

Annual Report 2009



The Year in Review...

AACED's 2009 work was highlighted by an aggressive focus on two important areas of the economic development profession: 1) Marketing for new capital investments; and 2) Continuing our Retention & Expansion work in order to retain and strengthen the industrial base of the economy. The year was also marked by more outreach to local citizens and businesses, as we all strive to respond to difficult economic times.

All levels of government, as well as economic development agencies, are also collaborating on new partnerships and strategies to adapt to a changing economy. Many new federal and state grants were aimed at economic recovery. AACED was focused on these funding opportunities in 2009, and will pursue them even more aggressively in 2010.

A summary of our 2009 work in the area of grant procurement and utilization includes:

1. United States Department of Agriculture (USDA)-- AACED authored two grant applications to develop and implement a more robust advanced energy strategy and to assist the Loudonville Fair Board purchase a building. Both grants were highly competitive and neither were received, however the process was beneficial.
2. Roadwork Assistance Grant – AACED assisted a local Government with grant request preparation and submission.
3. Project HIRE ("Hometown Investment in Regional Economies")--The State of Ohio deserves great credit for its utilization of federal American Recovery and Reinvestment Act (ARRA) dollars to institute this program. Project HIRE offers up to \$6000 for the training of the new hires of dislocated workers.
4. Training Workers to Advance (TWA) II--Richland County Job and Family Services successfully ap-

plied for a second round of incumbent worker training funding for a 4-county region--Ashland-Richland-Crawford-Huron counties, to be used throughout 2010. AACED and representatives from Ashland County Job and Family Services have already approved two applications for incumbent worker training in 2010.

5. Response to the GM Ontario facility closure-- Ashland, Crawford, Huron, and Richland counties were most affected by the employment loss. In response AACED has been meeting with economic development colleagues in preparation for a grant submission to the Economic Development Administration.

We look forward to continuing the momentum of all of these processes throughout 2010. We will work closely with all partner agencies to help our small businesses, re-train and re-employ citizens, and diversify our economy.

AACED Mission Statement

To assist in the success of our existing businesses, recruit new businesses in targeted industry sectors, and lead efforts to develop communities of choice that are attractive to investors, entrepreneurs, and citizens seeking gainful employment, which will enhance the quality of life in the Ashland area.

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AACED Board of Directors

- *Mike Welch, Chairman*
- *Jim Gribble, Vice Chairman*
- *Mike Kelly, Recording Secretary*
- *Steve Stuart, Director*
- *Ev DeVaul, Director*

Retention & Expansion

AACED worked throughout much of 2009 to continue its bi-annual survey of the industrial base. A majority of all manufacturing-oriented firms in Ashland County were interviewed in order to assess their needs or growth opportunities. The important work begins now as we respond to all of the situations we learned about through this process. This work could not be completed by AACED alone. The following agencies visited companies, offering their valuable time and assistance: Ashland County Job & Family Services; the Manufacturing and Technology Small Business Development Center; State of Ohio's Regional Economic Development Office; , Mayor Zody, AACED Board members and the Ashland County-West Holmes Career Center Adult Education Division. Some highlights of the results:

- Collectively, manufacturers identified nearly \$4million that they expect to invest in machinery, equipment, or real estate within the next 3 years.

- 20 companies indicated plans for the development of new products or manufacturing services within the next 2 years. (This is an excellent indication of how our economy is focused on diversification and sustainability).

15 small companies are beginning to explore export markets, and they have been referred to the State of Ohio's Global Markets Division, which offers free sales prospect studies and assistance in foreign markets.

Examples of AACED's immediate response to survey results:

- A group of manufacturers located in close proximity to one another all expressed ideas for aesthetic improvements to their area. AACED has assembled a series of meetings, leading to some district improvement strategies (signage, lighting, etc. around the buildings) in 2010.
- Two manufacturers are helping us develop a list of their suppliers and/or customers in Asia. Marketing

literature will be mailed in February 2010.

- Helped a small company find a sales representative for their product line.
- Marketing Ashland County incumbent worker training incentive dollars to survey respondents that indicated training needs.

In short, it is our belief that R&E has become the most important facet of any local economic development office. As the global economy has evolved into a landscape of smaller, niche businesses, it is imperative that local leaders constantly "take the pulse" of their businesses. As the above examples illustrate, not only can we respond to individual company needs, but we can serve as a facilitator that brings firms together into mutually beneficial strategic partnerships.

Retention and Expansion—Market Exploration And Entrepreneur Outreach

We believe that our office must do more than the industrial sector work described above. Modern economies must be built on new ideas and a constant exploration of new markets.

In 2009 we worked hard to present new ideas to our existing businesses, and we also tried to inspire citizens to achieve their start-up dreams in Ashland County. Going forward, a foundation of new entrepreneurs and products must be established in order for the economy to create wealth and jobs.

The expansion in AACED's work in this area, which had previously fo-

cused more on export markets and sharing information from State agencies on how to enter the Defense Industry supply chain included information on possibilities in advanced energy markets, networking with trade groups to highlight our manufacturers' capabilities and pursuing several leads on possible product lines looking for partnerships.

We also worked with Congressman Boccieri's office to coordinate 2 meetings for local firms to present to a Defense Industry supplier.

Following is a sample of some of the programs we offered throughout 2009.

In line with our *2009/2010 Action Plan*, we will continue to work with regional and State partner agencies to offer programming like this. As we begin our 2010 work, we are keenly focused on entrepreneurial start-ups (in industrial and retail/service sectors) and new product development growing out of these initiatives. An entrepreneurial support system throughout Northeast Ohio is in place, and we are leveraging its resources.

Wind Industry Seminar

Ashland Economic Development hosted Dee Holody, Director of Operations for the Great Lakes Wind Network. Great Lakes Wind Network is an international supply chain advisory group and network of manufacturers. They work to link the Wind Turbine OEMs to local manufacturers by identifying companies that can make components specified by the OEMs and meet the OEM specified requirements and required quality controls.

According to the Great Lakes Wind website, wind is one of the fastest growing industries in the United States and the U.S. leads the World in market expansions, shattering all previous records. With this rate of growth, there is scarce extra capacity in the supply chain.

The Great Lakes region is perfectly poised to become the leader in the supply chain because we are already home to industry leaders in castings, machining, bearings, gears, forges, and fabrications. With this established base of manufacturers, the trained workforce, and the technology to support heavy industry, the Great Lakes region supplying OEMs in the Wind Industry is an ideal growth market for our region.

Dee's presentation included the following:

- Overview of the wind industry and overall opportunities for Ohio manufacturers.

- Description of the major players in the industry such as OEMs and first tier suppliers.
- A look at typical wind turbine components
- Description of the challenges facing manufacturers seeking to enter this market.

About 60 representatives from local business and community leaders attended this workshop. Since the seminar, Great Lakes Wind has toured 3 local manufacturing plants and we have submitted local manufacturers for 2 "wind" leads.

Solar Thermal and Solar Photovoltaic Seminar

This seminar featured Jesse Gannon, economic recovery coordinator for U.S. Senator Sherrod Brown; Rebecca Gray, business development manager for the Ohio Department of Development, Dale Arnold, director of energy services for the Ohio Farm Bureau and board member of Green Energy, Ohio; and Tom Prendergast, director of institutional research at North Central State College.

The speakers outlined the State and Federal incentives for the purchase of solar panels and solar hot water and heating systems. Rebecca Gray also outlined Ohio's new energy policy which makes Ohio the third most advanced in the Country. The incentives combined with the energy benchmarks for electric companies help to push demand in future years.

Tom Prendergast explained the process of certification for installers and Dale Arnold stressed the importance of that certification.

It was the intention of AACED to share information with our local installers, elected officials and businesses about this growing market and opportunities for job creation. We are currently working with local installers to move forward on a training program.

Tips for Women—"How to start a home-based business"

AACED partnered with the Salvation Army Kroc Center and the Small Business Development Center to offer a 3 hour seminar *targeted* toward women interested in starting small at-home businesses. The session was open to anyone. However, we decided to develop this targeted seminar after receiving several calls from women interested in this specific topic.

We hosted:

- Sallie Shank of Celebrations by Sallie!, who gave a motivational presentation

- Kathryn Goon of the Small Business Development Center, who discussed the framework for a business plan, permits, and the 1st Stop Business Connection
- Tami Reynolds of Whitcomb & Hess, who addressed accounting and tax issues for entrepreneurs to consider.
- Dean Evans with the Ohio Secretary of State's office who discussed the business services provided by that office
- Mani James with the Ohio Attorney General's office, who addressed fraud prevention and awareness for job seekers or

people interested in starting their own business.

Over 30 people attended this seminar with planned businesses ranging from photography and embroidery to gluten-free food products. Attendees gave it high marks on the evaluation forms. This has also led to 10 meetings for SBDC staff to assist with business planning.

We felt the seminar was a success and plan to work with partners to develop future seminars in 2010 with different and expanded target audiences. We are open to suggestions and feel that our programs like this are much more successful when tailored to meet specific requests.

PolymerOhio Forum with Ashland Plastics Executives

PolymerOhio (www.polymerohio.org) is the designated statewide non-profit focused on strengthening our polymer sector, as well as attracting new investment to the state.

AACED facilitated a forum for 4 PolymerOhio officials to meet a group of 40 community and polymer leaders. We also offered them a tour of the community. The purpose of the day's events were two-fold: 1) Introduce local poly-

mer leaders to the networking and product development resources of PolymerOhio; and 2) Introduce PolymerOhio officials to Ashland County's impressive collection of plastics firms, as well as local real estate assets suitable for plastics investment.

PolymerOhio works on an ongoing basis with entrepreneurs and polymer innovators around the globe. We will continue to build on our relationship

with PolymerOhio, consistently marketing the advantages Ashland offers to companies seeking a location for their polymer operation. We are also proud of how Ashland's polymer companies are exploring new types of polymer materials and other best practices in the field. Local firms like Rain Drop Products have become strong partners with PolymerOhio.

Marketing & Business Attraction

Two major 2009 business investments affirmed Ashlanders' belief that Ashland is a premiere Midwest location for globally-recognized consumer product brands. Barbasol is currently investing \$7.5million in real estate and equipment in their state-of-the art manufacturing center in the Ashland Business Park; and, Lance, Inc. invested approximately \$30million to buy the assets and Archway Cookie brand out of bankruptcy in December 2008, leading to a rapid start-up and re-hiring of em-



ployees in 2009.

These 2 projects allowed AACED to display its ability to effectively work with CEO's and their site consultants in site selection situations. Barbasol, for example, required AACED staff to assemble and present a comprehensive marketing package to company officials. As Barbasol shortened their list of possible investment sites to 4 in Ohio and New York, AACED then played the important role of managing the incentives negotiation process, working in tandem with the City of Ashland to prepare contracts and suggest appropriate incentive terms to City Council. The Lance project involved a substantial 6-year Ohio Job Creation Tax Credit, due to the hundreds of employees Lance would be hiring. This State program requires a Local Match to the State tax credit. AACED developed a year-by-year process that will allow the City of Ashland to negotiate a local match with company officials.

These two projects became a catalyst

for additional unique marketing strategies begun in late 2009 and continuing into early 2010. While local funds are limited for expensive, "traditional" marketing, such as attending trade shows and buying magazine ads, AACED is focused on reaching the worldwide networks that touch our industrial base as suppliers, customers, or business partners. We are currently working with

several large manufacturers to develop targeted marketing campaigns to their business associates around the world. It is our belief that these individuals and businesses, which are already aware of Ashland County, Ohio, will become our best prospects in 2010. This process has been aided greatly by our 2009 Retention & Expansion outreach to Ashland's existing firms; it has provided an opportunity to discuss investment attraction with our local business leaders.



Leads

The number of new investment leads is an important benchmark for local economies. Attracting new capital investment (through company relocations, expansions, or start-ups) grows the economy and creates jobs. A primary vehicle for local agencies to receive leads is their State economic development office. Many corporations contact the State office for 2 reasons: 1) their site search covers most or all of the state's territory; and 2) most incentives come through State government. Local agencies like AACED respond to these "State Leads" with applicable sites and buildings.

In 2009, the State oversaw 45 leads processes. However, reflective of the recession, 9 of these projects were cancelled and 12 were put on hold indefinitely. AACED responded to 7 of the 45 leads with several still active as we head into 2010. We are seeing increased activity in

the area of advanced energy and, for example, have submitted the Ashland Business Park and several of our large buildings for various solar panel assembly and wind turbine applications.

As previously discussed, AACED is very focused on developing its own investment leads through its own networks and work program. 2009 examples include:

1. Meeting a solar panel salesman at our 2009 seminar. This local individual sells for a CA company planning a Midwest assembly plant. While no timeline has been established, AACED will stay focused on a long-term relationship.

2. In late 2009 our office was contacted by a Cleveland entrepreneur hoping to open a business conference center. Her business model targets the Cleveland and Columbus markets; she researched Ashland through our website and contacted us. Site tours will take place 1st Quarter 2010.

3. Suntech--China's leading solar panel manufacturer. AACED contacted the company after reading about its plans for a U.S. assembly plant. Suntech ultimately chose Arizona, but AACED will continue to pursue solar investments in 2010.

4. Rubber Recycling Operation in Missouri--A local businessman made AACED aware of the firm's plans for a sister plant in Ohio. Project was put on hold but the interaction was an example of how our local businesses are an excellent resource for new investment contacts.

5. Local Lead in the IT sector--A local entrepreneur engaged our office in late 2009 regarding his opportunity. State incentives have been offered; if the business model remains on track, significant job creation could begin in mid-2010.

Sites & Buildings

Update on Several Sites & Buildings:

Hospira Site—4th Street

AACED continued work throughout 2009 to process State grant paperwork and consult with Hospira, as environmental tests on the demolished site should conclude by March 2010. Donation of the land to the CIC will be followed by immediate marketing of these new business sites.



Hospira site on 4th Street before Demolition

Former Wal-Mart Complex on Baney

AACED congratulates Ball Bounce & Sport/Hedstrom Plastics on their successful purchase of this complex and plans to transition it into their world class headquarters and manufacturing operation.

Former Kmart Complex on Claremont Avenue

Developer Jerry Baker purchased this space and is converting it to a 90k sq ft. Industrial and Office space

The Historic Hess & Clark Property

AACED has made contact with the property's new owner--Gulf Coast Bank out of Louisiana--and looks forward to local discussions regarding the property's potential.

2009 Progress in Loudonville

In 2009 the Village was successful in receiving a \$600,000 grant from the State of Ohio for restoration of the historic Ohio Theater, an important tourism attraction. 2009 also saw the opening of Industrial Timber and Lumber inside the former Merillat factory. Finally, east of Industrial Timber and Lumber is a 50 acre tract, which is now under an option agreement with the Village. The Village is interested in discussions with any parties interested in the extension of infrastructure to the site and/or the utilization of the land for job-creating industries.

We would like to thank our Partners and Investors

Partners

Ashland County

City of Ashland

Mohican Area Growth Foundation

Investors

(paid in 2009 and/or pledged for 2010)

American Augers, Inc.

Americarb, Inc.

Ashland Small Manufacturers Council

Ashland University

BookMasters, Inc.

Buren Insurance Group

Campbell Construction, Inc.

Enterprise 250 LLC

Firelands Electric Cooperative

First Merit Bank

Harpster Vanosdall & Findley, Attorneys

Harris Welding & Machine Co. Inc.

Hedstrom Plastics

Hillman Precision, Inc.

Huntington Bank

Ingmand/Whitaker-Myers Insurance

Jackson Township

Lance, Inc.

Lorain Medina Rural Electric Cooperative

Mitchell & Sons Moving & Storage, Inc.

National City Bank

Novatex North America, Inc.

Ohio Electric Control, Inc.

Ohio Tool Works Corp.

Packaging Corporation of America

RainDrop Products, LLC

Samaritan Regional Health System

Schoonover Industries, Inc.

Shakley Mechanical, Inc.

Simonson Construction Services, Inc.

Spreng-Smith Agency, Inc.

Star, Inc. Design Build

Town & Country Co-Op

Whitcomb & Hess