Wichita Regional FDI Plan

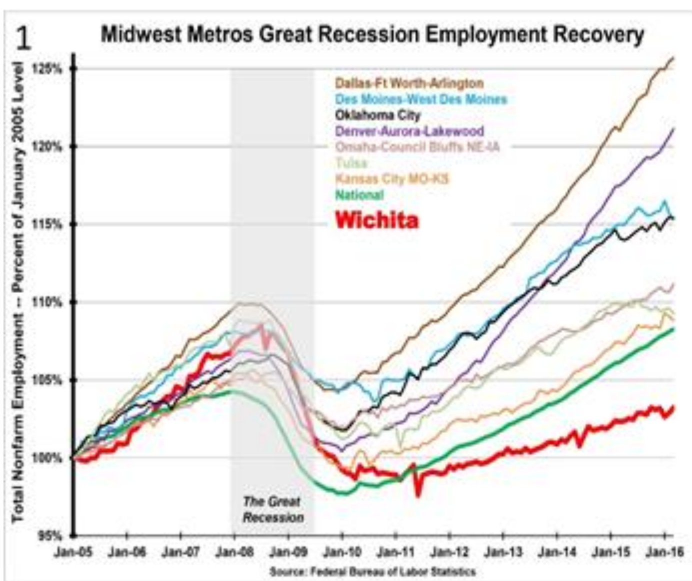
COMPETING GLOBALLY

Seeking to reverse the damaging effects of the Great Recession, the south-central Kansas region is collaborating to compete globally. (See images at bottom.) The effort began with the five-year export plan, which has exceeded its performance targets in its first two years, contributing to millions of dollars in new exports.

The region is rallying to resolve workforce issues with public-private partnerships that helped create the National Center for Aviation Training and recently won the $5.9 million Kansas Advanced Manufacturing Program grant. To cultivate innovation, new partnerships formed and techniques harnessed from decades of advanced manufacturing. The next target is the attraction and retention of foreign investors, aiming to nurture the success of its existing Foreign Owned Enterprises (FOEs) and welcoming new foreign-owned corporate citizens.

This Foreign Direct Investment (FDI) plan was developed to assist Regional Economic Development Organizations (EDOs) retain and attract foreign investment. Reflecting the region's independent and collaborative approach to economic development, the plan focuses on leveraging existing resources for a synergistic impact. Implementation will occur at the local level with support from actors across the region.

The region's ongoing efforts to improve global competitiveness by providing strategies for companies, EDOs and local governments are supported by this. This plan complements the region's export plan, workforce, and entrepreneurship and innovation initiatives and can be implemented modularly or in whole. As part of the Global Cities Initiative, a joint project of Brookings and JPMorgan Chase, the Wichita region has benefited from this reflective, facilitative program that enables local stakeholders to compete in the dynamic global economy.



2 **Plan Implementation Area-**

Wichita's Ten-County Region

Collaborating to Compete

MEET OUR FDI TEAMS

Thank you to the FDI Plan partners and funders.

This plan was developed through the united efforts of many volunteers representing leading organizations in the region. Their work would not have been possible without our funding partners.

Funding Partners

City of Wichita (COW), Sedgwick County, Greater Wichita Partnership (the Partnership), Regional Economic Area Partnership & Kansas Global Trade Services (Kansas Global)

Core Team

Craig Bay
The Partnership

Parker Dooley
JPMorgan Chase

Jeremy Hill
Center for Economic Development and Business Research, Wichita State University (WSU)

Tim Goodpasture
Scot Rigby
City of Wichita (COW)

Kasi Morales
McPherson Board of Public Utilities

John Trowbridge
Sunflower Bank

Debbie Franklin
Wichita State University (WSU)

Randi Tveitaraas-Jack
Kansas Department of Commerce

Karyn Page
John Schott
Kansas Global

Steering Committee

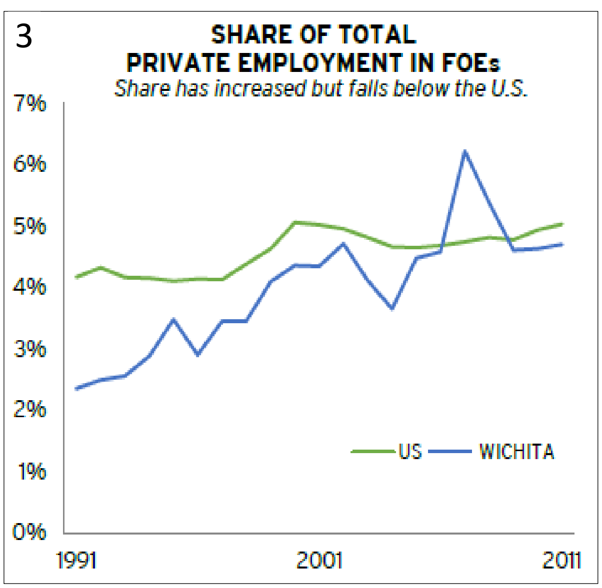
Dina Aaby, Intrust Bank
Teresa Huffman, Marion County Economic Development & SCKEDD
Dave Alfaro, Butler County Economic Development
Linda Jolly, El Dorado-Inc.
AJ Anderson, US Commercial Services
Patty Koehler, JR Custom Metal Products, Inc.
Jason Ball, Hutchinson/Reo County Chamber of Commerce
Keith Lawing, Workforce Alliance, REAP
Aaron Bastian, Fidelity Bank
Melinda McCurley, Harper County Economic Development
Andrew Nave & David Bossemeyer, Greater Wichita Partnership
Dick Neville, Kingman City Commissioner
Trish Brasted, Wichita Technology Corp/Wichita Technology Ventures
Gary Oborny, Entrepreneurship Task Force/Occidental Management
Sherdeill Breathett Sr., Sedgwick County Economic Development
Marlin K. Penner, John T. Arnold Associates, Inc.
Steve Cooper, Balco, Inc.
Potts, Redguard/Lange Real Estate
Stacy Davis, Sumner County Economic Development Commission
Deb Scheibler, Kansas WorkforceONE
Kerri Falletti, Cowley County Economic Development
Beth Shelton, Harvey County Economic Development

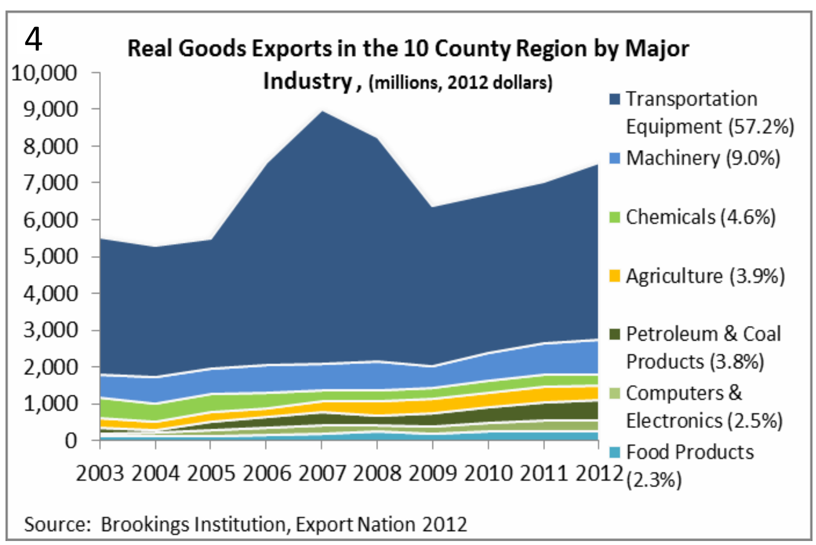
THE REGION'S GLOBAL INVESTMENT ENVIRONMENT

Wichita's future depends on continuous engagement with the global economy and its ability to be deeply competitive. Though it is one of the most intensive exporting regions in the nation, with exports making up more than 20 percent of the local economy, its share of total private employment in FOEs is consistently below the national average. [Graph 3] Its aviation cluster contributes 64.1 percent of the metro's total export revenue and is highly sensitive to changes in the global economy.[1] [Graph 4] Though Wichita has the 3rd highest percentage of advanced industry workers in the nation (behind only San Jose and Seattle), filling workforce requirements is a struggle.[2] These challenges are also attributes indicative of an environment ripe for investment.

Wichita hosts one of five true aviation clusters in the world, which dominates the region's economy. For nearly a century, Wichita's aviation cluster has been a centerpiece of the economy. It employs tens of thousands of people and originates hundreds of local companies to form its supply chain. Wichita's aviation cluster is in a global battle for market share with emerging competitors in Brazil, Mexico, and China, as well as established competitors in the European Union, Japan, and Russia. This global industry - and Wichita's economy - is intensely impacted by national and global markets, enduring the highs and lows typical of its cyclical nature.

The aviation industry also dominates export performance and attracts foreign investors, averaging more than 50 percent of total Wichita metro goods exports for the last decade and making up 30 percent of FOE jobs in 2011, the most recent year data is available.3 Reacting to the Great Recession, Wichita's aviation industry tumbled nearly 45 percent from a historical high in 2008.[4] The average annualized growth rate for





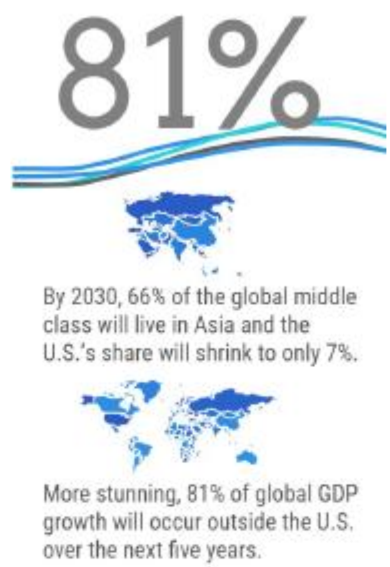
[1] (Brookings, 2016)
[2] (Muro, Rothwell, Andes, Fikri, & and Kulkarni, February 2015)
[3] (Brookings 2014 FDI Monitor, 2014)
[4] (Brookings, Calculations from Brookings 2013 Export Data, 2014)

aviation exports from Wichita from 2003-2013 was only 1.5 percent.[5] It has yet to recover fully.

Given the aviation industry's considerable influence, regional exports also suffered. Wichita's export growth from 2003-2014, inclusive of the recession, was a dismal 2.3% percent, lagging its peers and the U.S., signaling a change in its past economic recovery patterns.[6] In recent years Wichita's high economic periods have not been sufficient in strength or length to overcome its troughs to produce economic growth, providing another reason to seek greater FDI proactively.

In addition, Wichita's highly specialized industries struggle to find enough skilled workers in a now tight labor market. During the Great Recession, Wichita lost over 30,000 total jobs; thousands of workers exited its workforce through retirement or relocation - and have not returned. Further, many of the small and medium-sized companies in the aviation and advanced manufacturing supply chain are led by "baby boomers" nearing retirement.

Finally, despite its dependence on exports, the region has yet to become globally-minded. As identified in the region's export plan study in 2014, most manufacturers continue to export reactively, without a purposeful approach to the global market. These challenges demand intentional action to overcome weaknesses and capitalize on strengths.



[5] (Brookings, Calculations from Brookings 2013 Export Data, 2014)

[6] (Brookings, Calculations from Brookings 2014 Export Data, 2015)

NEW FORCES IN THE GLOBAL ECONOMY DEMAND OUR ATTENTION. Ninety-five percent of the world's consumers live outside the United States.[7] By 2030, 65 percent of the global middle class will live in Asia, reducing the U.S.'s share of middle-class consumers to only seven percent.[8] More stunning, 81 percent of global GDP growth is projected to occur outside the U.S. over the next five years (2015-2020).[9]

Wichita's current FDI performance is moderate with 4.7 percent of metro employment by foreign-owned firms (5 percent at the national level), but its innate attributes are aligned with foreign investment needs, especially for advanced industries which require specialized inputs and a highly skilled workforce.[10] Other attributes include its anchor cluster, skilled workforce, robust supply chain, research university, and central location, indicating room for significant improvement achievable through a data and market input driven strategy.

The region's export-intensity, albeit primarily reactive, highlights the importance of the global economy. Other elements, however, contribute to the larger picture of a truly competitive global economy. Besides exports, the ability to attract and expand investment of foreign business and capital into the region - FDI - is that second element of a Global Community. The United States has been a top destination for FDI, but its global share has fallen in the increasingly competitive global environment.

The region's dependence on exports also presents an untapped opportunity to strategically seek investment from foreign firms. A triangular relationship exists between exports, FDI and economic development, as foreign owned companies are more likely to export and thus strengthen the local economy.[11] Brookings' experts have noted that FDI has long supported

[7] (USTR, n.d.)
[8] (Homi, 2017)
[9] (IMF, 2015)
[10] (Saha, Fikri, & Marchio, 2014)
[11] (Stamatiou, 20-23 June, 2013)

regional economies by infusing capital, investing in workers and strengthening global networks. Foreign firms, while accounting for only 5 percent of the nation's private sector employment, account for 19 percent of corporate research and development spending and more than 20 percent of total U.S. exports.[12]

EXPORTS AND FDI SUPPORT HIGHER PAYING JOBS. The U.S. Department of Commerce estimates that exports in 2014 supported 11.6 million jobs, and FDI supported 12 million jobs in 2013.[13] In the region, exports supported 41,000 jobs, and FDI supported 11,610 jobs.[14] [15] Significantly, export- driven jobs pay 18 percent more than non-exporting firms, according to a 2013 Business Roundtable Report[16], and foreign-owned firms pay 20 percent higher wages than their domestic peers.[17]

These conditions - *hosting one of five true aviation clusters in the world, global economic forces, and trade supporting higher paying jobs* - demand an urgent and purposeful economic development strategy to retain and increase the "right" jobs. Sustainable economic growth depends on our ability to develop a proactive global initiative connecting Kansas firms and foreign markets.

Thus, the regional economy requires a new response that acknowledges its key attributes of a mature aviation cluster and dominant tradable goods sector - a response that fully and strategically captures global opportunities. Further, to offset the impact of the cyclical aviation industry, the region must continue to aggressively diversify the economy while maintaining support for that most critical industry, and other key sectors like oil and gas, and agriculture.

"DOING BUSINESS AS USUAL" WILL NOT RESULT IN INCREASED CAPITAL INVESTMENT, JOBS, OR WEALTH CREATION. The region's unique attributes and challenges require coordination of the cluster's needs, with industry diversification strategies and strong encouragement of the birth of new companies. It requires support of innovation and pursuing capital investment. It requires aftercare of companies like never before. Meeting these requirements would create a truly competitive community able to withstand global economic change and weather industry cycles. Our region deserves an intentional plan of action to achieve its full foreign investment and trade potential.

NOW IS THE TIME.

[12] (Saha, Fikri, & Marchio, 2014)
[13] (Employment and Trade, 2016)
[14] (Brookings, Calculations from Brookings 2014 Export Data, 2015)
[15] (Saha, Fikri, & Marchio, 2014)
[16] (Business Roundtable)
[17] (Saha, Fikri, & Marchio, 2014)

Building the FDI Plan

The Wichita region is building a competitive advantage in its approach to economic development and is organizing to compete on a *global* scale through key initiatives it has been staging the last few years.

Selected to participate in the Global Cities Initiative (GCI) in 2014, the Wichita region completed its first year of export plan implementation in 2015 with positive results despite the headwinds of a strong dollar and weakening global economy.

During the first year and a half of implementation, companies participating in the new export ecosystem created by the export plan reported new exports of over $24 million. Demonstrating regional collaboration, eight existing economic development organizations deliver services companies need to export more in addition to assistance from Brookings Institution, JP Morgan Chase and the metro peers within the GCI Exchange. Exhibiting unified collaboration, the export plan is tied through financial contract or in-kind commitment to major regional initiatives, like those listed below.

In response to external economic pressures, leadership is adopting a strategic regional approach to economic development. Building on a foundational focus on capturing future economic wealth by strengthening current industries and encouraging innovation, the region's leadership formed the Greater Wichita Partnership (The Partnership). The Partnership is promoting collaboration among the region's independent economic development organizations on activities such as recruitment, regional messaging, and workforce initiatives.

"If you don't have a competitive advantage, don't compete."

Legendary CEO Jack Welch

Wichita State University's (WSU) game-changing Innovation Campus and attainment of Wichita's designation as a "Manufacturing Community" sets the stage for the region by focusing on the next generation of manufacturing. Millions in grant dollars are helping to maintain the region's competitive edge by making aerospace manufacturing an anchor for a diversified economy, with investments in manufacturing research centers, supply chain integration, and up-skilling projects targeting the regional workforce.

The region has united around the Blueprint for Regional Economic Growth (BREG). Eight industry sectors identified as the region's economic engines are being nurtured to drive regional economic growth - delivering what companies need through better management of economic inputs (workforce, exports, infrastructure, transportation, and promotion) and using existing resources in new ways. The collaborative efforts at work today will help our region better perform and compete, positioning the region to capture global opportunities through an intentional trade and investment plan.

Another key initiative is the attraction of foreign investment into the region. Taking advantage of the Wichita region's inclusion into the Global Cities Initiative and having experienced the value of working together to build the export plan through early implementation success, the Partnership and region's leadership agreed to fund the FDI Planning processes, with Kansas Global Trader Services (KGTS) as manager. Funding for the Plan came from the Partnership, Sedgwick County, the City of Wichita, the Regional Economic Area Partnership (REAP), and KGTS.

The Core Team made up of individuals representing banking and professional services, economic development, Wichita State University and the Kansas Department of Commerce (with assistance from Brookings and JP Morgan Chase) led the work that would result in the region's FDI Plan. A larger Steering Committee, comprising all ten of the region's county economic development organizations as well as other regional industrial and community leaders advised and formed the Plan itself.

KGTS and economic development professionals interviewed executives from 15 of the 45 foreign-owned enterprises (FOE) in four of the ten counties. These companies represented energy, agriculture machinery, call center, aerospace supply chain, engineering, software, construction, plastics manufacturing and advanced materials sectors. Through the in-depth, one-and-one-half hour interviews and data from Brookings and WSU's Center for Economic Development and Business Research (CEDBR), the Core Team and Steering Committee identified Key Findings that in turn prompted the Goal, Strategies, and Tactics of the following FDI Plan for the Wichita region.

FIVE KEY FINDINGS

1 FDI, the majority of which is European and Mergers and Acquisitions/Joint Ventures (M&A/JVs) is beneficial to companies and the community but also carries the potential for risks.

- Private, family-owned, multi-generational foreign companies often look for family-owned US companies with which they have relationships as potential M&A targets. The majority (62 percent of FOEs) of FDI in the region since 1991 have been M&A. European companies make up 75 percent of FOEs and 60 percent of FOE jobs.
- FDI retains and adds jobs, often with better employee benefits. From 1991-2011 FOEs accounted for 28 percent of the job growth in Wichita. In 2011, 77 percent of the top nine FOE countries were European. In interviews conducted during the FDI study, European parent companies, following European labor laws, tended to offer workers better job protection and benefit packages than their American counterparts. Per the long-term investment viewpoint of the interviewed companies, this contrasts with the perception that M&A constitutes corporate takeovers for short-term profit or outward movement of companies from the region. However, there are real and perceived risks associated with M&A activities in the community which must be recognized along with the benefits.

2 A cohesive plan for the attraction or retention of FDI in the region does not currently exist; visible, proactive efforts are focused on Greenfield attraction, but not M&A/JV).

- None of the FOE companies interviewed attributed the initial introduction to the foreign investor to proactive efforts from any state or regional economic development organization (EDO). As expressed by the interviewed executives, the FDI occurred because of a prior relationship between the companies, the foreign company's knowledge of the industry cluster, or because the local company needed an infusion of capital and sought it from one of their foreign partners or a foreign company they knew.
- The potential economic benefits from increased FDI establishes significant opportunity for state and local EDOs to incorporate FDI (especially M&A/JV) attraction and retention as a valid strategy for the region. Additionally, the benefit of retaining FOEs justifies strong support of a comprehensive BRE plan - especially given that almost five percent of the private employment in the regions are in FOEs.
- At this time, no proactive efforts are made at any level (Federal, State, local) to identify local companies within the region who are open to or may be seeking FDI.

3 There isn't one dominant single reason for foreign investment to enter the region; investment occurs for reasons specific to the company, industry, and needs.

- Interviews showed that the majority of FDI occurred as M&A/JV, and those began with existing owners seeking investment or to sell the company.
- Foreign investment in the region are company and industry-specific. Foreign investors recognize the benefit of the region's industry clusters and want to be close to customers, suppliers, and the skilled workforce. Brookings recently listed Wichita as ranking 3rd in the nation for concentration of employment in advanced manufacturing behind only San Jose and Seattle. When several FOEs interviewed were asked why they decided to buy a company in Wichita, they answered simply, "It's the Air Capital."
- The region's richness in industry clusters extends beyond aviation, to plastics, lubrications, and advanced materials and manufacturing throughout the region.
- Foreign investment also occurs to help a local company solve a problem. Succession planning for "baby-boomer"-led companies or the desire to make ownership changes is also a driver, as is the need to access capital. Of the M&A companies interviewed, 67 percent originated when the local owners sought investment to expand or to sell the business for retirement.
- Companies who are globally recognized within an industry as having unique processes or skills attract FDI. True clusters of companies within an industry can trigger foreign companies to investigate the benefits of investing in the region. Ten of the 15 companies interviewed had a working relationship with the local company or region before investing. This reinforces the importance of exports to introduce foreign companies to a local company's (and possibly a region's) capabilities - and therefore support FDI attraction.

4 The region's skilled workers attract FOEs but the supply of those workers is increasingly limited.

- According to a 2015 Brookings Institution report, Wichita and the region hold the 3rd highest percentage of advanced industry employees as a percentage of total employment in the United States.[18] Workers are skilled, highly technical, and productive because the industries they serve demand those attributes.
- FOEs recognize the value of Wichita worker's advanced skillsets, and this draws FDI to the region. They are then pleased with the productivity and innovativeness of the region's workers. One FOE executive told us they bought the local company because they wanted the processes, but were amazed when the US employees sent to Germany for training, mastered the new process in 6 weeks, taking far less time than the established two-year German apprentice program.
- While our workers are skilled, we don't have enough. Every executive we interviewed pointed out the scarcity of workers as a major issue that restricted the FOE's ability to expand. A June 5, 2016, Wichita Eagle editorial noted that Wichita's population grew a "puny 2 percent since 2010" compared to 3.8-8.9 percent in the Kansas City-area cities. Wichita's unemployment rate is 4.5 percent.[19]
- More telling is the region's age dependency ratio - the percentage of people of non-working age to those of working age.[20] The region's average ratio is 72.1 dependents for every 100 workers; the US's average ratio is 59.3.[21]
- This same workforce shortage was noted in 79 of the 88 Export Plan outreach meetings conducted in 2015.

[18] (Muro, Rothwell, Andes, Fikri, & and Kulkarni, February 2015)
[19] (Holman, 2016)
[20] (Calculations from CEDBR Labor & Population)
[21] (Calculations from CEDBR Labor & Population)

5 A gap exists between the available support system and the companies who need the support, due to lack of a sufficiently robust retention system, knowledge gap, or both, depending on the resources in the community.

- Financial and location-based resources exist to help FOE companies invest or expand and are not easily available to help an established company be more competitive.
- The gap is even more apparent when a foreign investor unfamiliar with the US system of doing business and without a local network attempts to locate in the region or buy an existing company.
- FOEs in Wichita, the largest city in the region, reported excellent care during the intense site location and incentive request period but no-to-low levels of retention-related calls after. This also occurs in very low population counties where there are no dedicated economic development staff, or it is left to volunteer leaders in the community. However, in lower-population communities with dedicated staff, FOEs reported excellent customer care throughout the relationship - from initiation to expansion, including “daily care.” Companies interviewed in these counties complemented the problem-solving and customer service skills of their local “economic development partner.” This implies staffing may not be at adequate levels to provide adequate BRE-focused care of companies in the largest counties.
- The variation in company care between higher population and lower population counties with a dedicated EDO may be related to ED resource levels for higher populations. In other words, the lowest population counties do not have enough resources to hire dedicated staff, but higher population counties may not have not have allocated resources commensurate to the population.
- Evidence of lack of continuous customer care surfaced. One executive interviewed said, “I needed to expand my parking lot to accommodate increased employee levels, but didn’t know who to call to get approval.”
- Further, FOEs interviewed were inclined to build the assets of their acquisition by making long-term investments in the company and its employees. Several of the FOEs were family-owned, often multi-generational, private company who viewed the investment like an extension of its family. None of the companies interviewed took the viewpoint that their investment was simply for short-term profit; they spoke of continued investment and long-term (often decades-long) goals for the FOE. This sustainable, long-term view suggests the need for a corresponding ED support system.

Brookings data shows that within five years of an M&A/JV, the parent company will make a decision whether to move, stay or expand. Without a sustained BRE effort, that decision may most likely be made without regard to the impact on the community - and most often will be a surprise to the community when it occurs.

FOUR OBJECTIVES

1 Host annual FDI-focused meetings with community leaders to expand the region's understanding of the value of FDI as a method to retain and expand companies.

2 Retain and expand FOEs by ensuring the unique needs of a foreign-owned company are included in BRE meeting formats and schedules.

3 Attract FDI by increasing the number and types of trade shows and conferences that attract potential investors.

4 Assist local companies in using FDI as a tool to expand or achieve their succession planning or investment objectives by identifying those interested local companies and introducing them to potential investors.

GOAL

Expand the Wichita-South Central Kansas region's economy by developing and implementing a sustainable system to care for and attract global companies.

Four Strategies

Strategy One

Recognize and address the unique needs of FOEs as part of a comprehensive BRE strategy.

	TACTICS
1	Identify and exchange BRE best practices - with attention given to the needs of FOEs, and the opportunities and risks associated with FDI- by convening FDI practitioners, like EDOs, community leaders, government partners, and service providers.
2	Connect FOEs to services and care needed by developing an FOE-focused aftercare call dialog & schedule and an FOE service provider directory
3	Provide assistance in navigating local, state and federal regulations, procedures and resources, e.g. provide a "welcome to the US business" guide
4	Connect companies to sources of capital, including commercial lending and risk-based investment pools.

Implementation of each of the four strategies is essential to maximize FDI attraction and retention, but the tactics in Strategy 1 are foundational. Strong, comprehensive, BRE activities to retain and grow existing FOEs will have a long-lasting economic impact into the region because it is much more difficult and expensive to attract new companies than it is to retain existing companies. The Partnership and the region's EDOs meet quarterly to collaborate on issues that impact the region.

Through this mutually beneficial unofficial forum, best practices, ideas, and collaborations occur.

Where it makes sense to the EDOs and their partners, the tactics and activities within this BRE strategy may be shared; where it makes sense and is desired, each EDO should undertake the tactics and activities that fit best in their geographic area of responsibility. Key to meeting the needs of ALL companies within the region is a strong focus on BRE by EDO professionals armed with a knowledge of business fundamentals following an effective aftercare-meeting structure and timeline. Partner organizations such as KGTS, REAP, Kansas Commerce, SelectUSA and service providers are positioned to provide support to those EDO leaders.

Strategy Two

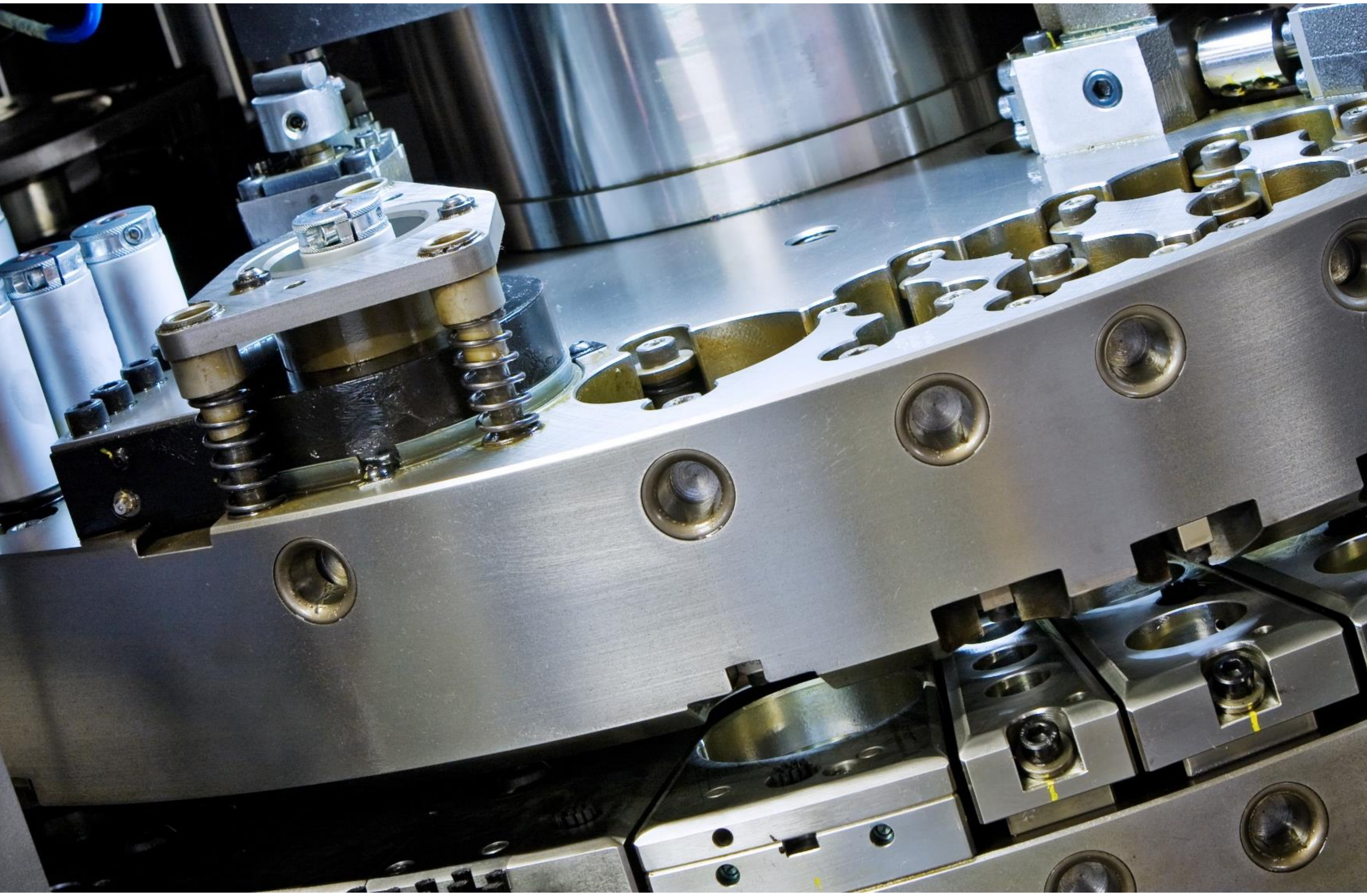
Enhance the region's attraction of FDI through deliberate intra-regional cooperation and coordination with state and federal efforts.

	TACTICS
1	Prioritize countries and shows/missions for targeted marketing outreach and attendance, such as a global plastics show in Latin America, a MRO supplier conference in Asia, or Agritechnica in Europe, focusing on the BREG-identified industries, by reviewing global investor appetite, top trading partners and industry supply chains.
2	Establish & maintain a lead generation system for the region to include a range of sources representative of the region's economic strengths, objectives and existing relationships, e.g. embassies and consulates; site selectors; trade missions and networking events; private service providers; and local FOE referrals.
3	Develop a public information campaign to educate local communities and companies about M&A/JV benefits and challenges, including awareness of inbound global investment opportunities and cultural differences.
4	Working with private service providers, address succession planning needs of family-owned businesses, as appropriate, offering M&A/JV partner strategy as an option.
5	Identify and strategically promote M&A/JV-ready companies open to foreign investment, as appropriate.

A targeted, purposeful determination of trade show and conference attendance by EDOs and companies with limited resources offers the best return on investment for FDI expansion and attraction. While Greenfield projects are the most publicly recognized type of FDI, local interviews and Brookings' data show that M&A/JV is the most common form of FDI in the region. M&A/JV often requires less publicly-funded enticements and in many cases becomes a foreign company's method of establishing its US headquarters and gaining access to the unique processes or skills of an existing company. These foreign companies, if properly provided the aftercare they need by EDOs, are less likely to relocate, especially if the foreign company is a company with a long-term investment view.

Attraction of Greenfields is important because not only are new jobs created and new or empty buildings occupied; new companies are multipliers - they need additional services and bring new opportunities that positively impact other sectors of the economy. To encourage attraction of both types of FDI - Greenfields and M&A/JV, - the Partnership is working with the EDOs to identify both aviation and non-aviation trade shows and conferences that would provide access to both customers and investors of local companies. EDOs, as their budget and interests allow, are encouraged to participate in those events that would best impact their FDI attraction goals. When called upon, service providers such as CPAs, investment advisors, and banks, will help EDOs determine appropriate questions to identify their companies seeking investment and succession activities. Kansas Commerce, SelectUSA, USCS, and KGTS will lend their experience and contacts to help the EDOs and companies connect with potential FDI opportunities.

Recognizing the negative connotations foreign investment may carry with members of the community, it is important that the EDOs and their partners inform the public on the value and benefits of FDI - including M&A/JV. Key to this effort will be highlighting the value of a strategic approach to identifying those traits that form desired and beneficial FDI versus M&A/JV merely for short-term profit.



Strategy Three

Align BRE and attraction activities with regional workforce developers to meet FOE needs

	TACTICS
1	Encourage support and alignment of publicly funded workforce development programs that increase (locally or from outside the region) the number of workers with skill sets most needed by FOEs.
2	Support awareness and participation in workforce development and employment programs such as Registered Apprenticeships, Workforce Innovation and Opportunity Act that produce and recruit workers needed by FOEs.
3	Utilize CEDBR to conduct a workforce in-migration study to identify domestic and international sources of desired workers moving into the region and potential FDI partners.
4	Using data from the in-migration study, coordinate with regional partners to market both advanced industry opportunities to workers and the capabilities of the region's workforce to foreign companies.

As evidenced by all FDI Plan executive interviews and the high workforce dependency ratio in the region, retaining and attracting skilled workers is crucial to retain and attract foreign investment. Wichita and the region is served by two very active workforce organizations, Kansas WorkForce One and the Workforce Alliance of South Central Kansas. These organizations, supported by participating EDOs, REAP and other partners, will design, implement and champion the training, retraining and educational emphasis needed by FOEs. A regional coalition, once adequately funded to do so, will conduct an in-migration study of workers to most effectively target marketing campaigns designed and carried out by those EDOs and organizations interested in doing so.

WORKFORCE CENTERS
KANSASWORKS.COM
In Partnership with AmericanJobCenter

KANSAS
WorkforceONE

Strategy Four

Utilize FDI to maximize opportunities and minimize risks for the region's maturing and dominant aviation industry, focusing on the robust supply chain.

	TACTICS
1	Identify vertical (for example, OEM to Tier 1 or Tier 2 to Tier 1), horizontal (for example, GA to commercial) and complementary supply chain companies that would be a good fit for FDI - focusing on the company's product & process strengths.
2	Using EDO BRE meetings along with KGTS' aviation-focused outreach meetings, identify local Tier 2-3 companies that are at risk and needing investment and foreign companies able and interested in investing.
3	Identify consolidation trends within supply chain and utilize FDI as a means to retain and expand local companies within region.
4	Conduct a SWOT analysis on the maturing aviation supply chain as it relates to FDI.

The region hosts more than 350 aviation supply chain manufacturers and service companies. Many of these companies have unique processes, products and workforce capabilities that are attractive to foreign aviation and non-aviation companies.

The FDI Plan recognizes both the opportunity and risk inherent in this significant regional capability. EDOs are encouraged to identify product and process strengths of their aviation companies as well as those companies' interests in FDI during their normally scheduled BRE meetings.

This information can then be used to market the companies' products and processes to foreign aviation suppliers (export opportunities) as well as provide opportunities for the local companies to attract FDI.

EDOs will perform these meetings as part of their BRE schedules while KGTS will conduct the outreach under an existing two-year contract with WSU to identify defense-related supply chain opportunities. A regional coalition, once adequately funded, and tapping into the expertise of the BREG Aerospace cluster, will inform the region of consolidation trends to conduct a SWOT analysis for FDI potential within the region's aerospace cluster. The information garnered by the SWOT analysis may be used to further the knowledge necessary to attract FDI from foreign investors that meet company and community target profiles.

IMPLEMENTATION, ROLES, AND RESPONSIBILITIES

The Wichita region has a robust and independent economic development support infrastructure – from the Partnership to all ten counties and even some of the larger cities – to care for and attract new companies. During the executive interviews and throughout the planning process, a common understanding developed: that an FDI plan is at its very essence a function of economic development. Further, because M&A/JV plays such a dominant role in the region's FDI, business retention and attraction efforts have the potential to play a critical role in identifying and connecting investors with companies seeking investment.

Though global trade is the common thread of FDI activities and exports, the Wichita region chooses to implement the FDI plan separately from the export plan. While both focus on global opportunities for local companies, the region has economic development organizations whose core competencies lend themselves to attraction and BRE efforts.

Enhancing domestic attraction and BRE activities to strengthen foreign attraction and M&A/JV is a natural progression. The Key Findings identified that FDI, both Greenfield and M&A/JV, require unique initial assistance and continuous, wrap-around care. These activities are also inherently economic development retention endeavors. M&A/JV, if approached strategically, can be a valuable BRE tool for local companies seeking investment for growth, or even as a succession strategy. Finally, the Export Plan, targeted to the activities and resources unique to helping regional companies expand their exports, is managed by KGTS, a private international trade consulting firm with significant experience assisting exporters, and with no current expertise in attraction and BRE activities - which are a function of EDOs in the region.

Because of the independent nature of the region's EDOs – and because there is no single organization with the authority, responsibility or funding for regional Economic Development, the FDI Plan is designed to be implemented in a modular fashion. Each EDO, along with the supporting partners they chose to work with, may implement any or all of the strategies and tactics outlined in the FDI Plan.

The FDI Plan can be implemented in a modular fashion, or in its entirety. It is the choice of the local EDO and their partners. Either way, implementation will reap benefit with a more robust support system.

Building upon the initial successes of a regional approach to increasing exports, the Wichita region is grateful to be a part of the Global Cities Initiative. This strategic and yet modular approach to increasing FDI reflects perfectly the region's independence and strengths. The desired types of investment retention, expansion and attraction will be a result of each EDO and Partner aggressively implementing those parts of the Plan that make sense for their part of the region. And in so doing, the whole region will experience the economic growth it needs and desires.

See Foundational Building Blocks and the Modular Implementation snapshot for guidance.

FOUNDATIONAL BUILDING BLOCKS

FDI PLAN PARTNERS DETERMINED ACTIVITIES INTEGRAL TO THE PLAN'S TOTAL SUCCESS. IMPLEMENTATION OF THESE ITEMS IS PRIORITIZED, TO MAKE POSSIBLE THE IMPLEMENTATION OF OTHER ACTIVITIES.

Activity and Service	Item Owner
Service Provider Directory	Kansas Global
Welcome Guide	Kansas Global with Input From EDOs
Best Practices Exchange	Various EDOs & Community Leaders
Prioritized Global Trade Shows	Various EDOs & Community Leaders
Develop Public Information Campaign	Individual EDOs & Community Partners
In-Migration Labor Study	Workforce, EDO & Funding Partners

MODULAR IMPLEMENTATION

THE FDI PLAN IS MODULAR. YOU CAN IMPLEMENT IT BASED ON LOCAL NEEDS.

IS WORKFORCE YOUR NUMBER 1 PRIORITY?

FOCUS ON STRATEGY 3

CONTACT WORKFORCE ALLIANCE OF SOUTH CENTRAL KANSAS OR WORKFORCE ONE FOR SUPPORT.

ARE YOU INTERESTED IN CUSTOMER SERVICE, RETENTION AND CARE OF EXISTING CUSTOMERS?

FOCUS ON STRATEGY 1

CONTACT KANSAS GLOBAL (FOR TRADE), KANSAS DEPARTMENT OF COMMERCE FOR STATE PROGRAMS AND YOUR LOCAL GOVERNMENT LEADERS.

DO YOU WANT TO ATTRACT FOREIGN INVESTMENT?

FOCUS ON STRATEGY 2

CONTACT SELECTUSA AND YOUR REGIONAL PARTNERS.

About this report

This report was developed by Kansas Global Trade Services through the collaboration of political, business, and civic leaders of the Wichita 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. The Brookings Institution is a private non-profit organization. Its mission is to conduct high-quality, independent research and, based on that research, to provide innovative, practical recommendations for policymakers and the public. Brookings recognizes that the value it provides is in its absolute commitment to quality, independence and impact, and makes all final determinations of its own scholarly activities in the Global Cities Initiative, including the research agenda and products.

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. For more information, see https://www.brookings.edu/project/global-cities-initiative-a-joint-project-of-brookings-and-jpmorgan-chase/ or www.jpmorganchase.com/globalcities.

GLOBAL CITIES INITIATIVE

"The Brookings Institution is a private non-profit organization. Its mission is to conduct high-quality, independent research and, based on that research, to provide innovative, practical recommendations for policymakers and the public. Brookings recognizes that the value it provides is in its absolute commitment to quality, independence and impact, and makes all final determinations of the scholarly activities in the Global Cities Initiative, including the research agenda and products."

About Kansas Global Trade Services

Kansas Global is an industry leader in the development of specialized international market research, trade compliance guidance, customized export assistance, and trade development models for cities and economic development initiatives. A full-service trade advisory firm, its services are designed to help companies leverage their capabilities in the international marketplace. Kansas Global is celebrating its 30th year in 2017. It was honored in 2017 with the Presidential Award for Export Service.

KANSAS GLOBAL
TRADE SERVICES

For more information, contact Kansas Global
www.kansasglobal.org
316-264-5982