

Ep.7 Birgit Klohs_mixdown

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SPEAKERS

Announcer, Ed Clemente, Birgit Klohs

A Announcer 00:01
Welcome to the Michigan Opportunity, an economic development podcast featuring candid conversations with business leaders across Michigan. You'll hear firsthand accounts from Michigan business leaders and innovators about how the state is driving job growth and business investment, supporting a thriving entrepreneurial ecosystem, building vibrant communities and helping to attract and retain one of the most diverse and significant workforces in the nation.

E Ed Clemente 00:28
Welcome to the Michigan opportunity brought to you by the Michigan Economic Development Corporation. Hello, my name is Ed Clemente. I'm your host. For today we have our special guest Birgit Klohs, a longtime colleague I worked with back in the day mainly in the legislature, but she's the former president and CEO of The Right Place. The Right Place is West Michigan's leading economic development organization. And I should mention too, that you were a pleasure to work with you're very direct, very non political. And as a legislator, I appreciated that a lot.

B Birgit Klohs 01:04
And I appreciate that compliment because I believe that economic development should

be apolitical, and because it's good for jobs, don't have an r&d in the front of the job, right? We're all in a boat called Michigan and what what we can do is to improve the condition of the boat so we can improve the condition of our citizens. So that's why I've always been, you know, very candid, and I was fighting for our folks on and or advocating, I should say, so. So I appreciated working with you.

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Ed Clemente 01:39

We did a we did one remote, or one of my hearings was in Grand Rapids for the medical mile, actually, right when it started and you testified at that.

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Birgit Klohs 01:48

Yep, and you would be I'm and the medical mile has become one of the most successful economic development projects anywhere and anytime. It's now the it's been billions of investment since you held those hearings. And, and we just added Perrigo, which is the world's largest over the counter drug, generic drug company from Allegan, they're building the new North American headquarters in downtown Grand Rapids. So, so we have healthcare, we have education, we have research, and now we have a headquarters of a major business. So whatever we did 20 years ago, because that's how long it's been - It has been an amazing success story.

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Ed Clemente 02:38

Something happened, I believe, with the Peerigo with the MEDC, right, didn't you just...

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Birgit Klohs 02:45

Right - that's what I just said; correct. Right. So it wasn't, it was a project that was Right Place, the company, the city of Grand Rapids MEDC, Michigan State University. It was a great collaboration and company picked us Grand Rapids over Chicago and Florida, so...

E

Ed Clemente 03:04

Yeah, in fact, MSU didn't even have the medical school there, then that back well.

B

Birgit Klohs 03:08

No no, the we started with Van Andal Research Institute, which opened on May 10, or cut the ribbon on May 10 2000 - So it's 21 years. And then we added, you know, the Meijer

Heart Center Spectrum Health, of course, is growing. We have the DeVos Children's Hospital, the Lemmen Holton Cancer Pavilion, and then the Michigan State med school actually admitted its first students in 10 years 11 years ago now. So no, when we held those hearings, there was no med school and the med school now is had the medical school building for education and they added a research building downtown. And now they're building the Doug Meijer Innovation Center downtown. Grand Valley has three buildings in the medical mile, the last one has being finished. It's been an amazing story, truly an amazing story that the talent that's been attracted. They have been spin offs of successful businesses. It's been remarkable.



Ed Clemente 04:15

When Ferris was taking over a building, downtown that was a forgot what it was it was a former college or a former higher education to design place...



Birgit Klohs 04:26

Oh, Kendall College of Art and Design. It's still here - it's still part of Ferris, you bet.



Ed Clemente 04:32

Yeah. Yeah.



Birgit Klohs 04:33

Kendall College is a really - it's for the creatives of the community. It's a design college. So we're very pleased to have it. It's actually about two minutes from my office.



Ed Clemente 04:44

So why don't we just tell people a little bit because I know we can go down a lot of rabbit holes. But what let's tell people first of all, what is The Right Place the catch basin where you know what's you're elevator speech?



Birgit Klohs 04:55

So The Right Place, was founded in 1985, it started actually in 83-84, as a as a committee that was chaired by Jay Van Andel, who was then of course, one of the two founding CEOs of Amway, and there was no economic development organization in the region to help companies expand, create jobs, bring investment or attract new businesses. So the right

place became the first private public partnership for economic development in 1985. At went live in 85. So this group of 13, business leaders planned and 84. And so it at the beginning of right place, it covered Kent County. And so, private public partnership, as I said, 80% of our budget to this day, 30, almost 36 years later, still comes from the private sector. So we call them investors, because you're getting a return on investment and jobs and investment in the community as it's growing. And then 20% comes from our municipal partners and foundations. So today, we cover actually six counties. So Kent Ionia, Macomb, Newaygo, Oceana and Lake. But when we go and attract, we also include a number of other counties in our catchment basin, but we directly work with with all six. So And really, the work of our organization like other economic development organizations, or EDOs, as you know, is the retention, expansion and attraction of jobs. And in Michigan, and particularly, in states to the north, like us, retention, retention retention is definitely first. Because we want to make sure that the companies that have already made a commitment to our community, and our region get the same intense help that they need, as a new company that wants to move here and out of. And we have to remember that 80% of all new jobs come from companies that are already here. And we want to make sure that they know they're valued. And so in our case, we call on anywhere between 350 and 400 a year to find out what they need. And it could be anything, it could be a new addition, it could be new equipment, it could be technical assistance, but we want to make sure they know that we are the place to go to and then. And then on the attraction side, we are the marketing organization for the region. So we do that both domestically and internationally. And we have over 130 foreign companies that have located in the area. So that's sort of a thumbnail of what we do. In addition, we have a partnership with Hello, West Michigan, which is a talent attraction, and retention organization, their house with us, they work with us and obviously talent and business development go hand in hand today. And then we are also the western, the western section of the Michigan Manufacturing Technology Center for technical assistance. So So we have three business sectors. And you know, we are we are we are if a company needs help where it.

E

Ed Clemente 08:08

I know you've had a lot of different interesting board members, but you did you say your original chairperson was Van Andel?

B

Birgit Klohs 08:19

In 1983 84 Jay Van Andel, obviously one of the two founders of Amway Corporation, created a committee that became known as The Right Place committee. And, and Jay chaired it. And he convinced those other 12 folks to check to join him and looking at in one

ad you have of not too dissimilar age that I am, but people who remember living in the 80s in Michigan was not a good decade for the state. And the unemployment rate in Kent County at that time was 11%. And Jay and his fellow CEOs work, we're concerned because if you if you're not a growing community, you're a dying community. And you can either grow or you can die, right. And so they came together to look at what can they do as business leaders to change the trajectory of job creation in their community. And in the result of that was the creation of the right place. So I mean, Jay was for chair for the first eight years to the organization came into being in 85. And I became CEO in 87. So yes, I had the pleasure and the privilege to have Mr. Van Andel as my board chair for six years.

E Ed Clemente 09:34
And currently on board.

B Birgit Klohs 09:36
My it's a board of 40 plus.

E Ed Clemente 09:40
Oh my, nevermind... well if you want to mention a few go ahead.

B Birgit Klohs 09:43
Well, I mean, Hank Meijer on the board. Bill Payne from Amway is representing Amway on the board the CEO of SpartanNash is on the board. You know, I mean, it my board chair is the regional president for for PNC Bank. I have the large law firms represented. But really, it's the leaders of the large law firms, large CEOs of large corporations, the CEO of Herman Miller, Andi Owen, and on the CEO of Gentex Corporation, Steve downing, and obviously leaving out a whole bunch, but it's, it's a board of the who is who of the business leadership in the region.

E Ed Clemente 10:23
The new replacement for you will be whom

B Birgit Klohs 10:26
My successor is an old colleague - He's an old but, he's an old colleague, and a Michiganer -Randy Thelen. MEDC folks have known Randy, Randy is from Michigan. He

got his start in economic development and what are rural counties and then he worked for the MEDC for a number of time, and then a little bit in Southeast Michigan. And then our friends on the lake shore. I created an economic development organization about 15 16 17 years ago called Lake Shore advantage. And Randy was the first president for the first eight or nine years. And so he took a job in Omaha and expand his economic development experience. And then he took a job in Denver, large city, different industries. And then this opportunity came along when I decided to retire and so Randy's returning home. And we love boomerangs. He lived and grew up in West Michigan, obviously, for a number of years. And he's going to get settled pretty quickly. So good to have a boomerang back.

A

Announcer 11:42

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E

Ed Clemente 11:59

So during this unpleasant time of COVID, I imagine a lot of your companies, as well as your membership has been sort of pivoting. And you know, you've had some pretty good success stories over there. You want to highlight some of the things that you guys have been working on during this tough time we're in?

B

Birgit Klohs 12:17

Sure, but I'm going to correct you we don't have members, we're not a chamber of commerce.

E

Ed Clemente 12:21

Oh, that's true... Good point.

B

Birgit Klohs 12:32

Actually, when, when we went remote to work back in March of 2020, we had just announced our new strategic plan that was developed during 2019. So a plan for three years, 2020 2021 and 22. And, of course, we all had to pivot. Our companies needed very different help. And we very quickly became what I call PPE Central. So the good thing about West Michigan is it has an incredibly deep manufacturing sector. And we got a lot

of inquiries, right away from our health care providers, hospitals, and other saying, Do you have this kind of personal protection equipment? Where can we find this etc, etc. So the right place actually became the focal point of gathering all the information of who could make goggles who could make swaps who could make gowns. And we did all that we created a website, there is no, oh, I should say a catalog that is still on our website and will continue to be there. With respect to over 100 companies that no make up locally, we help. We connected our health department to all kinds of resources. We were other videos around the state responsible for making grants to small businesses. In our case, it was over \$16 million over 10 months. But we became a very, very, our job became making sure our businesses had the right information, had access to PPE, could continue to stay in business and I'm talking about manufacturers now and other primary employers, and we really have been extraordinarily busy during this time, believe it or not busier than we've ever been. And of course, that was a part of our work that we never really anticipated. But we did have to pivot just like our business pivoted, but nevertheless we also still engaged in a number of, of really nice projects, one of them in our rural communities in the city of Fremont in Newago County and that was Gerber Gerber baby food. I think everybody knows Gerber baby food, major employer and in a rural county and owned by Nestle, and they are investing over \$30 million in additional capital investment creating over 50 new jobs. And there's over 600 people working at that plant. And of course, it's a really, really critical company for the supply chain of our farmers who grow a lot of the vegetables and the apples that supply Gerber. And then we just completed the last step in a very big project that we're equally proud of. So it was really great to have a big company in in one of our rural communities have a good project during this difficult time. And then Perrigo company, which is obviously grew up in Allegan County, Southwest Michigan, has chosen downtown Grand Rapids as part of the medical mile to build a new North American headquarters, and that's 150 new jobs, almost 45 million in investment. And we competed with Chicago and southwest Florida. So both projects, I'm very proud of that we got through all of this through the pandemic, because we did all these meetings virtually. So I've never really done big projects like this virtually. But we made it. And so that's been a great, it's a great story. And, and, as you know, add from your years of experience in the legislature, you are familiar with medical mile, when it started, it has become an unbelievable success story with now an addition of a corporate headquarters. It's education, its research and its healthcare. And it's grown in unbelievable. And Spectrum Health is going to put another building north on Monroe. So the story continues. It's a 20 year story, but it's like, nothing I've ever seen happen. It's fabulous.



Ed Clemente 17:05

So few more questions. But one is like, you probably touched on this a little bit, but I'm sure there's more to it. What future trends do you see that are sort of in place to take take

off soon, you know, for the area or just emerging areas you'd like to highlight?

B

Birgit Klohs 17:27

Well you know, we have four distinct clusters of businesses in West Michigan, which really makes us very resilient. One of them is advanced manufacturing, deep, deep manufacturing capabilities, which was critical during during this crisis and continues to be because when somebody asked us who can make swaps if we didn't have the capacity to have somebody do it, what would we have done right. Number two, of course, I just touched on it is the health and life sciences sector, which includes our hospitals, an annual Research Institute, our universities, Michigan State, Grand Valley Ferris, and now of course Perrigo, and and there is a lot of growth there. And a lot of high tech growth, of course, I mean, the the kind of talent that's being attracted there is pretty remarkable. But what it industry is growing really fast. A lot of those companies are smaller startups. And there's a really great entrepreneurial spirit here as you know, and last but certainly not least, food processing our Michigan is the second most diverse state for for agriculture. And so but in each one of those sectors, things are happening and in some cases, they actually are interconnected. So if you take manufacturing for instance, the trend in manufacturing, there are a couple of big ones and in my opinion, one is industry 4.0 which is we just

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Ed Clemente 18:55

Why don't you explain that a little bit.

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Birgit Klohs 18:57

So if you remember back, but 30 years ago, we started with lean manufacturing, the Toyota production process, all of those things helped companies become lean, more efficient, more effective. less waste in the system, which meant less, you know, less money wasted less money lost. Industry 4.0 came out of Germany, and it is that is the connectedness of of a manufacturing company from the time the invoice hits your I mean the purchase order hits the company to the time the part leaves the plant, right. And so there was obviously a lot of a lot of technology involved. I eat IT and so that that is a trend where that is going to continue to to bring our manufacturers really continue into the 21st century the Internet of Things, cybersecurity, artificial intelligence, all of that is part of industry 4.0 to really have Connected plant. Now when I said, you know, there are no connections between some of these clusters, if you think about a plant that deploys really sophisticated machinery and equipment, it's all driven by it. Right? So we have a really great IT sector and and there is real synergy there. So when somebody asked What about a high tech companies, what every manufacturer I know today is a high tech company,

right? General Motors employs more IT engineers and Microsoft. So, you know, and a lot of other companies. So and then, of course, you have the healthcare and Life Sciences industry. What we just learned during the pandemic, you know, you can now go visit the doctor on, you know, virtually, versus maybe go into the office, you know, that industry is going to continue to grow, we're going to continue to need nurses. But one more thing on manufacturing. I think what the pandemic showed us add is that we can't make everything overseas. I truly believe that there are opportunities, particularly for a state like Michigan, and West Michigan, of course, that there will be reshoring opportunities to bring some of these products back to be made here. The supply is going to shorten in some cases, because when you're waiting for that mass to be shipped from somewhere in Asia to Michigan, there is a six week lag, right. So they're in this the MEDC is talking about it where we are talking about it. But I think there are opportunities in reshoring. And that's some of the trends, you know that we see wrong.

E

Ed Clemente 21:42

That's a great job of capitalizing it. The last question I got for you, and I spent a lot of time and Grand Rapids, I used to play rugby there. Yeah. There's been a lot of friends over there. But what you know what makes so special for you, you think to live in Michigan or the Grand Rapids area? I mean, what do you love about it?

B

Birgit Klohs 22:01

Well, you know, I have, as you know, I grew up in, in West Germany, then there was no Germany when I was growing up. And I grew up literally within spitting distance of the Rhine River, one of the world's great rivers. And so I love water. So when I landed in Michigan many years ago, I love being in the Great Lakes State. It's, it's, I've never really had the desire. I love the four seasons. I love this lake. And I love Grand Rapids because it has a big river. And over the past 40 years, Grand Rapids has done just a phenomenal job in creating a place. And placemaking obviously is important, where you have amenities from the arts, culture, outdoor amenities, a great downtown, vibrant downtown, that has amenities that sometimes you look for in really big cities. And yet, you know, I can be downtown and participate in all of it. And I'm only 10 minutes from my house. So you can get your arms around the city, and yet you have amenities that are big city amenities, and you're very close to the outdoors, you know, and a half an hour, I'm on the lake. I live by a whole group of small legs, and it's just a package or that really appealed to me. And I really just fell in love with it. And, and, and stayed for all these years.

E

Ed Clemente 23:39

You've been a great ambassador for the West, but especially for Michigan. And we're really going to miss you. I think you're still going to be involved in a few boards.

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Birgit Klohs 23:49

Oh yes, I have a I have boards I serve on including our airport board and including the convention arena Authority Board. I'm on a board of a new venture capital fund for for entrepreneurs of color. I'm on several corporate boards.

E

Ed Clemente 24:06

I think you're on the Gordie Howe board, too, right.

B

Birgit Klohs 24:08

I am on the Gordie Howe Bridge Board, Yes. It's the international crossing Authority Board. There are three Michiganders and and three Canadians. Working with the Windsor Detroit Bridge Authority on building ourselves a new great bridge between our biggest trading partner, I think it's a great project for both Canada, the United States and Windsor in Detroit because good infrastructure is what drives good economic development. And I really believe that the bridge will have an immense, immense, positive economic impact on Southeast Michigan, but also Michigan because just out of West Michigan alone, we export over \$3 billion across the bridge so it has impact on the whole state.

E

Ed Clemente 24:56

Well, once again, I want to thank you for taking time You know, I know you're very busy person, but you've been great for the state and I'll miss you but we'll still be seeing you maybe once and awhile on some boards. Thanks again for being on the show today.

B

Birgit Klohs 25:10

Oh, thank you very much. I appreciate it very deeply.

A

Announcer 25:13

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