



WICHITA STATE UNIVERSITY

*Center for Innovation and Enterprise
Engagement*

IMCP Task Force MINUTES

Thursday, February 27, 2014
8:15 a.m. – 11:45 a.m.
NCAT Building
Room S210 and S211

Members present:

Maribel Asensio, MAMTC
Allen Bell, City of Wichita
Bill Bolin, South Central Kansas Economic
Development District
Tim Chase, GWEDC
Chris Chronis, Sedgwick County
Mike Copeland, Kansas Department of
Commerce **
Barbara Davis, Society of Women Engineers
Mike Edwards, WATC
Debra Franklin, WSU
Sherry Gegen, WSU
Kristen Gibbs, WSU
Bruce Goodwin, Wichita Technology
Corporation
Lou Heldman, WSU CFE

Jeremy Hill, WSU CEDBR
Tyler Hockenberry, WSU
Keith Lawing, Workforce Alliance of South Central KS
Jeff Longwell, Wichita City Council
John Lovitt, Entrepreneur
Paul Masson, StarNet, LLC
Keith Meyers, KDOC **
Heather Morgan, Project 17 **
Karyn Page, Kansas Global Trade Services
Greg Panichello, Kansas Small Business Development
Center
Steven Porter, Hutchinson Community College
Darrell Pulliam, Pittsburg State, Innovation Transfer
Deb Scheibler, Kansas WorkforceONE **
Sue Schlapp, Kansas Department of Commerce
Steven Skinner, WSU CoE

Gary Steckline, Engineering and Business
Consulting
John Tomblin, WSU, RTT and NIAR
Peggy Torrens, Kansas Department of
Education **
Ron Weddle, Aerospace Systems and
Componenets
Will Wesolowsky, AGCO Corporation **
James Wolff, WSU, CFE

** via phone

8:00 a.m. – Arrival and Coffee Reception

8:15 a.m. – Welcome and Introductions

Agenda and Meeting Guidelines

Debbie Franklin opened the meeting with facilitator introduction and introduction of task force members. Paul Masson provided a summary of the meeting's agenda, including an overview of the IMCP Program and its opportunities.

Opening: Objectives & Outcomes

Debbie Franklin reviewed the program's objectives.

1. Familiarization with IMCP structure and opportunities
2. Agreement to support the WSU coordinated initiative
3. Collaboratively provide information and inputs that will improve facilitation of innovation, development, production, and sale of products as well as corresponding workforce quality
4. Identification and prioritization of key manufacturing strategic investment(s)

IMCP Opportunity and Background

Franklin reviewed the purpose and objective of the IMCP: to accelerate the resurgence of manufacturing, creating a competitive climate for communities while devising comprehensive economic development strategies.

Also reviewed was manufacturing concentration data and identified manufacturing sectors where Wichita has concentration levels that exceed twice the national average. According to the Brookings report of the largest 100 MSAs, the Wichita MSA is the highest ranking cluster in terms of national manufacturing employment, with a concentration rate twice the national average. The Wichita MSA is ranked third in the country for very high-tech manufacturing. Questions and data requests from the previous task force meeting were addressed.

In addition to developing a strategic plan for advanced manufacturing, potential outcomes of the IMCP Phase Two initiative were shared with task force members. With receiving one of

twelve designations as a stand-out “Manufacturing Communities”, the region would have elevated consideration for federal grants and assistance from 10 cabinets/departments. Additionally, the top tier of the twelve distinctions may receive large IMCP challenge grants to finance strategic investments. Potential outcomes of the IMCP are an improved manufacturing ecosystems, increased private investment, and broader-based prosperity.

Paul Masson facilitated the second half of the meeting. The scope of the IMCP topics and the Phase II strategy was reviewed. A discussion ensued about the IMCP intent for the respective region’s to develop strategic plans that were unique and competitive. The intent of unique was discussed as a strategy building off the region’s distinct strengths. A competitive strategy was discussed as one that proposed advanced manufacturing investments that would create a capacity competitive both domestically and internationally.

Topic: Trade

Masson led discussion on the target areas of investment to increase exports of advanced manufacturing goods and related services, and referenced yesterday’s meeting discussing this topic at the Global Cities Initiative (GCI). Masson asked the leaders of the GCI breakout groups to summarize the top areas requiring investment to increase exports, focusing on manufacturing. The GCI is developing a trade and international investment strategy by addressing the following investment areas: supply chain, infrastructure / services, communications / government, labor / workforce development and under-exporters.

- T1. Increased trade execution services (customs, title, insurance, transport, letters-of-credit) especially for medium and small sized businesses.
- T2. Increased marketing of current manufacturing (products, production capacity) to international markets
- T3. Sharing or teaming of knowledge to develop and implement trade (export) strategies

Implementation suggestions for the trade investment priorities included:

- Training for export planning to address unknowns
- Increased availability of services to support export process, primarily the paperwork and qualification for sales to international markets
- Expansion of export financing knowledge for SME’s
- Expansion of customs facilities
- Creating a model for international standards qualifications and certification that can be “exported” as a services, e.g. a Global Underwriters Laboratory
- Replicating the WSU service of domestic materials certification as a model for qualification of “processed” goods for export
- Modification of ICT to assure year-round air freight capacity via 747, primarily during high temperatures

Topic: Capital and International Investment

Masson led discussion on the target areas of investment to increase capacity for capital (equity, long term debt, working) and international investments. During the ensuing discussion, the specific topic of international (foreign) investment was not raised. Masson asked questions about availability, for manufacturers, of equity, debt, lease financing, building expansion financing and working capital. The majority of the discussion confirmed that access to capital was not a shortcoming. Rather, the “credit terms” for financing had tightened for medium and

small sized firms, requiring increasing levels of demonstrated “sales” or preliminary customer orders before receiving financing.

The top three areas identified from the discussion included:

- CI1. Increasing investment banking staff knowledge of the local region to improve the ability to place debt that may be necessary for some of the investments to increase advanced manufacturing
- CI2. Increased training or support services for SME’s to prepare financing requests
- CI3. Increased export financing for small and medium sized firms

Implementation suggestions for the capital access priorities included:

- Create services to prepare equity investment plans demonstrating revenue sources
- Evaluation of current lease financing to determine if “specialized” equipment requests can be handled by the current local financiers
- Improved local knowledge to place bonds, especially “tax exempt” bonds
- Approach GE Capital (as an example) re ability to provide leasing re specialized equipment necessary for rapid prototyping
- Create manufacturing sector focused center/service to prepare financing plans across an array of long-term sources (long term debt, special facility bonds)

Draft Strategy

Masson reviewed a “draft” strategy that had been formulated from the prior Task Force meeting results and independent analysis. Masson stated that the strategy had been developed to build from a common strength across the region that could be leverage to create set of coordinated investments for advanced manufacturing. The common strength was identified as “advanced materials” and the alternatives to build upon were to invest in capabilities for “advanced design” and “improved manufacturing”. The draft strategy had been incorporated in the February 7 minutes and is replicated below.

The region’s existing economic development investment strengths relative to industry needs, national policy and competition (domestic and international) leads to a three part “cascading” strategy:

- **Advanced materials** (composites, metals and polymers)
- **Advanced design permitted by materials** including lean design, new product features, cost savings (suppliers key)
- **Advanced production permitted by design and materials advanced** (design to build order, lean production)

Masson facilitated a discussion that generated a group consensus that the strategy did build off the region’s strength, but needed to be modified. The group also stated that the strategy required plans to implement the separate materials advances lines within metals, composites and polymers. Furthermore, within each of these lines, the plan required identifying how improved materials knowledge could link to both improved analysis & design and innovative manufacturing. The collective inputs created the following new strategy based on group consensus:

1. **Advanced materials** (composites, metals, polymers)

2. **Advanced analysis, design and qualification (ADQ) that draws on advanced materials** permitting flexible manufacturing, new product features, cost savings, new qualification capabilities
3. **Flexible manufacturing that draws on ADQ** permitting design-to-order, facility automation, and lean production

This strategy, when taken seriously, will require regional SME (small-, medium-sized enterprises) to access resources that will permit them to build personnel, facilities and acquire equipment capable of supporting the regional large-scale integrators and OEM's. This requires identifying the specific workforce development, R&D (innovation), sites, regional transport infrastructure and capital necessary as resource inputs into the SME's. It also requires assuring these SME's with sufficient, conditional orders to demonstrate market demand that drives the collective strategy.

Task Force members generated the following action items to provide information and support for the strategy:

- List of Region's competitive strengths- Debra Franklin will generate and distribute to Task Force members a list of the Region's competitive strengths based on the analyses done to support the IMCP Task Force
- Secure additional input/commitment from local manufacturers- Bruce Goodwin will refer companies and contacts to Debra Franklin for WSU/CIEE's next working meeting with manufacturers the week of March 11
 - Note: Masson notes that Seth Albin of BirdsEye offered to hold a focused discussion between Debra Franklin and a working group of manufacturers
- Secure support at the strategic level- Jeff Longwell will contact Debra Franklin to secure a 1-page summary of the Region's strategy, and contact Alan Mulloy at Ford and Larry Lawson at Spirit AeroSystems to secure their support
- Generate visual of "strategy"- John Lovitt will generate and provide to Debra Franklin a graphic visualization of a matrix that portrays the three "materials" categories against the three components of the strategy. This graphic will demonstrate that each of the three materials categories has very distinct ADQ and flexible manufacturing implementations.
- Provide summary of K-12 investments supporting future technical capabilities- Keith Lawling will provide a summary of local K-12 programs intended to develop knowledge supporting future technical skills.

Next Steps

Debra Franklin encouraged letters of support / commitment and discussed the IMCP submission and review process as well as the final deliverable – the advanced manufacturing strategic plan.

11:45 a.m. – Adjourned – Thank you

Debbie Franklin adjourned the meeting and thanked the group for attending.