Wichita’s Innovation Campus: Catalyst for Kansas

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We need to be careful that plan well

- A lot of money can be spent to no real outcome
- A unified, well-developed plan is a necessity
- Implementation has to be really good or...
Growth and Economic Development

• All economic development involves economic growth, but not all economic growth is economic development

• Economic development is focused on the quality of life in the community and meeting the needs of the people for good jobs and a good future for their children

• Raw economic growth can degrade the community and make it a very bad place to live
Kansas Competitiveness

• Global competitiveness is based on the willingness of businesses to locate or expand in your community

• Competitiveness is a mix of factors including geographic location, natural resources, institutional effectiveness, quality of life, community interest and values

• How do we stack up?
SBIR/STTR Awards 1983-present

• Kansas 297
• California 22,588
• Massachusetts 14,792
• Texas 4,422
• States of Similar Size
  – Iowa 270
  – Arkansas 308
  – Mississippi 162
  – Nevada 273
  – Utah 1,189
But...smaller states can do well

- Delaware 460
- Maine 317
- Montana 421
- Vermont 284
Patents

• Kansas ranks 29th in patents per thousand people; Oklahoma is 23rd and Texas is 24th

• The large new economy drivers are Massachusetts (ranked 4th) and California (ranked 8th)

• Delaware, Connecticut, and New Jersey are ranked 1 through 3 respectively

http://www.statemaster.com/graph/gov_pat_iss_percap-government-patents-issued-per-capita
Kansas Lags in New Business Formation

Kauffman Index of Entrepreneurial Activity
Kansas and Nearby States

Entrepreneurship Index

Other Indicators

- Gross State Product per capita 33\textsuperscript{rd}
- Massachusetts 5\textsuperscript{th}; California 12\textsuperscript{th}; Texas 22\textsuperscript{nd}
- Percent below poverty 39\textsuperscript{th}
- Massachusetts 44\textsuperscript{th}; California 20\textsuperscript{th}; Texas 8\textsuperscript{th}

http://www.statemaster.com/graph/eco_gdp_per_cap-product-current-dollars-per-capita;
Other Indicators

- Best educated:
  - Kansas 13th; Massachusetts 3rd; California 46th; Texas 24th

- Percent College Educated:
  - Kansas 25th; Massachusetts 2nd; California 11th; Texas 35th

- Overall Tax Burden:
  - Kansas 28th; Massachusetts 7th; California 9th; Texas 50th

http://www.statemaster.com/statistics/stats
How do we stack up

• Key indicators show that we are at best “average” given our size and location; Utah took a different position and is more competitive.

• We no longer are true to our “entrepreneurial past” and our expressed values regarding innovation and entrepreneurship.

• We have not made substantial infrastructure investments that promote New Economy competitiveness that will drive future income.
We have a lot to gain and a lot to lose...

METRO FREIGHT: Goods Trade in Metropolitan America

Wichita, KS Profile

Total Trade by Value
$56.3 billion
rank across 100 metros: 63

International Trade Share
25.6 percent
rank across 100 metros: 3

Trade by Transportation Mode

<table>
<thead>
<tr>
<th>Mode</th>
<th>Value ($ m)</th>
<th>Share</th>
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<tbody>
<tr>
<td>Truck</td>
<td>$35,652</td>
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<tr>
<td>Rail</td>
<td>$1,072</td>
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<tr>
<td>Water</td>
<td>$17</td>
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<tr>
<td>Air (Includes Truck-Air)</td>
<td>$9,050</td>
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<td>Multiple Modes</td>
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<td>Pipeline</td>
<td>$2,833</td>
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<tr>
<td>Other</td>
<td>$2,153</td>
<td>3.8%</td>
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</table>

Top Domestic Trade Partners

1. Rest of Kansas
2. Kansas City, MO-KS
3. Dallas-Ft Worth-Arlington, TX
4. Portland-Vancouver-Hillsboro
5. Oklahoma City, OK
6. Rest of Missouri
7. Rest of Texas
8. Rest of Oklahoma
9. Los Angeles-Long Beach-Santa
10. Chicago-Joliet-Naperville, IL-IN-WI

Top International Trade Partners

1. China
2. Canada
3. Mexico
4. Japan
5. Rem. of Western Asia
6. France
7. Germany
8. United Kingdom of Great Britain
9. Brazil
10. Rem. of South-Eastern Asia

Largest Port Complexes Used for International Trade

1. Seattle-Tacoma-Reliance, WA
2. Los Angeles-Long Beach-Santa
3. New York-Northern New Jersey
4. Anchorage, AK
5. Houston-Sugar Land-Baytown, TX
6. Miami-Fort Lauderdale-Pompano
7. Detroit-Warren-Livonia, MI
8. Chicago-Joliet-Naperville, IL-IN-WI
9. Honolulu, HI
10. New Orleans-Metairie-Kenner, LA

Note: Trade includes the value of all goods moving to or from the selected metro area; Port complexes include all port facilities—of all modes—in a given metro area.

For more information on the Metro Freight project series, please visit: http://www.brookings.edu/research/reports/2015/06/metro-freight
Advanced Industrial Exports Primarily in One Economic Cluster
Business Recruitment Incentives

• “With few exceptions, incentives will not effectively influence firm location decisions.
• The truly important factors in business location decisions are transportation considerations, labor quality, and markets.
• The best way for government to influence firm location is to create and sustain quality communities”
Key Business Location Factors

1. Access to markets
2. An educated, skilled work force
3. Ready, affordable sites
4. High quality infrastructure and amenities
5. Access to capital
6. Cooperative/pro-business attitude
7. Quality of life

Economic Incentives

- Incentives have generally been available to individual companies.

These create market distortion; create losers as well as winners; and are ineffective over the long-run.

- Very few net new jobs come from business incentives and, as we have learned from Boeing, they often do not achieve desired objectives.
Best overall approach to Economic Development: Building Indigenous Clusters

- Businesses in clusters have already chosen your area
- Easier to fill-in, grow, and sustain clusters than to create new ones
- Clusters link to other regions and areas
- Building new businesses within clusters easier than generally starting new businesses
- In Southcentral Kansas, key clusters account for 70 percent of total regional GDP
Incentives

• Build economic incentives that affect a whole cluster rather than an individual business

• Do not invest in random recruitment but only in recruitment that might be necessary to enhance the competitiveness of a key cluster

• Make community investments that enhance the ability of enterprises in a cluster to compete

• Focus on clusters that bring greatest return
Effective Economic Innovation Based in Clusters

Clusters- Existing

• Aviation
• Oil & Gas Production & Transportation
• Heavy Machinery & Metals (excludes aircraft)
Effective Economic Innovation Based in Clusters

Clusters- Emerging & Growing

- Agriculture Inputs & Processing
- Transportation & Logistics
- Data Systems
- Advanced Materials: Composites, Metal Alloys, Plastics, Soy Polymers
WSU, Innovation and Clusters

- Recent BREG study highlighted key developments needed from WSU
- Requesting funding to assist with developing a program in chemical and materials engineering
- Need program in supply chain management
- Focus on recruiting and developing relationships with businesses that fit within the identified clusters
- Looking carefully at relationship with WATC
Innovations

- Started “badge programs”
- Expanding distance education
- “Market-based tuition” for business and other partners to meet “just in time” education needs
- Instate tuition for key trading metropolitan areas starting with Oklahoma City and Tulsa MSAs
- Rest of OK and all of TX get 33 percent discount on out-of-state tuition
- “Ideas Lab” under development
Innovations

- New Master’s of Innovation Design
- Extensive undergraduate research program
- Extensive internship and co-op program

<table>
<thead>
<tr>
<th>Proposed Metric Theme/Area</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>Totals</th>
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<tr>
<td>1 Number of IP Disclosures Received</td>
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<tr>
<td>2 Number of Provisional patents filed</td>
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<td>7 Contractual Agreements</td>
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<td>160</td>
<td>230</td>
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</table>
Innovations

• Experiential Engineering Building
• Maker’s Space in partnership with Koch

Innovation Campus: Live, Learn, Work, Play environment as core to an “Innovation District”
Innovation Campus Update

• Two buildings under construction
• Developing a commercial zone to provide support system
  – Restaurants and coffee shop
  – Hotel
  – Condos/apartments
  – Retailer/destination retailer
• Exploring community partnership in recreation
Innovation Campus Master Plan
Construction as of this Morning
Wichita State University

• Innovating for the people of Kansas

• Creating a “university of the future” grounded in excellence and the interests of the people

• Creating a great place to study, work, live and play to enhance creativity, innovation, and entrepreneurship

• (and we have a cool basketball team!!)