

The Power of Regionalism: Bringing Jobs and Prosperity to Mid-Michigan

Thank you, John, for what we Aussies would call an “ace” of an introduction. And G’day mates; it’s truly an honor to be here tonight.

As John said, one connection between Bay City and Brisbane, Australia, is the H-M-A-S Brisbane, which was built right here in Bay County and launched from your docks. She was a Perth class missile destroyer that served in Viet Nam and Operation Desert Storm under the motto, “we aim at higher things.” Now, I am sure there is a double entendre somewhere in that motto ... but the Brisbane indeed showed great leadership on every mission she undertook, and holds a highly respected place in Australian history.

Well, ladies and gentlemen, you too have the ability to make history. You, too, can aim high and show great leadership on what is probably the most important mission for us all: revitalizing the mid-Michigan region.

Working together, we can bring the full power of regionalism to mid-Michigan in ways that bring jobs and prosperity to all of our communities. We can transform our economy into one that is strong, vibrant and sustainable, and that enables this great state to stand tall once again.

In the 1950s and 1960s, Michigan was one of the most prosperous states in the nation – a manufacturing powerhouse. People came in droves to get well-paying factory jobs. We had one of the highest per-capita incomes in the nation for 70 years running. And nearly 4.5 percent of the U.S. population lived here. Everyone was knocking on Michigan’s door ... it was THE place to be.

Fast forward to 2007, and the story changes dramatically. Global competition is making it tougher to compete. Emerging economies like China, India and Russia are attracting more business overseas. Energy costs are slashing bottom lines, and no one knows this better than my own company. Since 2002, our energy costs have doubled, capturing nearly half our profits.

These and other structural issues have hit our national, state and local economies hard – across sectors. Of even greater concern is that Michigan continues to experience declining employment, even during a greater economic expansion nationwide. We are the only state with a shrinking GDP. Businesses are packing up and leaving. And worse yet – so is the very foundation of our future – our youth.

The Case for Regionalism

What will it take to turn things around? Well clearly, we need a new way of thinking. Abraham Lincoln put it this way: “As our case is new, we must think anew and act anew ... and then we shall save our country.”

The most successful communities across our nation are doing just that. They are leaving yesterday behind and quickly adapting to a global economy that is knowledge-driven and entrepreneurial.

They are developing a mindset that is creative, highly skilled and flexible. And, they are building a culture that is focused on continuous learning, innovation and diversity of thought.

Importantly, a growing number of these communities are approaching this difficult task not alone, but together – through the power of regionalism.

We must do the same ... because united, we can deliver much more than any of us could alone.

By collaborating across communities, for example, we can solve our larger problems.

By using the combined power of our individual strengths and resources, we can attract a variety of new businesses, top talent and well-paying jobs.

And by educating our workforce, we will not only reduce income disparity, but also increase the concentration of talent in this region, which is critical to economic growth.

Regionalism is our chance – and perhaps our only chance – to transform mid-Michigan into an exciting hub of economic opportunity ... one that attracts the best and the brightest from around the world.

Competitive Advantage

For global companies like Dow and Dow Corning, all of those strengths are absolutely vital to competitive advantage.

Dow, for example, is one of the largest chemical companies worldwide, with sales of \$49 billion last year. We're strong, financially fit, and able to invest and grow virtually anywhere in the world. More than 50 percent of our people, in fact, are located overseas.

Yet, here we are, still headquartered in our home town of Midland, Michigan, for 110 years. It's off the beaten path ... and if you think that every CEO for the past 20 years has not been asked to move our headquarters to a larger city, then you need to think again.

So why do we stay? Why don't we join the likes of Comerica Bank in Detroit, or Upjohn in Kalamazoo, and pull up stakes? For one simple reason: we are committed to our communities.

Midland and 150 similar small towns around the globe are a part of our fabric. In each one, we strive to make a positive difference – not just economically, but socially and environmentally too. And not just in the immediate community, but in the region and world at large.

We've made community success, in fact, a key part of our 2015 Sustainability Goals, right along with solving world challenges and reducing the global footprint of humankind.

Our vision is to rejuvenate our company's home, and our home is this entire region. It is where we want to stay and grow, right alongside all of you.

And it is why my team and I are working hard to keep Dow competitive in this region. We are taking action in three key ways:

- First, by revitalizing our own manufacturing base to keep jobs in Michigan,
- Second, by rededicating our world-class research capabilities in Michigan, and
- Third, by working with fantastic leaders like you to accelerate regional success.

Revitalizing Manufacturing & Research

On the manufacturing side, Michigan Operations has literally pulled itself from the brink of collapse and positioned itself for the 21st century.

Put simply, it has learned how to compete in today's global marketplace. It is doing everything better and faster. It is leading the way in innovation, quality, and low cost. And, once again, it is a critical base of manufacturing for Dow and Michigan.

By late last year, it had attracted more than \$240 million in new investments, creating more than 160 new full-time jobs ... and the renaissance continues. I'm pleased to say that several Dow businesses recently announced plans to invest yet another \$200 million over the next several years, creating and retaining more than 100 additional jobs.

The underlying importance of these investments to mid-Michigan is clear when you think about the numbers. Today, nearly 15 percent of our workforce lives in mid-Michigan, and together, they bring an income of \$600 million to the region. What's more, we pay \$500 million to suppliers, pumping even more money into the economy.

Furthermore, manufacturing has a multiplier effect. Every \$1 of manufactured product generates nearly \$1.40 in services ... and manufacturing drives more than 70 percent of private sector research and development.

Manufacturing, in fact, is at the nexus of innovation – requiring new technologies to make its products more efficiently, and delivering unique solutions to a society hungry for breakthroughs – including those that are critical to solving energy and climate change solutions.

As a science and technology company, Dow is at that nexus. And we will continue to drive innovations to improve the quality of life and solve world problems. We have, in fact, rededicated our commitment to world-class research in Michigan with the newly named Ted Doan Research Center – which is named after a highly respected Dow leader, and which should help position this region as a technology leader.

Clearly, what is good for manufacturing is good for the service sector and our region, and it is vital to keep a healthy balance between the two.

To sustain that balance, we are supporting realistic energy policies, tort reform, tax reform, preventive health care and other initiatives to stay competitive – and I urge all of you to do the same.

I also urge you to link arms in the effort to attract top talent, which is the centerpiece of any knowledge-based culture. Without top talent – or what we at Dow call “the Human Element,” we simply can’t compete as a region.

But getting people to move to mid-Michigan is a challenge. How do we compete with the likes of Chicago or New York, especially when we’re trying to attract young professionals?

I’m sure most of you here know exactly what I mean. While WE may think our communities are great places to live, people and investors on the outside often hesitate. They see a slow economy and frankly, not a lot of social opportunities.

If, however, we market ourselves as a “region,” and if we create a sense of adventure and excitement, then we have both appeal and promise.

Accelerating Regional Success

This is why we are working closely with leaders like you to accelerate regional success and to boost – in a very big way – the allure of mid-Michigan. And here, I am talking about big ideas that have a broad regional impact.

This requires visionary thinking and solid investments on many fronts – from sports and entertainment, to business development, infrastructure, education and philanthropy.

The good news is that all of us are making headway. Together, we are starting to move the needle of success.

- Just look at Bay County, and the DVD of achievements you saw earlier. All of those projects – the renovation of the State Theater and Pere Marquette train depot ... the Riverwalk ... and this beautiful hotel – are lifting Bay County out of the past and into the future.
- In Midland, we are revitalizing our downtown too. The Ashman Court Hotel is an excellent case in point. It will feature three new upscale restaurants and house the H.H. Dow Academy – adding even more flavor to the region.
- An even bigger draw, of course, is baseball. We just finished our first season of the Great Lake Loons at the new Dow Diamond, a venue that created 20 full-time jobs, 200 seasonal jobs, Lou. E. the Loon, and a whole lot of fun. While we are not exactly dominating the league – not yet anyway! – we are attracting fans and business from all over the state.
- Meanwhile, Dick Garber and Craig Goslin are taking the Saginaw Spirit hockey team into its sixth season. And we can't forget your famous mascots ... Sammy Spirit and "Steagle Colbeagle the Eagle" and their antics at the Dow Event Center.
- In fact, "the Dow" has become home to many first-class events, attracting 265,000 visitors each year.

To draw even more business to the region, a quality infrastructure across the region is essential – and in today's economy, that means advanced internet connections, international airports, adequate power, and green infrastructures. We are making headway here too. For example:

- Thanks to the work of many area leaders, Northwest is exploring new rates and more flight options, enabling MBS to become more competitive with Flint Bishop.
- Furthermore, two new power plants have been proposed ... one by Consumers Energy in Bay County and the other by LS Power Corporation in Midland ... both of which require our support.
- And recently, our local entrepreneurs – the Fabiano Brothers – broke ground for the new Market Place Corporate Center in Bay County on Mackinaw Road. This location will not only house their new headquarters and distribution center, but they have plans for a massive new business park on 45 additional acres which should further attract business to the region. Let me add that they know how to do ground-breakings right – giving out free four-packs of beer!

Clearly, we are building momentum. But to move the needle of success even faster and farther, we must apply the full power of regionalism.

This is why nearly 25 area foundations and corporations are sponsoring the new Vision Tri County Regional Leadership Institute. More than thirty graduates of this Institute – who represent every community in our region – are working hard to elevate collaboration and create a unified strategy for economic success.

They are asking all of the right questions too, like:

- How can we use our lakes, rivers, and wetlands to create larger recreation opportunities?
- How can we build on our existing industries – like chemicals and agriculture – to create new and exciting businesses and corridors of technology?
- How can we work with universities and big business to attract entrepreneurs and create stimulating centers of innovation?
- How can we develop a stronger political voice that removes barriers to investment?
- And how can we address our future workforce needs?

And here, let me say a few more words about education. While the U.S. is still ahead of the curve when it comes to science and engineering degrees, Michigan is behind the rest of the nation when it comes to any bachelor's degree, and the rest of the world is catching up fast.

We need to think long-term and start taking action now to fill the gap left by retiring baby boomers. We need to collaborate with educators –from Kindergarten to Universities – to elevate the skills of our current workforce. And, we need to align our system to the realities of the global world.

Every year, Dow contributes more than \$3 million in philanthropy across mid-Michigan in ways that touch the lives of many people – from education to entertainment and the environment.

Every year, our employees devote thousands of volunteer hours to others in need.

And every year, I continue to be amazed by the generosity of this entire region. All of you are here tonight for the same reason Dow is – because you care about your community, and you have the passion to make a difference.

Nowhere tonight have we seen such a finer example, than the people of the Bay Area Community Foundation. Yours is a story of supreme dedication, and I'd like to personally congratulate you for 25 years of leadership and commitment to mid-Michigan.

And now, in the spirit of “big ideas” and creating a stronger region ... and on behalf of Dow and our charitable foundation, The Dow Chemical Company Foundation, I am honored to make a special announcement. To help revitalize Bay County, we are making a pledge of \$3.5 million dollars to the proposed, state-of-the-art Bay Area Family Y just south of City Hall.

In addition, in the spirit of constructing a “green” building in your community, we are pleased to pledge yet another half million dollars in energy-efficient materials to the construction of this new Y.

I have to say I have never been happier to give something away. We at Dow are excited to see this new facility become a center of activity for Bay County citizens, and a catalyst for economic growth across the region.

In summary, I hope you can see that Dow is completely dedicated to the long-term sustainability of this community and region. We are proud to be a part of your past and present, and you can count on us to be a part of your future too.

Together, we can make history, aim high, and turn this region around. Together, we can bring the full power of regionalism to mid-Michigan in ways that bring jobs and prosperity to our communities. And together, we can help this region – and our state – stand tall once again.

As I look out on this audience, I am convinced we have what it takes to succeed ... because I see more than the faces of philanthropy.

I see the faces of leadership and commitment, and the collective energy to make this region, state and nation a better place for our children, and for future generations.

Thank you.

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