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
LOGISTICS AND SUPPLY CHAIN VISION

Michigan provides a collaborative, business-focused logistics and supply chain ecosystem that lowers cost, reduces time, removes risk and promotes job creation to support the movement of freight across the state and around the world.
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.

Recognizing the importance and value of Michigan’s logistics and supply chain assets and opportunities, Governor Rick Snyder initiated a cross-discipline task force, made up of industry, association, academic and government leaders to craft a Michigan Logistics and Supply Chain (LSC) Strategy. This strategy is a living multi-year vision to grow revenue and reduce the cost of doing business in Michigan, securing good jobs for our citizens.

This work is vital for Michigan’s businesses, its citizens and their future prosperity.

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.

1 www.michigan.gov/orr

“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-Ontario border is an excellent 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 2011, total exports from Michigan exceeded $51 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 business 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.

<table>
<thead>
<tr>
<th>MICHIGAN’S TOP 10 TRADE PARTNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Canada</td>
</tr>
<tr>
<td>2. Mexico</td>
</tr>
<tr>
<td>3. China</td>
</tr>
<tr>
<td>4. Germany</td>
</tr>
<tr>
<td>5. Japan</td>
</tr>
<tr>
<td>6. South Korea</td>
</tr>
<tr>
<td>7. France</td>
</tr>
<tr>
<td>8. United Kingdom</td>
</tr>
<tr>
<td>9. Brazil</td>
</tr>
<tr>
<td>10. Saudi Arabia</td>
</tr>
</tbody>
</table>

(four year average; 2008–2011)

Source: U.S. Department of Commerce, International Trade Administration

DEFINITION

Logistics and supply chain: Logistics and supply chain includes the planning and management of all activities involved in sourcing and procurement, manufacturing, inventory management, storage, and transportation of products as materials move from raw material sources to the ultimate consumer and business markets.
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 Rodrique, Hofstra University
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.
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 business 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 logistic and supply chain system possible.
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

**OBJECTIVE #3: Develop strategic marketing programs and campaigns that 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

**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 industry
- 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
TIMELINES

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.

The strategy is intended to be a dynamic document that will evolve as actions are accomplished and industry changes are watched. Resources and priorities may have to be adjusted as our logistics and supply chain ecosystem develops. A consistent evaluation of strategy accomplishments and their impact on cost savings ensures decision makers have the most up to date information to determine next steps and priorities.

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.

“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
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.

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

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

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.

“Michigan’s continued comeback depends on maintaining its transportation backbone, the vital infrastructure that moves commuters, commerce and tourists. Minutes add up to dollars in the era of just-in-time delivery, and a safe and efficient infrastructure system is paramount.”

— Kirk Steudle, Director, MDOT
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.

Please join us by sending your contact info to LSC@michigan.org or visiting michiganbusiness.org/LSC.

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

Rick Chapla
Vice President, Business Development, The Right Place

Dr. David Closs
John H. McConnell Chaired Professor
Chairperson, Dept. of Supply Chain Management, Michigan State University

Benjamin Erulkar
Senior VP, Economic Development
Detroit Regional Chamber

Carolyn Gawlik
Industry Consultant

Kim Hill
Director, Sustainable and Economic Development Practices
Center for Automotive Research

David Hollister
Former Chairman
Great Lakes International Trade and Transportation Hub

Steve Trecha
Integrated Strategies

Sabrina Keeley
Chief Operating Officer
Business Leaders for Michigan

Bryce Kelley
Interim ADC Administrator
Wayne County EDGE

Joshua Lunger
Public Policy Coordinator, Grand Rapids Area Chamber of Commerce

Carmine Palombo
Director of Transportation Programs, Southeast Michigan Council of Governments

Richard Wallace
Director, Transportation Systems Analysis, Center for Automotive Research

David Weiner
Consul/Senior Trade Commissioner
Consulate General of Canada

STATE OF MICHIGAN

Economic Growth Executive Group
Michigan Economic Development Corporation

Michael A. Finney, President and CEO
Peter Anastor, Policy Director
Joshua Piland, Corporate Projects Manager
Bob Metzger, Technology Development Manager

Michigan Dept. of Transportation
Kirk Steudle, Director
Laura Mester, Chief Administrative Officer

Jamie Clover Adams, Director
Gordon Wenk, Chief Deputy Director

Quality of Life Executive Group
Michigan Dept. of Agriculture and Rural Development

Bob Dabrowski
Great Lakes Global Gateway

Please join us by sending your contact info to LSC@michigan.org or visiting michiganbusiness.org/LSC.
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.