



VIEWS & VISIONS

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Working Together to Take on the World

The Honorable Jim Gray, Mayor
City of Lexington, Kentucky

The former CEO of Gray Construction, an international construction firm, Jim Gray brought his executive's approach to the Lexington Mayor's Office in 2011. He came into office with three priorities: create jobs, run government efficiently and build a great American city.

In just three years, Mayor Gray and the city council have righted Lexington's financial ship. Tens of millions have been saved by reforming employee health insurance and the city's pension system, a reform that has become a national model.

Mayor Gray is a graduate of Vanderbilt University and in 1996 was appointed a Loeb Fellow at Harvard University.

Most businesses know that they live in a global marketplace. Even those that operate locally often purchase goods tied to global prices and global trends. But what about the cities they live in? Are cities themselves rising and falling based on how well they can compete with cities around the world?

Here in Lexington, Kentucky, we have no doubt that global engagement is crucial to our survival. It is just a matter of *how* we engage the world, not *if*. Competing globally, however, sometimes means stretching beyond your comfort zone.

For Lexington and Louisville – fierce rivals on the basketball court with little history of cooperation – it was not an easy decision to work together. But that is exactly what has happened over the past three years, as Louisville Mayor Greg Fischer and I joined forces to build a regional economic development plan focused on advanced manufacturing. The goal? Become a leading global manufacturing hub.

To be sure, we had a tremendous head start. Central Kentucky is already home to Toyota, Ford, General Electric and more than 1,500 other

manufacturers, supporting more than 100,000 manufacturing jobs. And yes, the University of Kentucky, the University of Louisville and the Kentucky Community and Technical College System all have ambitious, cutting-edge manufacturing programs.



Thinking regionally, central Kentucky has a population of more than two million, putting us in a league with other manufacturing hubs around the world.

But our mission was not to celebrate past successes. We needed to understand – through a deep dive into the data – where we were and the interventions required to move to the next level. With the help of the Brookings Institution, the Washington think tank, we gathered together luminaries from across Kentucky, including the leaders of our great manufacturers and research universities, to form BEAM, the Bluegrass Economic Advancement Movement.

Soon into the process, a few things became clear. Yes, central Kentucky was a strong manufacturing region. And it was poised to benefit from a “manufacturing moment” – macroeconomic trends driving a renewed interest in American manufacturing. Rising wages abroad and lower energy costs at home combined with a new understanding among manufacturers that it makes sense to bring production closer to research, development, marketing and sales.



*Manufacturing in the BEAM Region.
Photos courtesy of BEAM.*

But there were shortfalls, too. Anecdotal evidence confirmed what we were seeing in the data. Like other U.S. manufacturing regions, the BEAM region had a skills gap and a growing need to train the next generation of workers. The region's historic productivity advantage had also slipped, requiring new ideas to recapture its edge. To fully capitalize on the manufacturing moment, the BEAM team challenged itself to close those gaps.

From this exercise came the BEAM plan. To stake out a comparative advantage in workforce training, the plan recommended dedicated advanced manufacturing training centers, operated by the Kentucky Community and Technical College system. I am happy to report that the first one, just outside Lexington, was just funded by the state and should be operational in 2016. The plan also called for a doubling of the number of engineers from our research universities and a renewed focus on apprenticeships and other earn-and-learn opportunities.

To regain our productivity edge, the plan calls for a renewed focus on innovation. I am also happy to report that in October 2014, the first Kentucky Manufacturing Innovation Conference will be held in Lexington, with topics ranging from robotics to 3D printing to big data in manufacturing.

And to grow our exports, the BEAM team developed an outreach strategy to connect our small and medium manufacturers to local, state and federal export-support institutions. Our goal was a 50-percent increase within five years of the number of manufacturers either beginning to export or exporting to a new country. We are happy to report that we have hit the first two years' goals ahead of schedule.

These achievements have caught the attention of those outside our borders. Brookings and JPMorgan Chase chose central Kentucky for a Global Cities Initiative event and an upcoming trip to Munich to study their workforce and

innovation models. Both UK and U of L were part of separate teams winning federal funding for regional manufacturing centers of excellence focused on digital manufacturing and lightweight materials.

Yes, there have been accomplishments. And central Kentucky is staking its claim as a top manufacturing hub. But more than that, two cities who largely judged each other on the basketball court now have discovered the power of working together to take on the world. ▽

