MICHIGAN’S LOGISTICS AND SUPPLY CHAIN
Strategic Plan 2013–2020
I am pleased to present Michigan’s Logistics and Supply Chain 2013–2020 strategic plan. What you are about to read is a testament to relentless positive action. It was developed in collaboration with state business, economic development, university, non-profit, and government leaders. It is our blueprint to build a logistics and supply chain ecosystem that creates new opportunities for Michigan businesses and citizens.

The plan before you is a natural outgrowth of our overall strategy to reinvent Michigan including state budget reforms, lower business taxes, eliminating burdensome regulations, and connecting business with the right talent. It will be driven by our location, infrastructure, industrial base and supply chain capabilities.

Key advantages for Michigan include our location as a key entry point to the North American market, nine international crossings with Canada, and having one of the world’s largest concentrations of manufacturers and suppliers.

It aligns with other action we are taking to improve our business climate. Our agreement with Canada for the construction on a new bridge between Detroit and Windsor and a renewed focus to invest in our infrastructure needs will create a more efficient transportation system to promote economic growth.

Outcomes of this strategic plan will be determined by effective execution and continued collaboration. My administration, through the Michigan Economic Development Corporation, the Michigan Department of Transportation, and the Michigan Department of Agriculture and Rural Development, will continue to coordinate with leaders and experts in the private and nonprofit sectors as we put this plan into action to create more and better jobs in Michigan.

Thank you for your support and contribution to this effort. Working together, we are reinventing Michigan in a way that works better for everyone.

Sincerely,

Rick Snyder
Governor
MISSION
To lower cost, reduce time and remove risk for firms by developing an efficient logistics and supply chain ecosystem that leverages our assets and provides opportunities for collaboration and partnership.

OBJECTIVES
1. Enable logistics and supply chain solutions to create more and better jobs.
2. Collaborate with industry and regional partners to identify and prioritize initiatives to improve regional competitiveness in Michigan and the Great Lakes MEGA region.
3. Develop strategic marketing programs and campaigns that promote Michigan’s supply chain capabilities and leverage its location and natural resources.
4. Prioritize infrastructure and policy initiatives that will increase our competitive advantage, reduce cost, save time, and support value-added supply chain activity.
5. Support the growth of Michigan’s innovative industry base with world-class supply chain infrastructure and talent.

EXECUTIVE SUMMARY
Michigan is aggressively reinventing itself to accelerate economic success for businesses. Action is being taken to create a positive business environment by eliminating burdensome business taxes and more than 1,000 unnecessary regulations since April 2011. State leadership has embraced asset-based economic development, with a focus on a strong economic foundation for business that includes a safe, efficient and low-cost logistics and supply chain network.

The strategy builds on Michigan’s strengths: business innovation, strategic location, educational resources, skilled talent and leadership. These strengths allow Michigan to leverage its logistics and supply chain assets to compete in the global economy. Success will be driven by solution-oriented collaboration among private industry, industrial associations, economic developers, universities, chambers, non-profit entities and government. There will be an immediate focus on the state’s logistics and supply chain network and business-to-business connections. Implementing the strategy will be challenging, but the results of shared reward and success will catalyze economic growth and opportunity.

Michigan improved from 49th to 7th in the Tax Foundation rankings of corporate income tax. "Reinventing Michigan to become a world trading center means developing an infrastructure that will meet the modern day demands of an international economy.” —Rick Snyder, Governor of Michigan

NEW OPPORTUNITY
Michigan is home to the busiest national border crossing in North America and a key connection point between the two largest trading partners in the world: the United States and Canada. That border crossing can also be a significant bottleneck along the Pan-American Highway, running between Montreal and Mexico City.

The Michigan-Canada border is an example of an asset that Michigan must continue to leverage while simultaneously exploring every opportunity to improve our logistics and supply chain assets. Our assets provide unique opportunities for our businesses, but our ability to compete globally has never been more challenged and we must have an efficient logistics and supply chain ecosystem.

In 2013, total exports from Michigan exceeded $52 billion, the highest level ever recorded for the state and nearly a 15 percent increase from 2010. Michigan is the eighth-largest exporter among U.S. states and almost half of Michigan’s economy is dependent on foreign trade, ultimately ranking Michigan sixth among U.S. states.

Our trade connections to Canada and Mexico, our two largest trading partners, are significant: Michigan is the top U.S. state for trade with Canada and the third ranked state for trade with Mexico. Foreign trade is critical to Michigan’s economy, and businesses with our trading partners will continue to grow as our firms increase their global presence. This level of trade activity in Michigan reflects the strength of our assets including our geographic location, infrastructure, industry and workforce.

Our assets provide unique opportunities for our businesses, but our ability to compete globally has never been more challenged and we must have an efficient logistics and supply chain ecosystem.

The growth and success of Michigan’s businesses also depends on action that occurs outside of our borders. Michigan’s connection to the global economy includes freight corridors that pass through Canada, Ohio and Chicago. The efficiencies of these systems and their infrastructure decisions will have a substantial impact on our connections with the global marketplace. This is why it is important to not just focus on activity in Michigan, but also within our region. The Great Lakes MEGA Region, which includes Michigan and major metropolitan areas (e.g. Chicago, Detroit, Indianapolis, Toronto, Cleveland, Cincinnati, St. Louis and Minneapolis), is shown in Figure 1, a map of North American MEGA regions.
The Great Lakes MEGA Region is one of the world’s largest economies. It includes an estimated 55 million people, 20 percent of the world’s fresh water, the most significant grouping of automotive assets in the world, and North America’s busiest trade crossing. Michigan is located at the heart of this region, providing access to a high concentration of the North American population (see Figure 2). Leveraging our connections within the Great Lakes MEGA region will be vital as partnerships and collaboration are developed with surrounding states, Canada and its provinces.

Of equal importance, Michigan is a diverse state and the priorities of southeast Michigan may not be the same as those of the Upper Peninsula. Michigan is working to move to a more regionally based economic development model and this strategy supports those efforts. Recognition of the differences among regions will be pivotal as actions are evaluated and decisions are made to implement the highest priority actions offering our businesses lower cost, reduced time and removed risk.

A high-performance supply chain allows firms to deliver their products to global consumers at a more competitive price and at the right point in time.

This strategy has three important attributes essential to creating a more competitive Michigan. First, it is a business-focused strategy. Every objective and recommendation is designed to help our businesses succeed or to identify and eliminate barriers to success.

Second, it leverages assets that comprise Michigan’s competitive advantage: infrastructure (roads, bridges, rail lines, and airports); geographic location; industry; and supply chain capabilities and expertise. Assets unique to the state include multiple international border crossings, an international airport hub, and multi-modal interchanges. These unique assets provide a competitive advantage firms can better leverage.

Finally, the strategy will focus on collaboration. The more we collaborate and focus our resources, the greater the impact of this strategy. Focusing on these three attributes will provide business and industry with opportunities to become more efficient, timely, and reliable. This will make firms with assets located in Michigan more competitive, facilitating more opportunities for jobs and investment.

### Economic Impact by Mode in the Great Lakes Basin

- **Truck**: 58%
- **Air**: 24%
- **Rail**: 11%
- **Water**: 4%
- **Pipeline**: 3%

**Figure 1**: North American MEGA regions. Source: America 2050, Regional Plan Association

**Figure 2**: Share of the population within a radius of 500 miles. Source: Dr. Jean-Paul Rodrigue, Hofstra University

**Figure 3**: Source: CDCS Transcom Limited, National Cooperative Freight Research Program

**Core Michigan Industries**

1. Automotive/advanced manufacturing
2. Agriculture and food processing
3. Life sciences/biotech
4. Medical devices
5. Defense/aerospace
6. Chemicals
7. Furniture
8. Wood products
9. Mining
10. Clean energy
OBJECTIVES

The LSC strategy is action-oriented with comprehensive objectives focused on collaboration and investments. Objectives focused on collaboration create a logistics and supply chain ecosystem that helps businesses and industry lower cost, reduce time and remove risk. Objectives focused on investments create an efficient infrastructure that links seamlessly to the global economy. Included with each objective are actions that will be taken in order to successfully achieve each objective. The actions, identified on page 9, are starting points. Periodic evaluation will allow us to modify our course of action, when necessary, and to prioritize next steps to maintain an environment, infrastructure, and policies that facilitate regional collaboration, investment and the most efficient logistics and supply chain system possible.

“Regions that facilitate logistics and supply chain activities through investments in key infrastructure, policy refinement, and collaborative activities will attract new industry.”

—Dr. David Closs, Chairperson
Dept. of Supply Chain Management, MSU

MICHIGAN’S SUPPLY CHAIN ECOSYSTEM

While the average person may not recognize the importance of logistics and supply chain in their everyday life, these activities support consumption in the market, global trade, and job growth. Logistics and supply chain effectiveness and efficiency are significant elements of success, profitability, and sustainability, and affect everyone’s cost of living and daily quality of life. Every business, from a mother who makes and sells baby apparel from her house to a global automaker, relies on efficient and effective supply chains.

A high-performance supply chain allows firms to deliver their products to global consumers at a more competitive price and at the right point in time, regardless of whether it is a gallon of milk or the family car. Logistics and supply chain elements touch everyone’s life, every day. The more efficient and effective a firm’s supply chain becomes, the greater the opportunity for the firm to succeed in the global marketplace, regardless of whether the firm is an emerging business or celebrating its 50th year of service.

Logistics and supply chain effectiveness and efficiency are significant elements of success, profitability, and sustainability.

This collaborative strategy is the first step to implement a long-range strategy that will upgrade and provide the infrastructure and connection points businesses need to compete in the global economy. Michigan’s economic success is dependent on a logistics and supply chain ecosystem that supports businesses, leverages assets and creates opportunities for collaboration. The strategy also demonstrates a unified vision that will synthesize the support of government and industry so we can efficiently and economically accomplish the tasks at hand. Broad support will make achieving its goals and completing its actions easier and more likely.

The objectives and actions complement business climate improvements already occurring in Michigan. Reductions in corporate and personal property taxes, continuous elimination of unnecessary regulations, funding for incentives that grow business and support for export programs are all recent initiatives that make Michigan a more competitive location to do business. The objectives and actions are designed to align with these successful initiatives and will provide business with additional efficiencies and support to grow here in Michigan.

OBJECTIVE #1: Enable logistics and supply chain solutions to create more and better jobs.

ACTION: Identify challenges and barriers and develop innovative supply chain solutions and tools to support the growth of existing Michigan businesses and to attract new opportunities.
• Develop new tools that provide value to customers under the Pure Michigan Business Connect program
• Facilitate connections between cargo owners and logistics industry service providers
• Integrate logistics and supply chain strategy into the broader economic development strategy

OBJECTIVE #2: Collaborate with industry and regional partners to identify and prioritize initiatives to improve regional competitiveness in Michigan and the Great Lakes MEGA region.

ACTION: Develop a permanent organizational structure and identify leadership to coordinate business, government and academia around supply chain and logistics opportunities.
• Evaluate a range of models to determine which structure would provide the greatest impact for Michigan and the Great Lakes MEGA region
• Re-energize the Supply Chain Management Development Council to facilitate collaboration between industry and government
 actionable
• Engage in research to quantify areas where growth opportunities exist

OBJECTIVE #3: Develop strategic marketing programs and promote Michigan’s supply chain capabilities and leverage its location and natural resources.

ACTION: Develop a targeted marketing campaign around Michigan’s logistics and supply chain assets and competitive advantage.
• Create a common message around the logistics and supply chain industry
• Develop a targeted marketing strategy directed at high value customers

OBJECTIVE #4: Prioritize infrastructure and policy initiatives that will increase our competitive advantage, reduce cost, save time, and support value-added supply chain activity.

ACTION: Identify and deliver the infrastructure enhancements that capitalize on and support the growth of core Michigan industries.
• Collaborate with core industries to identify improvements necessary to provide an efficient infrastructure system
• Prioritize infrastructure needs within each region
• Support the development and use of broadband and wireless connectivity

ACTION: Identify and promote competitive transportation freight corridors.
• Collaborate with private industry, governments and universities to identify freight corridor opportunities
• Quantify the value and identify the competitive advantages of freight corridors impacting Michigan

OBJECTIVE #5: Support the growth of Michigan’s innovative industry base with world-class supply chain infrastructure and talent.

ACTION: Construct the new international trade crossing between Detroit and Windsor.
• Coordinate with the Canadian and U.S. federal governments to ensure an efficient construction process
• Support policies and operational efficiencies that reduce wait times at the border
ACTION: Develop, improve and connect intermodal freight hubs at strategic locations in Michigan.
• Evaluate existing freight hubs and analyze their ability to efficiently serve existing industries
• Prioritize improvements, enhancements or development of new freight hubs that will lower cost and reduce time and inefficiencies for users

ACTION: Support the development and improvement of air cargo facilities at strategic airports.
• Collaborate with airports to gain an understanding of existing capacity for air cargo
• Evaluate opportunities for growth in partnership with strategic airports

ACTION: Promote and develop logistics and supply chain talent by aligning industry needs with training and certification opportunities.
• Integrate logistics and supply chain talent focus into Pure Michigan Talent Connect
• Identify specific job categories where demand for workers does not match talent supply
The objectives and actions identified in the strategy will be accomplished through a collaborative and focused effort emphasizing the need for quick action. Leadership and stakeholders will be identified for each action item and a collaborative process will be followed to ensure a focused effort around implementation. The implementation plan will guide the steps to be taken to ensure action.

The development of an implementation plan for each action item will be a priority within the first 90 days after strategy completion.

Recognizing that quick and decisive action is necessary to create the greatest support and momentum for the strategy, three-month and six-month priorities are included to highlight the immediate steps for implementation. The priorities are not all-inclusive, but provide a starting point for beginning to understand the actions required to move forward on strategy execution.

**SHORT-TERM ACTIONS** (NEXT 24 MONTHS)
- Develop innovative supply chain solutions
- Create targeted marketing campaign
- Quantify competitive freight corridors
- Develop permanent organizational structure
- Identify niche market opportunities

**MEDIUM-TERM ACTIONS** (2–5 YEARS)
- Identify infrastructure enhancements
- Build new international trade crossing
- Evaluate and develop inter-modal hubs
- Develop air cargo facilities
- Develop logistics and supply chain talent

**LONG-TERM ACTIONS** (5+ YEARS)
- Identify infrastructure enhancements
- Build new international trade crossing

**3 MONTH PRIORITIES**
- Develop a plan of execution for the strategy including a detailed tactical plan for each of the action items identified in the plan
- Facilitate collaboration with stakeholders in order to identify resources for implementation
- Identify and engage in opportunities to promote the plan

**6 MONTH PRIORITIES**
- Create opportunities for connections and support for the logistics and supply chain industry within the Pure Michigan Business Connect program
- Collaborate with Michigan’s Foreign Trade Zones to identify opportunities for growth and marketing
- Collaborate with the logistics and supply chain industry to identify information, resources and tools that could act as a foundation for an online or mobile application for Michigan’s infrastructure assets
- Collaborate with regional partners to identify priorities that will support the growth of core industries within their region
- Engage with key stakeholders in the logistics and supply chain industry to open lines of communication in order to understand the resources necessary for their growth and to gain support for the logistics and supply chain strategy
- Identify and quantify the competitive advantages of Michigan’s freight corridors in order to identify opportunities for cost savings and to provide opportunities for the most efficient movement of goods
- Collaborate with Michigan’s Next Michigan Development Corporations to identify opportunities for growth and common messaging
- Re-energize the Michigan Supply Chain Management Commission to create greater opportunities for collaboration with industry experts, including aligning the commission with the logistics and supply chain strategy

**DEFINITION**

*Foreign Trade Zones:* A geographic area in which businesses engaged in international trade-related activities receive special customs treatment, leading to reduced cost.

*Next Michigan Development Corporation:* Logistics centers within the state of Michigan that on a regional, public/private collaborative basis provide expedited, streamlined, and cost-effective services and incentives to multi-modal businesses engaged in exporting and importing.

“To remain competitive—whether by road, rail, ship or air—Michigan’s food and agriculture sector demands a world class system of moving goods and commodities to the nation and the world.”

—Jamie Clover Adams, Director
Michigan Department of Agriculture and Rural Development

"Michigan has tremendous logistics and supply chain assets. These are the foundation of our collaborative strategy to strengthen our infrastructure and connect business with the global marketplace."

—Michael A. Finney, President and CEO, MEDC
Collaboration is the key to the success of the LSC strategy. Governor Snyder’s vision is to facilitate a better connection between industry and government in order to reinvent government. State departments are now organized to work better with each other and develop strategies that enhance their activities leading to a more efficient, customer-oriented and engaged government.

Stakeholders will ultimately drive strategy success and they should feel empowered to identify opportunities for action.

The LSC strategy impacts many entities, and thus numerous groups will need to participate as steps are taken to move the plan forward. Coordination and collaboration with private industry, including cargo owners, carriers, freight forwarders and other businesses will be essential in understanding the opportunities for improvements in our supply chain ecosystem. Government should be seen first as a partner and facilitator, with an expectation for significant industry involvement leading to realistic and impactful actions.

Forming partnerships with industry associations, non-profits and academic institutions will provide an ability to capitalize on industry expertise and knowledge. Michigan is fortunate to have world-renowned supply chain expertise at our universities and within industry. Coordinating with these experts and understanding their perspective and knowledge will facilitate prioritization of action steps and focus strategy execution.

Collaboration is the key element of success for the LSC strategy. Connecting with Michigan’s regional and local economic developers will also be important. Their knowledge of regional and local priorities and understanding of local business needs will help drive the strategy forward. Fusing these local priorities with this statewide vision will accelerate results and enhance outcomes. The integration will also lead to broader support for the strategy within and among Michigan, northwest Ohio and southern Ontario.

THE NUMBER ONE PRIORITY FOR MICHIGAN IS MORE AND BETTER JOBS.

Leveraging our logistics and supply chain assets provides the opportunity for success.
ACCOMPLISHMENTS

Agreement between Michigan and Canada on new international trade crossing
Coordination of stakeholders to develop statewide strategy
Designation of five Next Michigan Development Corporations
Agreement from federal government to use Canada’s $550 million investment for Michigan infrastructure as match of federal transportation dollars
Over $36 million of improvements in rail infrastructure in southeast Michigan
Completion of Gateway project at Detroit/Windsor Ambassador bridge crossing
Acquisition of Norfolk-Southern railroad line between Dearborn and Kalamazoo
Increased dialog between Michigan and Canada on issues impacting the movement of goods across borders
Construction of new intermodal passenger facilities in Dearborn and Troy
Federal support of $25 million for M-1 Rail project in Detroit
Approval of U.S. presidential permit for new bridge crossing between Detroit and Windsor, Ontario
Governor appoints commission for logistics and supply chain collaboration

MEASURABLE OUTCOMES AND INDICATORS OF SUCCESS

Measuring the performance of the LSC strategy will be crucial to determine if action steps outlined in the plan achieve their desired impact. Ultimately, the number one priority for Michigan is more and better jobs and this strategy will support that priority. Michigan is already taking steps to measure the performance of our economy and impact on jobs by displaying relevant data on Governor Snyder’s Michigan Performance Dashboard. Michigan dashboards were implemented to provide a quick assessment of the state’s performance in key areas including: economic strength; health and education; value for money government; quality of life; and public safety.

CURRENT METRICS ON THE GOVERNOR’S MICHIGAN PERFORMANCE DASHBOARD

- Unemployment rate
- Gross domestic product
- Per capita income
- Percent of structurally deficient bridges
- Commercial vehicle traffic miles
- Rail freight traffic tons
- Percentage of roads in good or fair condition
- Percentage of U.S. trucking trade traffic through Michigan international borders

Additional, more focused measures are also necessary to gauge progress in providing efficient connections to the global economy. Measures more aligned with the logistics and supply chain industry provide a more focused evaluation of the actions being developed. Additional measures may include those demonstrating Michigan export and import volume, logistics and supply chain industry employment, border crossing wait time, and reduction in cost and time for freight movement.

CALL TO ACTION

This logistics and supply chain strategy advances the reinvention of Michigan. It enhances Michigan’s asset-based economic development strategy by developing a foundation for a logistics and supply chain ecosystem that focuses on business, leverages assets with the greatest opportunity to enhance growth, and emphasizes collaboration. It creates a more competitive business environment for our firms by lowering cost, reducing time and removing risk, while supporting the creation of jobs and opportunity. This strategy identifies five objectives focused on the collaboration and investment necessary to develop a strong foundation. Each objective is supported with an at least one action that will be the launch point for implementation.

The support of this strategy is imperative for Michigan’s success. Logistics and supply chain activity impacts every industry and region in Michigan. It connects us to global markets and is the link to the global economy. Gaining the input, support and participation of our business firms, regions and industries will significantly impact the success of this strategy and our businesses’ competitiveness in Michigan.

Ensuring your engagement in this strategy is essential. Michigan needs your partnership to implement this strategy and continue this vital work. The stakes and course of our economic future rely on your action and energy. The opportunity and vision are well defined, now all that remains is to aggressively pursue our true potential for economic prosperity. We can do this, but only through comprehensive collaboration, active engagement and relentless positive action.

ACKNOWLEDGMENTS

The development of the LSC strategy would not have been possible without the efforts of many individuals who provided their input and dedicated their time to craft a strong strategy. The dedication of the steering committee members listed below and the many others who participated in subcommittee meetings, focus groups, conferences or just offered their thoughts and suggestions is significant. The process involved nine formal focus groups, including over 50 industry or government experts who shared their input. The support and feedback received in support of strategy development highlights the importance of a strategy for logistics and supply chain in Michigan.

LOGISTICS AND SUPPLY CHAIN STEERING COMMITTEE

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The purpose of the logistics and supply chain strategy is to create a vision in which stakeholders can engage, develop consensus, and drive implementation plans to help meet goals. Ensuring your engagement in this strategy is essential. Michigan needs your partnership to implement this strategy and continue this vital work.

Please join our reinvention by emailing LSC@michigan.org or visiting michiganbusiness.org/LSC.