



The Central Indiana Region

The Region

The Indianapolis Metropolitan Statistical Area consists of nine counties with a population of 1.6 million people, and experienced an increase of 16.4 percent between 1990 and 2000. The Central Indiana region is much like other traditional industrial Midwest economies, coping with the loss of manufacturing and evolving into new sectors. The transition has been difficult.

Central Indiana has been hit hard by the loss of manufacturing jobs in the last decade. The state added over 60,000 manufacturing jobs in the 1990s, but those gains vanished quickly. In the last few years, the state has lost nearly 100,000 manufacturing jobs. These manufacturing jobs were some of the best jobs in the state. In Central Indiana, average manufacturing wages have been 25% higher than the national average of manufacturing wages. The region's median household income in 2000 of \$45,458 was close to \$5,000 below the U.S. metro average of \$50,163.

David Goodrich, President of the Central Indiana Corporate Partnership, recently wrote about the extent of the state and region's decline. "Indiana has lost well over 125,000 jobs over the last three years, leading the nation in this dubious category," Goodrich wrote in a October 7, 2003 op-ed column in the *Indianapolis Eye On-line Magazine*. "But even more disconcerting is the fact that 90,000 of these jobs were in manufacturing."

The region faces a number of challenges. Community and business leaders are struggling to find replacement industries for traditional high-wage manufacturing jobs, and attempts have been made to boost the technology- and health science-related research and manufacturing industries. Central Indiana ranks 29 among the 50 largest metropolitan areas for the Progressive Policy Institute's New Economy Index.

Regional leaders say that transportation planning has been ineffective. The region needs a more effective transportation system. It needs to balance the needs of neighborhoods with the need to widen a major state highway. It also needs to increase light rail transit alternatives.

The Business-Led Organizations

There are two major regional business-led organizations in Central Indiana. The older one is the 114-year-old Greater Indianapolis Chamber of Commerce, which has 3,000 members, a staff of 30, and a \$3.5 million budget. In addition to traditional member services, the chamber promotes regional land-use planning, transportation and infrastructure planning. For example, the Chamber has supported major highway construction that strengthens connections across the region. It has also played a leading role in

facilities planning with the City of Indianapolis schools. Moreover, the Chamber was the driving force behind the Metropolitan Association Greater Indianapolis Communities (MAGIC), an organization that spurred the nine-county area to begin thinking regionally.

The newest regionally-focused business-led organization, the Central Indiana Corporate Partnership (CICP), is an alliance of top business executives and research and university leaders. The 43-member Board, which formed as an umbrella organization in 1999, received major funding from the Lilly Foundation. Its first effort has been to craft a vision for the region's economic future. The vision focuses on developing high-growth, high-wage industries to replace the region's lost manufacturing jobs. The first two industries promoted have been life sciences and energy technology.

The IndyPartnership, the region's largest economic development organization, leads marketing and business attraction efforts for the region. It covers a nine-county area in Central Indiana. It is not a regional business-led civic organization, but grew out of an effort by the Chamber and other county-based economic development organizations to coordinate regional marketing efforts. In its third year, the IndyPartnership works closely with the Chamber and CICP.

Central Indiana also has many smaller county- and city-based chambers of commerce, though none has a focus that spans the region.

The Regional Business-Civic Landscape

CICP, the Greater Indianapolis Chamber of Commerce and the IndyPartnership drive the regional agenda in Central Indiana. However, there is some uncertainty as to how they complement each other.

CICP, as the newest organization, is positioning itself as a convener of the region's top business, research and university leaders. Its focus is on changing the region over the long term from a traditional manufacturing-dependent economy to a high-wage, high-growth economy. To that end, it has launched initiatives around life sciences and energy technology.

The Greater Indianapolis Chamber of Commerce, on the other hand, is a membership-driven organization whose focus is on short- and immediate-term regional competitiveness. Examples of this focus include improving the transport of goods and services across the region, increasing the productivity of the workforce and improving regional planning and growth decisions.

The two groups' efforts sometimes overlap. CICP might begin a project to build the region's long-term economic vitality — its life sciences initiative is an example — and end up working on industry-specific workforce development issues. The Greater Indianapolis Chamber of Commerce might end up doing the same thing, promoting industry-specific workforce development, because of a desire to help its employer-members. The efforts are related, but not necessarily coordinated at this point.

The IndyPartnership has no formal relationship with CICIP or the Chamber, though it does work closely with both of them. In fact, the IndyPartnership grew out a merger of the economic development efforts of the Greater Indianapolis Chamber and other county-based development efforts. With the creation of the IndyPartnership, the Chamber has reduced its role in traditional economic development activities.

The IndyPartnership has worked closely with CICIP on its life sciences initiative. CICIP is developing expertise in the field and assembling experts, while IndyPartnership is serving as the initiative's sales and marketing arm. CICIP does not play the role of an economic development organization or trade association.

As these three organizations work out their roles, one challenge is to balance the CEO involvement needed for each. Some leaders say it is unlikely that a merger will happen in the near-term. Business leaders say the existence of three organizations keeps some corporations involved that might lose interest if there were one or two organizations. A member services organization like the Chamber allows small businesses to address their issues and day-to-day concerns. CICIP's "big CEO" structure keeps its focus on big picture issues in the region.

Business Leadership

Central Indiana had visionary business leaders 10 to 20 years ago who focused on revitalizing Indianapolis' downtown core by building sports stadiums, developing scores of new buildings and increasing the city's quality of life. The leaders had the advantage of having been born and raised in the region, and their leadership was the first step in moving the city and region out of its old, staid way of doing business.

Today the region is looking for a new generation of CEOs to bring civic involvement to bear on far different issues, including economic diversification and regional cooperation and planning. Regional leaders say these issues are larger, longer-term challenges that are more difficult to overcome than the challenges of the past.

As in many regions across the country, Greater Indianapolis' corporate structure is changing. Companies have left the area or merged, and corporate leaders are often division heads with few local roots, if any. The pressure to focus globally or on the internal bottom-line compete with the time and attention needed for important regional issues.

"There is more to do, more going on, more competition. The economy is not as good," says John Myrland, President and Chief Executive of the Greater Indianapolis Chamber of Commerce. "There are fewer headquartered companies in town than there used to be."

There are signs that this leadership change has begun. The birth of Central Indiana Corporate Partnership, which has spurred involvement among new corporate and university leaders, is one sign. The Central Indianapolis Chamber has also begun a new three-year strategic agenda that re-focuses the chamber's leadership and priorities

on broader regional issues. The strategic plan outlines efforts to improve cooperation among regional municipalities on capital improvement planning and environmental compliance and to create a regional transportation authority.