

There is no denying Michigan's economic challenges. And there are many. Over the past 10 years our state has gone from outpacing the national economy to becoming the worst performing state in the country. As a lifelong Michigander and someone who is committed to turning this around, I will spend my time this morning commenting on the weakness, and more importantly, the strengths of our great state.

Beginning with our weaknesses, we have lost nearly a million jobs in the last 10 years which has caused us to become one of the few states to actually see our population decline. In many ways, population growth is the primary economic driver—fuelling home starts, producing future talent, generating retail traffic and helping to create prosperous communities. The loss of jobs and the loss of population is a viscous downward cycle that must be halted.

We are losing the battle for new jobs for several reasons, not the least of which is Michigan's cost of business that is a full 4 percentage points above national averages. If you consider profit margins for many industries today hover between 10-15%, this 4 percentage point cost is a substantial burden for business to bear simply for the "privilege" of residing in Michigan.

This cost disadvantage is compounded by Michigan's perception as a union state. Whether one agrees with this or not, the fact is that this perception is pervasive among national site consultants and their business CEO clients. And that the old adage holds true—perception is reality. My sixteen years of economic development experience has provided repeated opportunities to witness the high hurdles that we must overcome in recruiting new companies to Michigan. The national and international perception of Michigan as a union state is chief among these obstacles.

I could go on and cover additional challenges, but many have been addressed by my colleagues on this panel today. I trust everyone on the committee can see and hear the passion with which we attack our work. We love this state and want to see it do better.

Allow me to share a quick illustration of how I believe Michigan can and should move forward. In 2008 we all watched in amazement as Michael Phelps dominated the Olympics, becoming the most decorated Olympic athlete ever. He is a world class swimmer. But we would all agree he is not world class at track & field, volleyball, gymnastics or any other sport. Michael Phelps focused on his strengths, improved upon his strengths and through his determination and hard work, became a world class swimmer.

I would suggest to the Committee that we must spend more time focused on building upon our strengths. For the past 15 years, one report after another comments on our need to address our weaknesses, and quite frankly, nothing has changed. If that approach has not, and maybe will not, work, let's try a new approach and consider our investing in our strengths:

1. Water—When it comes to fresh water, we are world class. It literally puts us on the map. At a time when many smart people are suggesting water will become the new oil, we sit surrounded

by the world's largest fresh water resource. From a talent attraction, tourism draw and overall quality of life feature, nothing says Michigan more than our water. Water is, and will continue to be, a key business driver. But we must protect this resource. The slow response to the Asian Carp issue is inexcusable. Maybe we have taken our fresh water for granted, for if this issue is not resolved we will have lost our greatest strength.

2. Industrial –grade infrastructure—unlike many competing regions in the south, we have a fully functioning industrial-grade infrastructure—freeways, rail, water, sewer and electric. While other areas must face major investments, we have it in place. The key now is one of maintenance—how do we maintain this competitive advantage.
3. College and University system—With great universities like UofM, MSU, Wayne State, Western Michigan, GVSU and supporting colleges, including my hometown Hope College—Michigan has the system in place to discover the next great ideas and develop our future workforce. Though we may not be retaining the college graduates today, the fact is we have the talent pipeline in place. We can build upon this strength.
4. Automotive Industry. Some would suggest this is a weakness. I could not disagree more. Yes, it has been difficult these past few years, but the fact is Michigan is home to one of the world's greatest economic clusters. As some bemoan automotive, Alabama, Tennessee, Texas, Georgia, South Carolina, not to mention Germany, Italy, Korea, Japan and China—all corners of the developed world—are aggressively pursuing automotive investments. They recognize the high value of these facilities. Michigan would be well served not to forget this.

Michigan has plenty of other strengths, from design to pharmaceutical to food processing to logistics. In these tough times, it is easy to fall in the trap of focusing only on our problems. I am here to suggest that we would be making a terrible mistake if we do so. It is our strengths, and not our weaknesses, that will pull us out of this doldrums. Let's be sure to invest in our strengths.

I will close with a clear example of a strong investment into one of our core strengths. Over the past 18 months, the MEDC has worked tirelessly to identify, pursue and ultimately attract the lion's share of the new lithium ion cell manufacturing facilities. This move solidified Michigan as the center of automotive technology. Once again, automotive is a hot industry, as young engineers are flocking to course work in "energy engineering." With five new li-ion cell manufacturing facilities underway and the supply base soon to follow, this is a great example of how Michigan can build on its strengths.

Thank you.

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