

Regional Industry Cluster Descriptions

Preface

Dr. Jennifer Montana of Advanced Research Technologies has produced a report for the Northeast Indiana Innovation Center on the structure of Northeast Indiana's employment. She applied proprietary modeling techniques to determine the numerous regional employment clusters, and this paper seeks to expand upon the clusters that she has designated. This report does not intend to identify all of Northeast Indiana's businesses, but instead to illustrate the major industrial clusters in the region.

Industrial Manufacturing

Northeast Indiana is home to myriad companies within the industrial manufacturing cluster, although the industry's growth appears to be stagnant in recent years. The firms and industries included in this cluster are very diverse, including producers of industrial machinery, HVAC equipment, agricultural and mining equipment, and household appliances.

- *HVAC*

Parker Hannifin's Climate Systems Division, which employs over 700 in New Haven, manufactures a wide variety of brass valves, couplings, and distributors for use in commercial and residential HVAC applications.

- *Household Appliances*

Lincoln Foodservice Products of Fort Wayne, with over 400 employees, is a significant producer of commercial ovens and consumer cookware, both of which are sold nationwide.

- *Other Manufacturing*

Vermont Castings Majestic, a Canadian firm with manufacturing facilities in Huntington builds fireplaces, stoves, and related products and has employed nearly 500 in their local operations. However, they have recently announced the closing of these facilities and the impending loss of these manufacturing jobs.

Dekalb County's Universal Tool and Stamping Company employs 300 and produces automotive and light truck jacks and lifting tools.

Materials Manufacturing

The material manufacturing cluster includes industries ranging from magnet wire to steel mills, and continues to be a major employment sector despite recent decline.

- *Magnet Wire*

Phelps Dodge, Rea, and Essex Group are three of the largest magnet wire producers in the world, and this historic industry has led to Fort Wayne being called the magnet wire capital of the world. The three companies currently employ a combined total of nearly one thousand local workers, but because many of the primary customers of the magnet wire industry are moving overseas, the future of these local jobs becomes exceedingly foggy.

- *Steel*

Steel Dynamics, one of the few profitable North American steel makers, operates two plants in the region, employing a combined total of nearly 900. The corporation has

also recently announced its intention to build a new plant in Butler or Minnesota. The Fort Wayne Foundry, which operates four local facilities, also serves as a major area employer for over 600 individuals.

- *Plastics, Rubber, and Other Non-Metallic Materials*

Also included within this cluster are materials manufacturers which produce non-metallic products. The production of paints, adhesives, and coatings is one such industry, which includes Color Master Inc. This Avilla-based firm produces colorants for the plastics industry and employs over 50 people. Also included within the materials manufacturing cluster are firms which produce cement and concrete, glass products, lime and gypsum products, and non-metallic mineral production for use as industrial abrasives.

Additionally, the entire plastics industry is simply lumped into this cluster, despite the fact that plastics engineering and production is a major industry in itself with far different requirements in labor and equipment than the production of metal products. Although the region's plastics industry is composed of many small firms which have varied customers and applications of polymer technology, together they account for more than 6,000 jobs.

Like the plastics industry, the rubber production industry is simply lumped into this cluster as well. Fort Wayne's Uniroyal-Goodrich tire facility employs nearly 1,400, Cooper-Standard rubber manufacturing facility has 800 workers, and Specialty Elastomers Group makes use of over 200 workers.

In Dr. Montana's report, no growth sectors within this cluster were identified, although the proposed expansion of Steel Dynamics may help the sector's employment and revenue offset likely declines in other segments of the sector.

Transportation Manufacturing

The transportation manufacturing cluster generates hundreds of millions of dollars in income from all over North America. From the production of General Motors pickups to the production of cross-country, heavy-freight trucks, this region is a major component of the country's transportation manufacturing industry. Fort Wayne has even been called the heavy truck capital of the world by industry insiders, although there is little to no growth in the industry currently, according to Dr. Montana.

Historically, Fort Wayne has relied greatly upon the truck industry for many jobs and revenue, and today General Motors Truck Group accounts for over 3,000 jobs alone. Additionally, Dana Corporation's Torque-Traction Manufacturing Technologies employs over 700 in axle manufacturing. International Truck and Engine currently employs over 1,200 in their research and development operations, which serves as an important generator of patents within the region, although there is no actual manufacturing or assembly involved at the facility. Data contained in Dr. Montana's report illustrates where these licensed patents are assigned most often, and it is apparent that the majority of them are purchased or utilized by Midwestern companies.

Wood and Paper Products

The wood and paper products cluster includes such categories and lumber, paper, furniture, cabinetry, wood preservation, and sawmills. Weyerhaeuser, based in Washington State, is an international forest products company with annual sales of \$19.9

billion. Their Butler plant manufacturers corrugated packaging materials for bulk shipping purposes and currently employs about 140 local workers. Avery Dennison maintains an information processing plant in Fort Wayne under the name Fasson Roll North America, which employs 215.

Holmes & Company, a Columbia City firm which employs about 65, is a growing hardwood lumber manufacturing firm which had revenues of \$2.2 million last year. The firm is included in the sawmills and wood preservation industry, which Dr. Montana indicated to be a growth industry for the Northeast Indiana region in her industry cluster report.

Also within this traded cluster are major cabinetry producers such as Grabill Cabinets, Dutch Made, Mastercraft, Smith Brothers Furniture, and Weiland Furniture. Recent employment statistics suggest that the cabinetry industry alone accounts for employment of around 1,200 workers, and it appears that these workers are relatively well paid and highly skilled.

Food Manufacturing

Within the cluster identified as food manufacturing resides an extremely diverse group of businesses, ranging from pesticide and fertilizer producers to seafood products and packaging. Fort Wayne's DeBrand Chocolates, part of the sugar and confectionery products manufacturing industry, is an employer of nearly 100. Kraft Foods also maintains a facility in Noble County which employs over 550.

Other major regional food manufacturing employers includes Pretzels Inc, which provides work for over 200 in Bluffton. The company manufactures pretzels and corn-extruded products for store brands, private label, co-pack, candy coaters, bulk, inclusions, and snack food distributors.

Another major sector within the food manufacturing cluster is in the manufacturing of dairy products, which includes firms like Prairie Farms Dairy, Schenkel's All Star Dairy, Edy's Grand Ice Cream, Driggs Farms, and Breyers Ice Cream. These five firms alone account for nearly 1,000 jobs in the region, and there are many other smaller dairies in the region which add to the industry.

Also included in this cluster is the farm product raw material merchant wholesalers, which includes Shipshewana Auction and Topeka Livestock Auction. Together these two firms employ 300 people in the Elkhart County area. Numerous catering and food services companies also add to the food manufacturing cluster, although there are few firms that employ over 50 people.

Dr. Montana identified the fruit and vegetable preserving and specialty food manufacturing industry as a growth sector in the region, and Red Gold represents the region's largest firm in this industry. The company has three facilities in the area, Orestes, Geneva, and Elwood, and employs nearly 250 at their Geneva (Adams County) plant.

Business and Innovation Services

The business and innovation services cluster has been identified by Dr. Montana as a cluster with a great deal of current and potential growth. Nearly half of the NAICS codes within the cluster have been highlighted by her research as emerging sectors,

including industries such as technical consulting services, facilities and administrative support services, and securities brokerage and intermediation.

One substantial sector within this cluster is employment services, which consists of industrial and administrative staffing services, and includes such large employers as Forge Industrial Staffing, with over 800 employees, and Time Industrial Staffing, of nearly 500 workers. The regional employment figures within this sector, however, surge to well over 5,000 jobs when including all regional companies with over 50 employees.

Aon Consulting, which employs over 500 in their Allen County offices, is involved in risk assessment and human capital management.

Included in the printing industry are firms such as Colwell General which employs nearly 400 in Kendallville, for high end paint chip production. Columbia City's ChromaSource, a spin-off of Colwell General, also produces paint chips and employs around 25. Other large firms in this industry include E P Graphics, Craftline Printing, Stump Printing, Moore Business Forms, and Courier Kendallville.

One emerging sector is the securities and commodity contracts intermediation and brokerage, but within the industry are dozens of tiny businesses, many of which are parts of established businesses like Bank One or National City. According to employment statistics, it appears that there are around 300 people in this industry, but they are spread over nearly as many firms. This may simply be due to the recent emergence of the sector, however, allowing for rapid growth in the near future.

Education

Northeast Indiana has a wealth of institutions which provide higher education for local residents. This cluster is most likely not traded, however, as the schools generally serve local students, as opposed to attracting a significant number of students from elsewhere. There are also alarming statistics that illustrate that very few students who graduate from universities and colleges in the state, actually continue to live in Indiana. However, this problem is far more pronounced on the main campuses of Indiana and Purdue Universities than on their satellite campuses, such as IPFW.

IPFW heads the list, enrolling nearly 15,000 students last year, and there are a multitude of smaller schools in the region, like University of Saint Francis, Taylor University, Tri-State University, Huntington College, Manchester College, and the Indiana Institute of Technology. The area also has many technical colleges, including Ivy Tech, and ITT Tech.

These institutions also serve as employment for hundreds of local residents. IPFW employs 1,400 alone, while Saint Francis and Tri-State each maintain staffs of between 250 and 300.

Local public school districts also serve as major employers in the region, with Fort Wayne Community Schools reporting employment at 3,450 and East Allen County Schools employing nearly 1,300.

Within the Education cluster outlined by Dr. Montana, she identified emerging sectors in two industries: educational support services and other schools and instruction. The sector, other schools and instruction, includes numerous small businesses like schools of dance, martial arts, and athletics. Based on an analysis of information from the Department of Workforce Development, there are not more than 300-400 employed in the sector, and it certainly does not aid in making education a traded sector for the

region. The educational support services industry includes a few small nonprofit entities which serve local residents by encouraging literacy and education, such as the Allen County Education Fund and the Entrepreneurial Institute.

These are not traded, however, and growth in this sector, as indicated by Dr. Montana, is not likely to enhance the region much.

Precision Equipment

The precision equipment cluster includes industries involved in the manufacturing of electric and electronic goods, as well as the wholesalers of those goods. The electrical equipment manufacturing industry, which includes companies such as General Electric of Fort Wayne, Franklin Electric Company of Bluffton, and Electric Motors & Specialties of Garrett. Together, these three companies employ nearly 2,000.

Involved in the production of other electrical equipment are many smaller companies, which range from wire products to stamping. One of these companies, Innotek Pet Products, is a maker of electric dog fences and employer of 220 in Dekalb County.

The semiconductor and electronic component manufacturing industry has a small presence in this region, with just over a half dozen companies in this industry with 50 or more employees. The largest in this sector include Wabash Technologies and CTS Corporation with 300 and 200 employees respectively. Wabash Technologies is a world wide supplier of actuators and sensors for the vehicular industries, which is based in Huntington. CTS Corporation, which is a worldwide company based in Elkhart, produces an extremely wide range of products, such as sensors and electronic components, for use in communications, automotive, electronics, and many other industries.

Another related sector within this cluster is the aerospace products and parts industry, although only one company is listed under this NAICS code, Memcor-Truohm in Huntington County, which only employs between 10 and 15 workers in the production of resistors and related circuitry.

One NAICS classification that her report did not include within this cluster, but instead placed into the healthcare technology cluster is the navigational, measuring, electromedical, and control instruments manufacturing sector. After careful examination of the companies within this industry, it appears that this sector should be included in the precision equipment cluster. Companies like Undersea Sensor Systems, Indiana Marine Products, BAE System Controls, and United Technologies Control Systems, are producers of precision equipment for use in industries other than healthcare. Many of these companies are spin-offs of older, parent companies such as Undersea Sensor Systems, a military supplier, which was spawned by Magnavox. Companies in this sector employ a total of almost 2,000 regional workers, with the largest employers being United Technologies and BAE.

Arguably the most important regional industry in this sector is communications equipment design and manufacturing, which includes ITT Corporation and Raytheon. ITT's Aerospace/Communications Division is a producer of SINCGARS (single channel ground and airborne radio system) military radios and satellite imaging. Their Fort Wayne facilities employ around 1,500 workers in the design and production of these products. Raytheon provides radio frequency military systems development with their

Fort Wayne operations which is staffed by approximately 1,000 workers. These companies are extremely valuable to Northeast Indiana as they employ highly skilled employees at high wages. Spin-offs from these companies include the Northrop Grumman research and development facility, which employs 25, and the General Dynamics operation (formerly Command System Inc.), with 120 workers.

One thing that is a particularly characteristic of this cluster is that it facilitates spin-offs of smaller companies from larger ones, e.g. Command System Inc. from Raytheon. It is also interesting to note that Dr. Montana did not identify any emerging sectors within this cluster, although it appears difficult to spot some of these potential spin-offs very early in their lives.

Healthcare Technology

The Healthcare Technology cluster is one of the most difficult to define due to the fact that many companies that have been traditionally involved in another sector are now infiltrating these industries, blurring the lines of the cluster relationships. The magnet wire industry is one such example, as they have begun making wire for use in healthcare products, instead of just their traditional industrial focus.

Another challenge analyzing this industry cluster is that some companies are placed in other clusters because of what they produce, but their customers are traditionally in the healthcare field. Fort Wayne Metals Research, an employer of over 250, is a manufacturer of metal products for use by biomedical manufacturing companies, such as those involved in the orthopedic industry in Warsaw. According to their NAICS code and Dr. Montana's clusters, Fort Wayne Metals Research was listed within the materials manufacturing sector despite having closer relationships with the healthcare industry.

Warsaw is home to three of the largest biomedical engineering firms in the world, which includes Biomet, DePuy, and Zimmer, which, combined, employ well over 4,000. As a result there are many suppliers to these companies which have also located themselves in the region, and they fall into the medical equipment and supplies manufacturing industry. Within this sector, there are primarily small manufacturing firms with fewer than 50 employees, although a few larger firms do exist. Symmetry, an Avilla based division of Ultrex, is a world supplier of precision spinal and trauma instruments and implants which employs over 100 workers. Many other small companies in this industry seem to be involved in the production of dental tools and accessories, but there is limited information available on them.

Dr. Montana also identifies the pharmaceutical and medicine manufacturing industry as an emerging sector within the cluster, although recent industry data is unavailable, making identifying these firms nearly impossible.

The other industry that her report has included within this sector is the navigational, measuring, electromedical, and control instruments manufacturing sector, but after careful examination of the companies within this industry, this industry may fit better into the precision equipment cluster as discussed previously.

Transportation and Logistics Services

Dr. Montana has identified many emerging sectors within this regional cluster, stating that seven out of 13 NAICS codes are experiencing this emerging growth. Within

this cluster are many varied industries ranging from electric power generation to warehousing and storage, to sightseeing transportation, and some of these industries may be a better fit within a different cluster.

The category, electric power generation, transmission, and distribution, for instance, has been relocated to the energy cluster to further the accuracy of the cluster analysis.

The region's rail transportation industry, which includes Triple Crown Services and Norfolk Southern, provides the community with more than 1,000 jobs. It also serves as a significant importer of income from elsewhere in the community, as a great deal of freight is moved through Fort Wayne via rail services.

The specialized freight trucking industry also has a few large companies in the region, including Klink Trucking, Allied Systems, and North American Moving & Storage which each employ more than 50. Sirva, a world leader in relocation services, is also included in this industry, and the latest figures place its employment at greater than 1,500, although recent downsizing may put the current number around 1,300.

In the general freight trucking category are five other businesses which employ greater than 100 each: Schneider National Carrier, Hiner Transport, FirstFleet, Evans Equipment, and USF Holland. Also in this cluster is the urban transit system industry, which includes Fort Wayne Public Transit, with more than 100 employees.

Kitty Hawk, part of the air transportation industry, is an employer of over 200, and serves as an excellent importer of outside income, as it is a registered foreign trade zone, making Fort Wayne a viable alternative to Chicago or Detroit for importers. ShuttleAmerica, another regional company within this industry, is a passenger airline out of Fort Wayne International Airport, and maintains a staff of around 227. They have been honored recently by the FAA for their excellent safety record, and are known for training and hiring only the best aeronautical mechanics. Dr. Montana also indicated in her report that this industry is an emerging one, having the potential for a great deal of growth.

Fort Wayne's International Airport also serves as a primary regional generator of new jobs and commerce, and has recently attracted its seventh major passenger carrier, ATA Connection, which will begin servicing the city in June of 2004. The owner of the airport, the Fort Wayne – Allen County Airport Authority, has 62 full time employees and serves 650,000 passengers annually. Additionally, the airport's main runway stretches over 12,000 feet, making it among the nation's longest and allowing it to serve any type of aircraft including Boeing 747s, Concorde, Air Buses, and even the Space Shuttle. Such traffic is quite unlikely, however.

Textiles and Apparel

Within this cluster are industries such as leather tanning and finishing, textile mills, apparel knitting mills and apparel accessories manufacturing. The only company in this entire cluster with employment of greater than 50 is Vera Bradley Designs, which has a staff of 115 at its Fort Wayne headquarters. Dr. Montana identified two emerging industries within this cluster as well; "textile and fabric finishing and fabric coating mills" and "apparel knitting mills." The given data did not list any existing companies within the apparel knitting mills industry, but the information did show one small

company, National Athletic Sportswear which employs 12, within the other emerging sector.

Energy

The industries included within the energy cluster are petroleum and petroleum related products, chemical merchant wholesalers, and gasoline stations. There are a few companies involved in the petroleum industry in the region, the largest being Natural Oil & Gas and Petroleum Traders Corporation which each employ between 60 and 75 workers.

The chemical and allied products merchant wholesalers industry contains many small companies that sell chemicals to commercial, industrial, and home uses. One of the largest examples is Iron Out, which has 32 employees in Allen County and produces household chemicals for the reduction of minerals in water. The company sells products worldwide, drawing income from outside the community into the region. These companies are not, however, engaged in producing energy as their grouping in this cluster would suggest, making it another confusing label.

The third industry is composed of gasoline stations, and our data indicates that there are 243 gas stations in the region, although only three are larger than 50 employees. These large stations all lie outside of Allen County and appear to be travel centers, as opposed to normal fuel stations.

One industry that has not been included in the energy cluster, but should be, is the electric power generation, transmission, and distribution sector. Within this category fall a few larger companies such as NIPSCO, with 123 employees, and Northeastern Rural Electric Members, with has 81.

Arts and Entertainment

The arts and entertainment industry ranges from independent artists, writers, and performers to amusement parks and casinos, so keeping an accurate count of how many people are involved in this cluster is quite difficult. Under the NAICS code of independent artists, writers, and performers, are about a dozen small groups of one or two people. The only larger company in this industry is Jazz & Blues Inc., which employs around 50 people in the Fort Wayne area.

Another industry within this sector is the promoters of performing arts, sports, and similar events, under which groups like the Embassy Theatre and Auburn Cord Duesenberg Festival Inc., each of which employs no more than 10 people. Despite these low employment numbers, groups like these often generate a great deal of income that flows into the area from visitors from around the country, making them priceless assets to the region.

The gambling industry is also included in this sector, although the only entry in our data is Trackside Off-Track Betting, which appears to have nearly 50 employees in Fort Wayne.

The last NAICS sector within this cluster, other amusement and recreation industries, has 165 businesses, mostly composed of golf courses, bowling alleys, gyms, and fitness clubs, although only seven of those have 50 or more employees. These seven are mostly country clubs, such as the Fort Wayne, Sycamore Hills, and Pine Valley,

which each employ over 100 people, although it is likely that the jobs are nearly all seasonal.