

Community Visioning and Economic Development Plan

Background

As one part of a larger process to gauge local attitudes toward economic development in Hillsdale County, the consultants conducted interviews with approximately thirty people. These people were selected by the Hillsdale County Economic Growth Group on the basis of their knowledge of local economic trends and conditions and leadership position in the Hillsdale County community. Care was taken with respect to the selection of these individuals so that discussion could take place with knowledgeable people offering a range of perspectives and experiences.

Interview Format

Interviews were conducted in a series of approximately ½ hour sessions, and most interviews took place at the Hillsdale County Chamber of Commerce office. The staff of the Hillsdale County Chamber of Commerce arranged interview times and participants were assured that responses would be kept confidential, and that no comments or observations would be attributed to any individual. This was done to ensure that interviewees would be candid and speak freely. As a result, the content of this report is focused on common themes which became evident from discussions, rather than a specific list of responses to questions. During the interviews, a general list of questions was used to help stimulate discussion, but participants were free to take the discussion in any direction they felt was important.

Overall Themes

From the interview discussions it is possible to identify some general themes expressed by participants. It is important to note that the views expressed are not necessarily those of the consultants. Care was taken to objectively report the thoughts expressed by those people who were kind enough to take time out of busy days and share their thoughts. For organizational purposes, these themes are organized around four general topics:

1. Views regarding the strengths or positive factors to support economic development, including job creation and improvement of the business districts, in Hillsdale County

- Building on the agricultural roots, some people see the dominant rural and agricultural aspects of Hillsdale County playing a role in stepped-up local economic development efforts. Local companies such as the Bob Evans sausage plant are alluded to as examples what could be a growing segment of the local economy.



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- Some people would like to see a stronger connection with Hillsdale College in terms of economic development efforts. What this may mean is not well defined, but people generally recognize that Hillsdale College is nationally known and conducts a wide range of academic and social activities. Given this strength, some people have pointed to supportive and related business opportunities that could enhance activities of Hillsdale College and help create local jobs. Some of this activity could involve the arts, research and development, and college-supportive private businesses. Recreational pursuits and related activity may also be a growing element of the local economy. Hillsdale College's planned retirement community is also viewed as an important opportunity to support future entrepreneurial initiatives.
- To some degree several people expressed the opinion that future economic strength might be created through drawing attention to the need for greater entrepreneurship and independence among residents. There are several examples of new successful businesses that have started up in recent years. Some of these endeavors have been oriented toward food and restaurants. It was noted that some of the most successful business start-ups in recent years are second generation local people, and that they represent an important resource for new business formations.
- Hillsdale County's location is a comfortable one to two hour drive from several major urban areas. This fact has helped to spur second home development (especially along the lakes) and may also help draw more general tourist activity.
- Some noted that the existence of an Amish population may be an element that could become a small aspect of more diversified economic activity. However, it is thought that the local Amish residents may not necessarily be interested in starting businesses and that the current population may be too small to initially represent substantive economic activity.
- It was noted that the four existing industrial parks with available infrastructure are positive factors to create opportunities for economic development. There was also a feeling among some interviewees that the varying financial incentives available within the four jurisdictions create undue internal competitiveness rather than a strategic approach to marketing the County.

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- Several interviewees cited the community’s small town environment, livability and quality of life – including clean air, water, and recreation as positive factors to spur economic activity.
- Low wage rates were frequently discussed as a positive attribute to attract industry into the community. Conversely, the low wages in the County are one of the factors encouraging some individuals to relocate to outside of the area.

2. Thoughts regarding whether things are getting better or worse in terms of economic development

- People seem to be somewhat split on the issue of whether economic development is getting better or worse. Almost universally, people recognize that Hillsdale County has been through some tough times in recent years. The local economy is dependent on manufacturing, and national and regional economic conditions have hit these industries hard, forcing layoffs and some business closures. Some feel that Hillsdale has seen the worst and that job levels will rebound. These people think that the reliance on manufacturing employment and normal business cycles will enviably hit the area hard, but that better times may be around the corner. A substantial number however, are concerned that many lost jobs are not coming back. They are concerned that even with better economic times, new job creation will be slow, and that wages are under constant pressure downward.
- It was observed that apart from job losses and gains, that real estate values are another credible measure of economic conditions. These real estate values are starting to show signs of pressure and may be slipping. While there is little more than anecdotal information on this, the observation comes from more than one informed person. These slipping real estate values are also indicated by a softer market and more foreclosure activity. On the positive side of this, others point to the fact that real estate is relatively inexpensive in Hillsdale County. This is in comparison with more urbanized areas, and may be one positive factor for growth.

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3. Views regarding the problems or issues that need to be addressed to ensure that the community reaches its full economic development potential

- It has been pointed out that a local SCORE Chapter (Service Corps of Retired Executives) does not exist in Hillsdale County. In other areas, volunteers from SCORE are available to assist people with business start-up formation and planning. A growing retirement community in Hillsdale County (which may be further strengthened as a result of the proposed Hillsdale College project) may represent an important and growing source of entrepreneurial talent for the community. Apart from a formal SCORE program, retired executives may be interested in formally, or informally, assisting local residents with business plan development and related support measures.
- In different ways, some people noted that Hillsdale County suffers from problems related to too few leaders who are willing to take bold and decisive action.
- The large number of local schools and school districts was mentioned by some as an issue that the community needs to address. People quickly note while this circumstance may be costly and not necessarily the best model for local educational organization, change will be a difficult and contentious issue to address.
- People clearly want to see deliberate efforts to diversify the economy to avoid even worse downturns in the future. Many think that long-term and sustainable jobs will not come from small to medium-sized manufacturing companies. Some note that over the long-term, Hillsdale County should not focus all efforts toward winning the race to attract industries dependent on inexpensive and unskilled labor. Some people observe that while Hillsdale County is locked in a desperate struggle to attract new industries, its location next to two other states is an obvious hindrance. With Ohio and Indiana as close neighbors, prospective industries inevitably will compare labor rates, incentive packages, workers compensation costs, and related expenses as they make locational decisions. Hillsdale County's location essentially puts it on the front lines of a multi-state battle to attract businesses and offer lower plant siting cost considerations. Even more problematic is the larger issue of global competition for manufacturers who



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increasingly look overseas for low labor rates. In the era of global competition, cheaper labor can easily be found elsewhere. Given these considerations, some people believe that Hillsdale County should aggressively pursue the periodic industrial prospects as always, but, in intervening times, also step up efforts to diversify the local economy.

- Some people note that the economic development strategy for Hillsdale should shift away from “selling cheap labor.” Some feel that a more sustainable economic development strategy is one that sells local “brain power” and the uniqueness of the area to the outside world.
- The growing loss of skilled labor within the County was frequently mentioned as an issue discouraging economic development.
- In various ways, people expressed the desire to make Hillsdale County a “destination.” This generally means that the county should work toward defining what is uniquely Hillsdale County and build on these attributes as a foundation for growth. Among the people interviewed were several business owners who reported that their successes were attributed to the fact that they were able to create a unique atmosphere and place to create a draw for people. A case in point is the Village of Allen and its notoriety for antiques. It is recognized by some that, while much more can be done to help create a more substantial destination, the seeds of a major tourist draw and destination may well exist now.
- A few people noted the air of negativity and low expectations that exists in Hillsdale County. The origin of this perspective is not clear, but too often people observe that collaboration among the various localities is difficult and people are too quick to place blame. This activity diverts energy from more productive activities and lessens the community’s ability to celebrate successes.
- Some people note that Hillsdale County has many physical attributes that should be considered a foundation for growth. Apart from offering an attractive gently rolling landscape, Hillsdale County is widely regarded as a place with clean air and water and safe streets. Based on this, a quality environment should be among the factors offered as a reason for people to make location decisions relative to Hillsdale County.

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- While most people are concerned about the future in terms of economic development, there are hints that not everyone is necessarily interested in local growth. A few expressed the notion that the ruralness of Hillsdale County is precious, and while everyone who wants a job should have one, growth could diminish the rural quality of the area.
- It was observed that current county-wide funding levels for economic development efforts in Hillsdale County are not necessarily extensive nor coordinated. The Hillsdale County Industrial Development Commission is the only organization expressly organized for (and dedicated to the purpose of) industrial development, and this organization has an annual budget of less than \$100,000. Hillsdale County Chamber of Commerce is more focused on retail development and marketing. Both organizations are partly sustained by their separate membership fees. All other economic development efforts are essentially part of other efforts and diluted somewhat with other demands. A few persons interviewed expressed a concern that economic development efforts in the county are not adequately aggressive and marketing efforts are not adequately unified.
- Some people note that Hillsdale County does not offer certain kinds of retail products and services, and that residents are forced to travel to neighboring larger towns. Recognizing that this consideration is driven largely by market conditions and numbers of potential customers in a trade area, people still see some opportunities for development. Further, some of the business districts have high vacancy rates and are showing signs of disinvestment.
- Concern has been expressed over the “brain drain” phenomena. In Hillsdale County (and throughout the state of Michigan and Midwest), it has been found that younger college-educated people (24-34) often leave the area to secure jobs elsewhere. This consideration is worrisome to some, as the young people with the latest skills and ambition are leaving to work elsewhere. Comparing demographic trends between 1990 and 2000 verifies this observation.
- Several people mentioned the growing importance of the lake, weekend and recreation-oriented residents. While some of these residents are retired, semiretired, or weekend visitors to recreational property, they represent an important and potentially growing market for entertainment, recreational activities and retail goods/services.



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4. Thoughts regarding the one thing people would like to see done to improve the economic future of the County

- There is a general sense that people want to see the local economy diversified and lessen the dependence on automobile-related industries. Some people were able to point to voids in the local markets, such as an upscale restaurant, Christian bookstore and some clothing stores.
- Some people would like to see Hillsdale County deliberately reinvent itself, and create a very unique place that can't be duplicated or copied. The aim would be to help Hillsdale County create its own identity in a similar light as what has been done in places such as Frankenmuth and Stratford, Ontario.
- It was noted that the community should establish a major conference center/hotel/school for performing and fine arts similar to the Interlochen Center for the Arts.
- It was observed that local economic development strategy (to the extent that it is ever articulated) lacks focus and clear strategic elements. Rather, local efforts are regarded as a "shot gun" approach. Many note that a more deliberate, clear and purposeful economic development strategy is needed.
- Several people noted a number of key projects that should be high on a community "to do" list. These include the renovation of older buildings such as the Keefer House in Downtown Hillsdale and other key properties throughout Hillsdale County.
- Recognizing that it is hard to motivate people to start a business, some people noted that there should be more support for local business start-ups. Some suggestions included help with programs, financing, speaker, seminars, etc. As noted before, a local SCORE Chapter is also viewed as being necessary.
- Establishment of a business incubator to create and grow new businesses was suggested, perhaps in cooperation with Hillsdale College. Adaptively reusing a vacant or underutilized building could be part of the strategy. The proposed Hillsdale College retirement community could create a pool of entrepreneur mentors and investment capital to spur this concept.

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- The need for infrastructure improvements, particularly roads and storm sewers, throughout the County was cited by several persons.

Conclusions

Based on these interviews, it is evident that the development of a new economic development strategy is very important to community leaders. There was a general sense that recent job losses and business closures have hit the area hard and created a wake-up call for sustained action. Further, while there may be some disagreement as to how quickly the area might bounce back, there is a general feeling that the area as a whole needs to be more aggressive in the economic development arena to avert bigger problems in the future.

These interviews were one single element of a larger effort to understand local perceptions, attitudes and perspectives. Related efforts include scheduled visioning sessions and focus group meetings to be held early in 2005 at various locations in Hillsdale County. The results of these sessions and focus group meetings, along with the results from these interviews and analysis of other data by the consulting team, will be blended together and form the foundation for the strategic elements of the Hillsdale County Community Visioning and Economic Development Plan.

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