% of jobs in 2013. The middle market is the sweet spot for exporting, compared with larger firms that don't require export assistance or smaller businesses that aren't export ready. Most FDI is in mid-sized firms entering

the market, especially via mergers and acquisitions (M&A). Foreign firms that establish operations in Milwaukee via M&A average three times the number of employees as a company opening up a new operation in the region.

Most FDI is in Mid-sized Firms and Expansions Drive Growth

13 Employees in the average Milwaukee greenfield establishment at time of entry, 1991-2011

39 Employees in the average Milwaukee M&A establishment at time of entry, 1991-2011

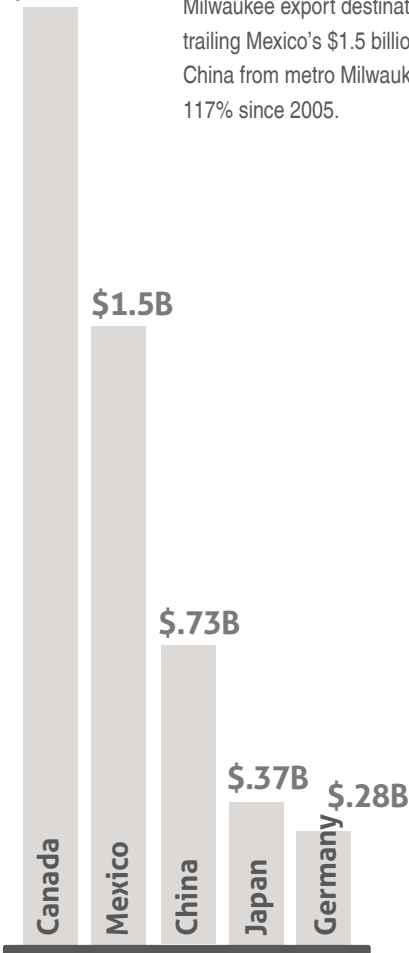
KEY FINDING 5

CANADA AND EUROPE ARE LEADING SOURCES OF INVESTMENT AND TRADE, CHINA GROWING RAPIDLY

Canadian companies account for 23% of jobs in the metro area's foreign-owned firms, making Canada the top source country of FOE jobs. After Canada, European Union countries Germany, Ireland, France and the UK have the largest percentages of metro FOE jobs. Canada is also the leading country for Milwaukee metro exports (\$2.2 billion) and is the top country for Wisconsin exports (nearly \$8 billion), according to U.S. International Trade Administration statistics. Germany is also a top five destination for Milwaukee exports (\$280 million) with export totals to all EU countries reaching more than \$1.5 billion.

\$2.2B

By country, China ranks third highest for metro Milwaukee export destinations (\$736 million), trailing Mexico's \$1.5 billion, but exports to China from metro Milwaukee have increased 117% since 2005.



Top Metro MKE Export Markets, 2014



CANADA
6,400
23.3%



GERMANY
4,000
14.8%



IRELAND
2,600
9.5%



FRANCE
2,400
8.9%



ENGLAND
2,000
7.2%

Top Five Source Countries by Jobs in FOEs (pct of total FOE jobs) in 2011

KEY FINDING 6

THE SHORTAGE OF SKILLED MANUFACTURING TALENT THREATENS THE REGION'S COMPETITIVENESS

The supply of skilled manufacturing workers is not meeting demand, posing a significant threat to the region's economic growth and global competitiveness. The skilled workforce shortage is affecting manufacturers of all stripes in the Milwaukee Region as companies report concerns about a qualified workforce, especially machinists, technicians and engineers. Manufacturing represents 16% of the regional workforce (149,300 jobs), and 42% of total metro FDI employment, which is the second highest concentration among large U.S. metros. Several local, regional and statewide initiatives are underway to address the challenges in workforce development. The M7 Regional Talent Initiative and NGM Council are engaging companies, the training system and potential workers in new and creative ways to better leverage and maximize the region's workforce. These issues are addressed in the regional plan, *The Milwaukee 7 Framework for Economic Growth*.



KEY EXPORT FINDINGS

Over the past decade,
Milwaukee exports grew by 45%.

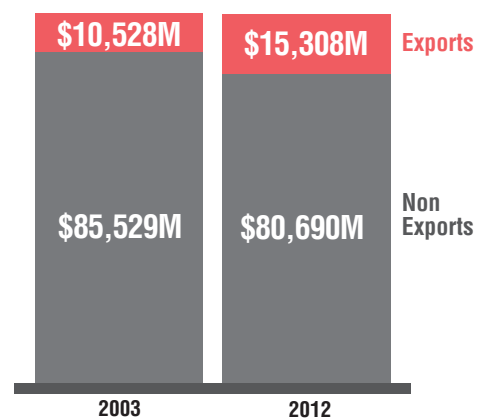
KEY FINDING 1

EXPORTS ARE CRITICAL TO THE REGIONAL ECONOMY, BUT ONLY A SMALL PROPORTION OF COMPANIES EXPORT

Over the past decade, Milwaukee exports grew by 45%. This represents the one bright spot of solid growth in the region's economy, offsetting a decline in domestic GDP of 6% (while nationally, total domestic GDP grew at a rate of 1.8% annually). Without the growth of exports, the region's overall economy would be in recession. That export growth was achieved through the participation of just 6% of companies in the region, highlighting the potential to increase exporting in the region.

Regional GDP

A decline in domestic output is offset by
STRONG EXPORT GROWTH

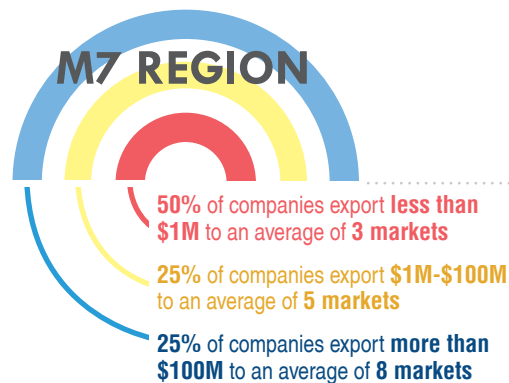


*Brookings Export Nation, 2012

KEY FINDING 2

40% OF REGIONAL EXPORTS ARE TO CANADA OR MEXICO; MOST COMPANIES EXPORT TO JUST A FEW COUNTRIES

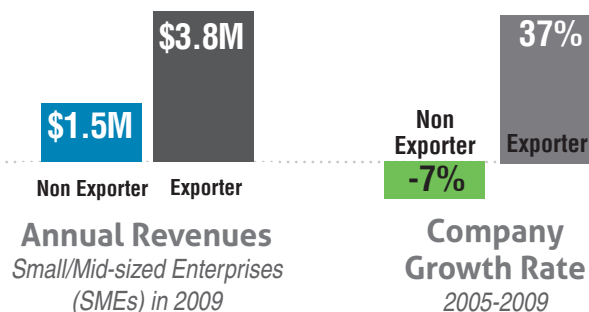
The largest volume of exports for the nation as a whole go to Canada and Mexico; this is also true in the Milwaukee Region. Canada and Mexico combined represent just 4.2% of global spending power, but rank as the first and second largest international trade partners for the Milwaukee metro area (Canada \$2.2 billion; Mexico \$1.5 billion). Canada and Mexico dominate the region's exports not because their markets are the best product-market match, but because of proximity and the favorable trade terms available under the North American Free Trade Agreement. Companies in the region that do export report that they export to relatively few countries, usually 3 to 5.



KEY FINDING 3

EXPORTS STRENGTHEN COMPANIES

Research and studies show that companies that export tend to have higher revenues, grow faster, be more productive and have higher valuations. In a national survey of small/mid-sized enterprises (SMEs) by the U.S. International Trade Commission, manufacturing exporters had average revenues of \$3.8 million in 2009, compared with \$1.5 million for non-exporters. From 2005 through 2009, the growth rate for SME exporters was 37%, versus -7% growth for non-exporters. Exporters enjoyed 72% higher average revenue per employee than non-exporters in 2009, a productivity edge that can create stronger margins. Exporters also tend to enjoy higher valuations than an identical non-exporting company because exporting spreads and reduces market risks.



KEY FINDING 4

EXPORTING PRESENTS OBSTACLES FOR FIRMS AND ASSISTANCE IS FRAGMENTED

Many middle market firms are not strategically focused on global growth and exporting, despite the potential opportunities. There are a range of factors that account for this, including fear of the unknown, perceived lack of demand, and a focus on growth in the U.S. market. Firms also lack key capabilities or resources, primarily talent and capital. There are also support system shortcomings; quality export assistance and resources are often available, but highly fragmented and disconnected without a clear, designated entry point to service providers.

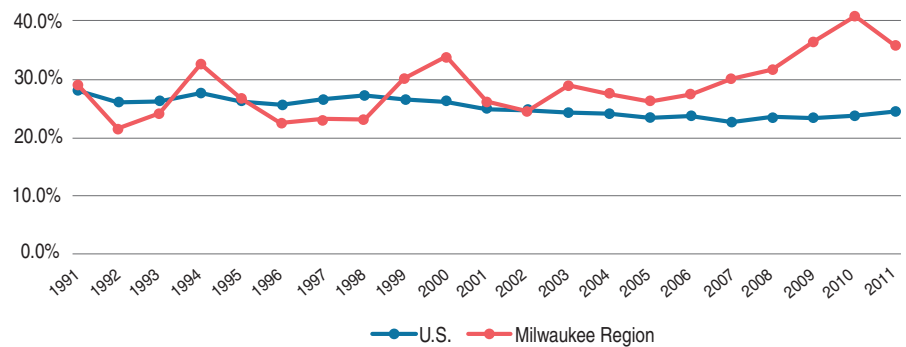
KEY FINDING 1

THE REGION HAS A HIGH CONCENTRATION OF FDI EMPLOYMENT IN ADVANCED INDUSTRIES

Regional jobs in FIEs in advanced industries totaled 8,390 in 2011, or 37% of all FIE employment in the Milwaukee Region. This percentage is higher than the 26% posted for the U.S. as a whole and has risen regionally from 27% in 2005. Advanced industries are defined by industry codes that are characterized by high levels of R&D and a heavy reliance on science, technology, engineering and math (STEM) workers. Sectors range from electrical equipment to industrial machinery to computer software and data processing.

KEY FDI FINDINGS

Employment in Advanced Industries as a Share of Total FDI Employment

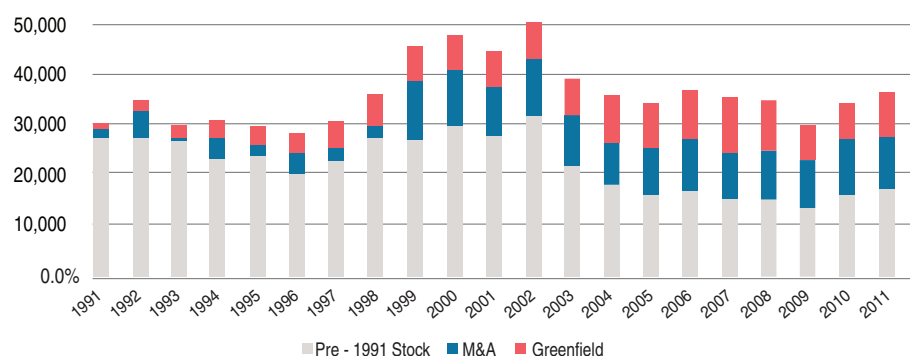


KEY FINDING 2

M&A AND GREENFIELD INVESTMENT ARE EQUALLY IMPORTANT SOURCES OF FDI

In the Milwaukee Region, mergers and acquisitions accounted for 53% of FDI jobs registered since 1991, compared to 47% for greenfield investments. Employment in firms that entered the market via M&A totaled 10,218 jobs, while greenfield investments accounted for 8,968 jobs. The vast majority of these foreign firms are small- to mid-size companies that historically build a broader and larger base of exports and FDI over time as they grow and expand.

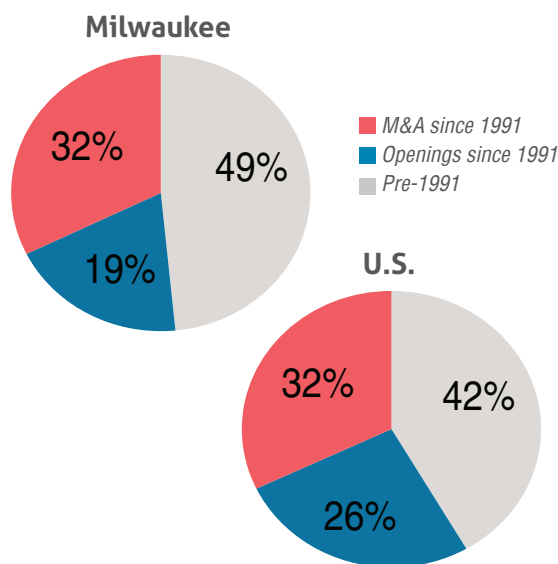
Milwaukee Region Foreign Employment Mode of Entry



KEY FINDING 3

M&A IS THE PREFERRED FORM OF ENTRY INTO THE U.S. MARKET

Although M&A and greenfield investments are relatively balanced in the region, Brookings research indicates that nationally M&A is the preferred means of accessing the U.S. market for foreign firms. Entering a market via merger or acquisition enables a firm to secure new product lines, technologies and distribution channels. M&A also benefits locally-based firms by providing needed cash infusions, expertise and access to global sales avenues. Currently, these transactions are not being surfaced on a consistent basis in the region, thus missing opportunities to build relationships with these new foreign owners and encourage the new parent company to retain or consolidate functions locally.



Share of Jobs in FOEs by Mode of Entry

FOEs that existed prior to 1991 accounted for the largest share of jobs in 2011.



KEY FINDING 4

LEGACY COMPANIES COMPRISE A LARGE SHARE OF FOE JOBS

The Milwaukee Region has a high percentage of its FOE jobs coming in foreign investments that occurred prior to 1991. Forty-nine percent of FOE employment in the region is in foreign firms that existed here prior to 1991, ranking higher than the 42% of these FOE jobs nationally. However, these legacy companies have also shed nearly 7,000 jobs since 1991. New foreign firm openings since 1991 account for 19% of FOE jobs, below the U.S. average of 26%. This job shedding and lower-than-average openings are a concern.

GOAL Help grow, expand and attract companies in driver industries, generating high-quality jobs and capital investment in the seven counties of southeastern Wisconsin to make the Milwaukee Region globally competitive, support high-value employment and foster a vibrant quality of life.

OBJECTIVE Increase the Milwaukee Region's global engagement by creating a strong local export culture, improving outreach to foreign-owned companies and engaging the region's leading industry cluster networks.

1. Increase calls on firms in the region to uncover business opportunities, including expansions, M&A, talent needs, export guidance and financial/capital assistance
2. Increase number of mid-size companies that export and number of countries to which they export
3. Align export service providers to make it easier for firms to export and to accelerate exporting into new markets
4. Increase number of FDI expansion and attraction projects, increasing high-quality jobs and capital investment by foreign-owned firms
5. Increase FDI from Western Europe, Canada and China

STRATEGIES & TACTICS

STRATEGY 1

LEVERAGE THE NEXT GLOBAL CLUSTER

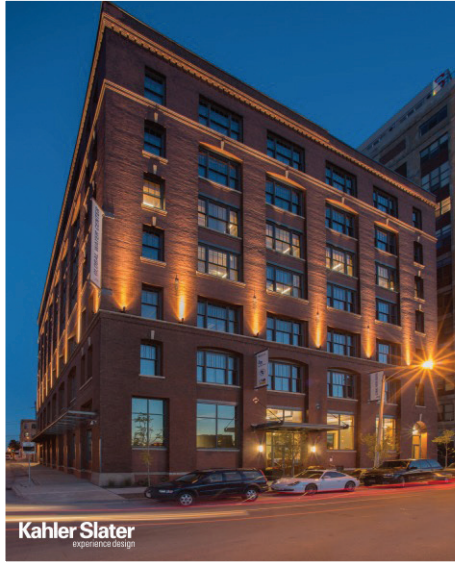
EMBRACE THE REGION'S GLOBALLY RELEVANT SPECIALIZATIONS, STARTING WITH WATER TECHNOLOGIES

The Milwaukee Region's heavy concentration of advanced manufacturing industries — combined with strong cluster networks in water technologies, energy, power and controls, and food and beverage manufacturing — can be magnets for FDI and exports. Of the region's

three organized clusters, water technologies currently offers the greatest potential for international business development. Since its founding in 2009, the Milwaukee-based Water Council has become a globally recognized center of excellence and hub of water research, technology and innovation.



The Water Council's next step is to expand its ability to attract and connect global water needs with solutions, increasing its "pull factor" of global investment in the region. With established resources in place, including a new Global Water Center, the Water Council is prepared to serve as an initial pilot to supercharge its global business development efforts. Future pilots for the energy, power and controls and food and beverage manufacturing clusters will follow to promote their globally relevant specializations.



THE WATER COUNCIL

Headquartered in the Global Water Center in Milwaukee, The Water Council is capturing the attention of the world and transforming the Milwaukee Region into a World Water Hub for freshwater research, economic development and education.

The Water Council is one of the only organizations of its kind in the world, serving as a globally connected epicenter for freshwater research, innovation, education and business development. The 180-member association links together global water technology companies, innovative water entrepreneurs, government agencies, acclaimed academic research programs and some of the nation's brightest and most energetic water professionals.

Milwaukee's water cluster includes:

- A \$10.5 billion regional water industry market
- More than 200 water technology companies employing approximately 20,000 workers
- The nation's only School of Freshwater Sciences, at the University of Wisconsin-Milwaukee
- The Global Water Center — a \$22 million business and research center focused on advancing water technology
- Reed Street Yards Water Technology Park

TACTICS

1

Help Water Technology Companies Grow Internationally

Working in collaboration with the state-wide Extended Export Partner Network, The Water Council will assist water technology firms with exporting through the ExporTech™ program and other services that help companies create export strategies. The Water Council's BREW Accelerator program has already helped businesses access and penetrate new global markets and gain access to capital. Currently 17 water tech startups have offices in the Global Water Center.

3

Create SWAT Teams to Tackle International Water Challenges

The Water Council will create Smart Water Action Teams (SWAT) that are designed to tackle specific water issues and help solve global water challenges. SWAT teams will be custom-designed for a contracted market's particular water problem, drawing on the Water Council's network of research, talent and business expertise.

2

Build Out the Water Technology District to Expand Global Business Development

Continue developing the new 17-acre Reed Street Yards Water Technology Park in downtown Milwaukee, a mixed-use technology zone focused on the global water industry that has already attracted the headquarters of a water tech firm. Expand facilities housing water-centric research facilities for universities, existing water-related companies and accelerator space for new, emerging water technology companies by developing The Global Water Center II, a companion facility to the Global Water Center.

4

Convene a World Water Innovation Exposition

The Water Council should continue evolving its annual Water Summit into an International Water Exposition that becomes a "must attend" international event. The Exposition will convene the world's best minds in water, from water innovators to leading advocates, and governments impacted by water, in a forum structured for intensive collaboration and problem-solving.

STRATEGY 2

REACH OUT TO THE LOCAL MIDDLE MARKET

UNCOVER INTERNATIONAL BUSINESS OPPORTUNITIES
AND PROVIDE AFTERCARE

Building on past CEO call initiatives, refocus the business call program on local middle market firms that offer the greatest global growth potential. Identifying and reaching out to these companies will help economic developers better understand company needs and build long-term relationships. There is real opportunity to capitalize on M&A, which is an easier, and often preferred, way for foreign firms to quickly gain traction in the U.S. market. These

transactions need to be better leveraged to minimize downsides and maximize the benefits they can provide to local firms, including new capital, expertise and access to global sales channels. This includes leveraging the M7 Business Development Team, M7 Export Core Team, Wisconsin's Extended Export Partnership and local economic development organizations to produce more calls and provide better results for companies.

STRATEGY 3



TACTICS

CATALYZE EXPORT ENGAGEMENT

GET MORE COMPANIES EXPORTING AND
TRADING TO MORE COUNTRIES

The region's mid-sized firms offer the greatest opportunity for export growth. The majority of these firms that currently export only sell to a few international markets and are not actively pursuing new opportunities. Many more companies have exportable products or services and do not realize the potential that international markets represent. With the help of the region's strong core of industry associations, industry cluster network organizations and economic development organizations (EDOs), companies will be identified that are currently exporting or, for non-exporters, those that have an exportable product or service. A regional facilitator will then engage with these companies to understand their export potential and influence them to pursue international opportunities. The M7 Export Core Team and the Wisconsin Extended Export Partnership, in collaboration with local EDOs and other trusted advisors will also be engaged to help middle market companies increase exporting.

1

Identify Firms
with Export
Potential

Identify companies that are not exporting to their full potential or that have an exportable product and/or service, working with cluster and trade associations, EDOs and industry groups to develop leads in key driver industries.

STRATEGY 4



TACTICS

MAKE EXPORTING EASIER

HELP COMPANIES NAVIGATE THE
EXPORTING PROCESS

Company interviews reveal many firms are not aware of the export services that exist in the region and don't know how to get started. Reducing the complications companies face along the exporting continuum is essential to increasing the region's exports and accelerating economic growth. Wisconsin's Extended Export Partnership will help companies in the region navigate the exporting process. Creating a step-by-step guide will simplify the process and help companies quickly and easily enter the system. Through specialized services like ExporTech™, companies can identify hurdles to expansion and develop a customized international growth plan.

1

Develop Regional
Resource Hub

Strengthen the connections among the Export Core Team and existing networks to provide more seamless and timely export services to companies. To coordinate these efforts, a regional facilitator is in place to integrate current export activities by aligning partners and programming that establishes a regional resource hub and improves system performance.

1 Target the Middle Market

Focus on mid-sized firms for targeted outreach, as this segment has the greatest potential for new global business activity that can be influenced by economic developers. Middle market firms have proven capacity for exporting success because they have differentiated products, capital and business expertise. Mid-sized firms are often M&A targets as foreign companies look to enter the U.S. market by acquiring an established company.

2 Offer Assistance and Make Referrals

Mid-market firms offer proven products and established customer-supplier networks, but need assistance to meet their potential. Company visits will identify acquisition targets or high-potential exporters that will benefit from individualized support or referrals to appropriate resources.

3 Get Engaged in M&A

Through business calls, identify companies that are potential M&A targets. When an M&A deal occurs, respond by quickly making outreach to the acquiring firm to develop relationships and encourage retention or consolidation. After initial outreach, work to embed the acquired firm in the region through long-term aftercare that supports the company's growth.

2 Implement the Export Assessment Tool

Administer the Export Assessment Intake Tool to assess companies with export potential and understand the company's current situation, medium-term goals and knowledge of existing export resources.

3 Engage with Firms and Make Referrals

Provide exporting facilitation and guidance to individual companies, through direct one-on-one support and referrals to partners, including the Wisconsin Economic Development Corp. and local U.S. Commercial Service office.

4 Effectively Leverage Available Grant Programs

Influence companies to pursue international opportunities by incentivizing export activity with local and state grants and programs, like the Milwaukee 7 Export Development Grant Program and the state's Global Business Development Program grants.

2 Roll Out the Road Map

Create an exporting guide that simplifies the process and helps companies quickly and easily enter the system, including a road map that points companies to available regional resources that can help them move through the process.

3 Guide the Growth of Exporters

Through an export outreach concierge, work with partners, cluster organizations and niche industry groups to provide exporting facilitation and guidance, including targeted, one-on-one support for select companies and access to tools like ExporTech™ to drive international growth.

4 Promote the Regional and State Export Services, Networks and Partners

Promote the M7 Export Core Team and Wisconsin's Extended Export Partnership of international trade partners at CEO-to-CEO and other export outreach events.

5 Support Global Trade Ventures

Assist in coordination of trade ventures and hosting of delegations from other countries.

STRATEGY 5

FOCUS FDI ATTRACTION

TARGET WESTERN EUROPE AND CANADA FOR FDI GROWTH; ASSESS CHINA MARKET

Canada and Western Europe are natural starting points to build out a proactive FDI attraction program. The two countries account for almost 40% of total foreign-owned employment in the region. Canada is also the leading country for Milwaukee metro exports and is the top country for Wisconsin exports overall. Canada is an untapped FDI opportunity that has not been actively targeted for investment in the past. Milwaukee's European ancestry and influence (especially Germany), combined with the region's strengths as a leading U.S. manufacturing center, are compelling to Western European precision manufacturers looking to expand into the U.S. China should also be considered for FDI opportunities; China is one of the world's leading economies that is not only metro Milwaukee's largest international trade partner but is also a country seeking more FDI opportunities in the U.S.

STRATEGY 6



TACTICS

GET GLOBAL, MILWAUKEE

CREATE A STRONG GLOBAL MINDSET LOCALLY

Creating a local culture that has an appreciation for global markets will make it more likely that companies will keep international opportunities top-of-mind as they develop business strategies. The region's economic development, business, academic and civic leaders need to be globally fluent to improve the region's business climate. Key tactics to sharpen the region's international focus will include publicizing success stories and developing tailored messaging on the importance of global trade, cultivating global business development dialogues, engaging regional allies in international business development, and educating regional leaders and media on global trade.

1

Socialize Success Stories

Create a public relations strategy that includes promoting and leveraging global business success stories, project announcements, business development activities and international experiences to the broader community via the press, social media and online, including video.



FDI SUCCESS STORY: INGETEAM

In 2010, Spain-based Ingeteam, a manufacturer of generators and inverters for the wind and solar energy markets, selected Milwaukee for the firm's first U.S. manufacturing facility.



TACTICS

1 Connect with Canada

Develop a Canadian business attraction program, targeting companies directly and through multipliers in Milwaukee and Canada (such as trusted advisors, economic development organizations and trade promotion agencies) that align with the region's leading industry clusters.

2 Capitalize on Past FDI Success

Exploit past FDI successes to help penetrate aligned industry and geographic markets. Pattern these tactics on the successful attraction of Ingeteam from the Basque Country of Spain, which led to the attraction of an additional Spanish firm and development of growing relationships with the Basque government and local economic development organizations.

3 Develop Stronger Business Leads

Expand current European FDI lead development program by gathering better data on companies likely to be considering U.S. investment that would find the Milwaukee Region's assets compelling. Build on past success at the Hannover Messe trade show in Germany by targeting other European trade shows for prospect development; where possible, seek to participate under state umbrella and/or in collaboration with regional cluster organizations.

2 Elevate the Economic Profile of Global Trade

Raise the profile of exports and FDI in local economic development strategies and make exports a key indicator of regional economic performance on par with other key indicators, such as unemployment, housing and job growth.

3 Engage Regional Allies to Promote Business Opportunities

Promote educational opportunities, export-focused events, upcoming trade missions and other related activities to companies, working with the region's cluster networks, the World Trade Association, chambers, colleges and universities, economic development offices and professional organizations.

4 Educate Regional Leaders and Media on International Business

Host events and forums to engage business, political and civic leaders to build greater understanding and awareness of exporting and FDI. Also invite local media to learn about global trade and report on it.

The Milwaukee 7 led the regional response, persuading Ingeteam to select Milwaukee from more than 100 other sites in 10 U.S. regions. Although the company originally preferred to buy an existing building, it soon focused on building a new 140,000-square-foot, \$15 million facility.

The Ingeteam attraction project generated direct benefits for southeastern Wisconsin: 275 high-paying manufacturing jobs and millions of dollars in capital investment. But the positive impact of the project has been felt in other

meaningful ways. A second Basque company – Inesa – established a small operation in Milwaukee to supply to Ingeteam. And the M7 team has formed a productive relationship with the Basque development agency, SPRI, and the Basque government. Numerous initiatives are underway to build partnerships between the Basque and Milwaukee regions.

M7 has made a long-term commitment to serve Ingeteam and continues to receive requests for assistance from company management to help smooth the company's

integration into the Milwaukee business community. M7 also added value by helping the firm find local supply chain partners. M7 identified 350 possible suppliers located across the seven-county region, eventually vetting 80 and setting up interviews with 25. Several of these companies are doing work for Ingeteam today, thereby multiplying the regional economic benefit of this important win.

IMPLEMENTATION

Successfully implementing the global trade and investment plan depends on the participation and support of a broad range of partners and stakeholders to create a dynamic global business network.

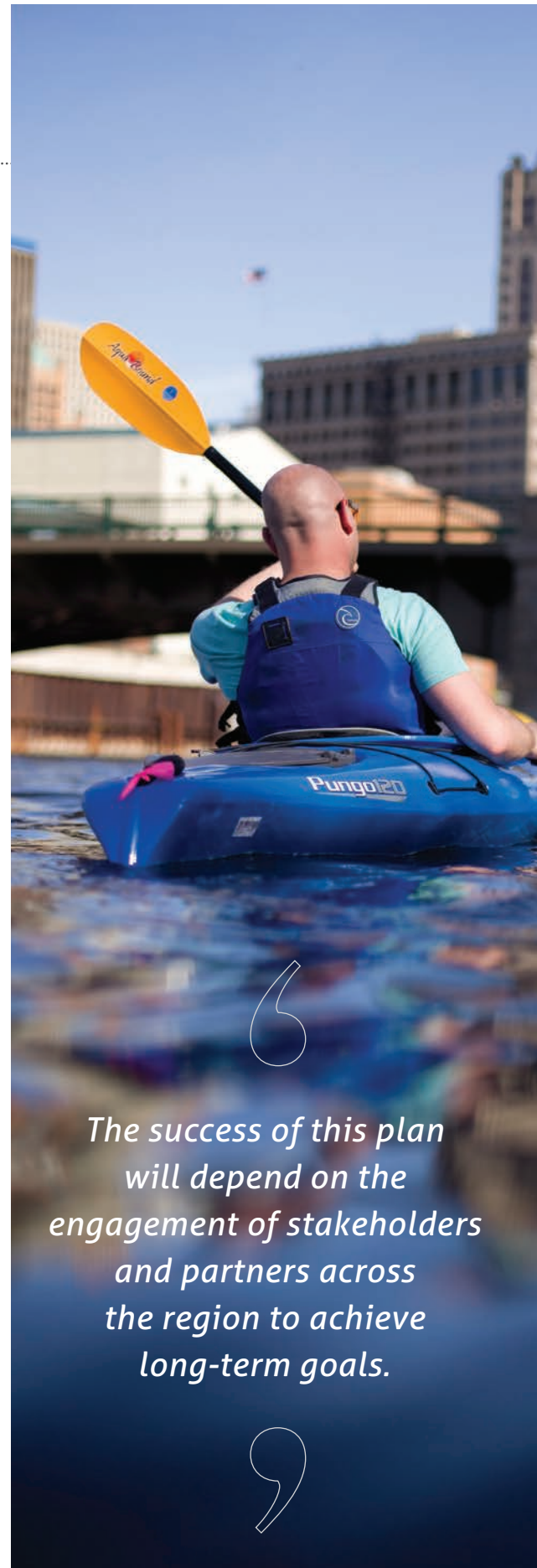
Implementation of the *Global MKE Trade and Investment Plan* will be led by the Milwaukee 7, the economic development partnership of the seven counties of southeast Wisconsin. The M7 and its partners will provide staff support and financial resources. M7 will also serve as the lead program manager for implementation of the initiative, coordinating activities outlined in the plan with organizations active in international trade and investment issues. These include the M7 Export and FDI Core Teams that were assembled during the planning process, as well as regional business, academic and civic partners.

Key stakeholders include the Wisconsin Economic Development Corporation, Milwaukee's World Trade Association, Wisconsin Center for Manufacturing and Productivity, Wisconsin Manufacturing Extension Partnership, the Milwaukee office of the U.S. Commercial Service, the region's cluster network organizations, the Regional Economic Partners (representing county economic development organizations), City of Milwaukee, and Southeastern Wisconsin Regional Planning Commission.

The M7 and its partners will:

- Oversee and implement the plan strategies and monitor performance
- Align regional assets to capitalize on global growth opportunities
- Generate public support and financial resources for the program
- Provide strategies and policy recommendations to strengthen the regional global business platform

The plan and its associated initiatives should align with *The Milwaukee 7 Framework for Economic Growth* and future updates to the strategic planning document. The success of this plan will depend on the engagement of stakeholders and partners across the region to achieve long-term goals. A robust global business development network will be realized when exporting and FDI are mainstreamed into the ongoing economic development and planning efforts in the region.



The success of this plan will depend on the engagement of stakeholders and partners across the region to achieve long-term goals.



MILWAUKEE 7

ACKNOWLEDGMENTS

The Milwaukee 7 and its partners would like to thank the Export and FDI Core Teams that were instrumental in the development of this initiative and plan. Team members included leadership from the Wisconsin Economic Development Corporation, Metropolitan Milwaukee Association of Commerce, Milwaukee's World Trade Association, Wisconsin Center for Manufacturing and Productivity, Wisconsin Manufacturing Extension Partnership, the Milwaukee office of the U.S. Commercial Service, the region's cluster network organizations, the Regional Economic Partners (representing county economic development organizations) and City of Milwaukee.

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About the Global Cities Initiative

The Global Cities Initiative is a joint project of the Brookings Institution and JPMorgan Chase designed to help metropolitan leaders advance and grow their regional economies by strengthening international connections and competitiveness on key economic indicators such as advanced manufacturing, exports, foreign direct investment, and traded sectors. GCI activities include producing data and research to guide decisions, fostering practice and policy innovations, and facilitating a peer-learning network. The Global Cities Initiative is chaired by Richard M. Daley, former mayor of Chicago and senior advisor to JPMorgan Chase. It is directed by Amy Liu, vice president and director of the Brookings Metropolitan Policy Program.

For more information, see:

www.brookings.edu/projects/global-cities.aspx or

www.jpmorganchase.com/globalcities.



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This report was developed by the Milwaukee 7 Regional Economic Development Partnership and its partners through the collaboration of political, business, and civic leaders of the Milwaukee Region. The conclusions and recommendations of this report are solely those of its authors and do not reflect the views of the Brookings Institution or JPMorgan Chase.

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