December 20, 2013

Mayor’s Manufacturing Task Force Presents Findings for a Manufacturing Growth Strategy for Philadelphia

In January 2013, Mayor's Manufacturing Task Force was formed to evaluate the region's competitiveness and develop recommendations for growth of our Industry.

MAP played an important role in both creating the task force and making sure that the needs of manufacturers of all sizes were represented.

The Manufacturing Task Force was charged with 3 tasks:

Task 1: Create a detailed definition of the City and Region’s manufacturing sector, including metrics on activity, product type, employment, output, wages, supply routes, and niche markets.

Task 2: Analyze key foundational issues identified as critical to the sustained growth of the City’s manufacturing sector:

1. **Talent**
2. **Innovation**
3. **Government**
4. **Logistics, Utilities, and Transportation**
5. **Energy.**

Task 3: Develop specific, attainable strategies to encourage growth in manufacturing in the City and Region.

Yesterday, MAP President and CEO Steve Jurash, along with the rest of the Mayor's Manufacturing Task Force presented the task force findings to Mayor Nutter at, MAP member, Augusta Westland’s Philadelphia facility. What follows is a summary of their findings. You can read the full report here.

**Task 1: Define the Manufacturing Sector**

Philadelphia’s Manufacturing Sector is broad and diverse. The traditional image of Manufacturing in Philadelphia with vertical factories and “smoke stacks” in residential neighborhoods no longer rings true. Manufacturing in Philadelphia is faster, more technologically driven and exists largely within 15 industrial districts located throughout the City. Employment in Philadelphia’s Manufacturing sector as well as its product base is extremely diverse, which affords the City economic stability and the ability to adapt to market opportunities.
In defining the Manufacturing Sector the Task Force found the following key facts:

**Wages in Manufacturing in the City of Philadelphia**
- **$58,977 Average Annual Wage**
- **$1.3 Billion Total Annual Wages Paid**

**Number of Workers Employed in Manufacturing**
- **23,000 City of Philadelphia**
- **163,000 Greater Philadelphia**

**# of Manufacturing firms in the City of Philadelphia**
- 750, of that 575, or 77%, have under 20 employees

**Manufacturing output in the 11-County Region**
- **$105.6 Billion (14% of the Region’s total)**

**The Competitive Strengths is the City of Philadelphia**

*Chemicals, Medical Equipment, Machinery, Food Processing, and Transportation Equipment and Parts.*

**Task 2: Analyze Key Foundational Issues**

**Talent**
- The availability and readiness of a qualified workforce in Manufacturing in Philadelphia is a concern. There is a skills mismatch between job seekers and hiring firms.
- Lack of academic and technical training certificate programs that specialize in the Manufacturing process in the City’s school system.
- Manufacturing is not a visible recognized career path for students, and few students take the courses that do exist that would prepare them for a job in Manufacturing.
- The increasing average age of existing Manufacturing and employees who are due to retire in the next ten years.

**Innovation**
- Greater Philadelphia Region is an important technology innovation center in the United States
- The Region behind the nation as a whole in developing new technologies and patents.
- Most activity is focused on licensing rather than start-up ventures. Start ups are vital to result in new business activity, job creation and localized product development.
- Lack of a sizable venture capital community in the Philadelphia Region.
- Access to flexible capital for new and existing businesses has hindered the City’s growth in innovation and product design.
Government

- When measured against 9 other locations with large manufacturing clusters of similar sub-industries, Philadelphia has the highest tax burden for Manufacturers across each industry.
- Manufacturers also report conflicts between regulations at the local, state, and federal levels of government that aren’t enforced in coordination.
- There is confusion and frustration among Manufacturers dealing with different regulations with differing standards.

Energy

- Greater Philadelphia has so far not been able to benefit from the Natural Gas Production in other parts of Pennsylvania.
- The absence of a sufficient Natural Gas pipeline hampers the growth of Philadelphia area Manufacturing—particularly in the production of chemicals and petrochemicals which use natural gas liquids as their primary feedstock.

Logistics, Utilities, and Transportation

- Philadelphia’s transportation infrastructure and location in the Mid-Atlantic Region is an asset to the area and Manufacturing.
- Continued improvement and maintenance of roads, highways, and bridges is vital to maintain this competitive advantage.

Task 3: Strategy Recommendations

Talent

- Expand technical training programs offered by the community colleges that align to the needs of the manufacturing sector.
- Focus high school career and technical education programs on STEM to support manufacturers and close skills gap.

Innovation

- Expand linkages between existing university product design programs at Philadelphia Area universities and regional Manufacturers.
- Establish innovation centers or incubators to assist private companies in solving technical problems and spur innovation.

Access to Capital

- Create new loan and/or equity funds targeted specifically to small and mid-size Manufacturers.
- Expand access to flexible business loans for small equipment purchases and working capital.
Advocacy Networks and Business Development

- Conduct an image campaign to educate students, parents, teachers, and guidance counselors about employment opportunities within Manufacturing.
- Implement a focused business attraction campaign to publicize the Philadelphia Area’s competitive advantages for Manufacturing.

Energy

- Increase the supply of natural gas and natural gas liquids available to Manufacturers.
- Promote the use of energy efficient technology.

Government and Regulation

- Decrease the tax burden on Manufacturing Companies and identify targeted incentives to decrease operating costs.
- Continue to preserve by-right zoning in industrial corridors to protect Manufacturers from being prices out of the City or from land speculators.
- Enhance communications between government and manufacturers while providing services to the industry.

The Mayor’s Manufacturing Task Force is an important step to growing the Manufacturing Industry in the Philadelphia Region and ensuring prosperity for Philadelphia in the future. Manufacturing Alliance President & CEO Stephen F. Jurash said “The Task Force may have ended but now is where the real work begins.” Upon receiving the report Mayor Nutter noted “this is more than a report; this is a blueprint for the future,” and promised to work to implement the recommendations and make them a reality.

Please download the complete report here.

If you are interested in learning more about the findings of the Mayor’s Manufacturing Task Force please contact

Christina M. Rockwell
Director, Member Services and Legislative Affairs
Manufacturing Alliance of Philadelphia
christinar@manufacturingonline.org
215-948-9285 x 105