

Talk CNY- Transcript for S1E7

Andrew Fish 0:06

CenterState CEO is Central New York's leading business leadership and economic development organization committed to creating a region where businesses thrive, and all people prosper. Welcome to CenterState CEO's semi-monthly podcast Talk CNY, presented by NBT Bank.

Kate Hammer 0:22

Through this series, CenterState CEO shares the latest news and information on topics ranging from community and workforce development to policy and innovation. You'll get an inside look at the people, projects and planning moving Central New York forward. Take a moment right now to subscribe in your listening app for new episode reminders every other Wednesday.

Rob Simpson 0:44

The reality is, is that growth in our community is now inevitable. We are going to grow. We're going to grow quickly. I think the question is, are we going to grow wisely? Are we going to grow smartly, in ways that are more equitable or inclusive, or are we going to revert to patterns of the past? And I think that is the challenge to which this entire community needs to rise.

Andrew Fish 1:05

Rob Simpson CenterState CEO, President and CEO joins us today to talk about the region's new growth trajectory, and how we as community leaders must work to shape that growth to amplify this opportunity for all. I'm Andrew Fish, Senior Vice President of Member and Business Experience at CenterState CEO.

Kate Hammer 1:23

I'm Kate Hammer, business coach and member at CenterState CEO. We are your hosts for Talk CNY. Rob, thank you so much for joining us today.

Rob Simpson 1:32

Thanks for having me back.

Kate Hammer 1:33

So this episode is going to drop same day as the CenterState CEO annual event. And what a heck of a year it's been. So much has happened. What's the one thing that you want to make sure that you share that you're really proud of?

Rob Simpson 1:50

I mean, I think so much has happened in this last year. And it's actually been one of the defining years, I think in the history of our organization. And perhaps when the history books are written in the history of our community. I think the thing that maybe I'm the most proud of is the way that our team has risen to the challenges that have been put in front of them. Last year, as we worked with partners in the county, the state, Senator Schumer's office to land the historic Micron investment, the level of effort went into that was astronomical. At the same time, we still had almost 2,000 members to attend to on a daily basis, we still had the basic programmatic work, the blocking and tackling programs like pathways to apprenticeship to help women and minorities get access to construction jobs, all of the work that CenterState does not only kept going but got better as a result of the team effort. So I think on top of everything else, that thing I'm the most proud of is the way our team responded to a really challenging, but exciting year.

Andrew Fish 2:49

As an organization, our mission is to create a place where businesses thrive and all people prosper. And, you know, I'm constantly amazed at how unique that mission statement can be, in terms of the work that it gets us into in terms of the opportunities that we have, as we look back over the last year. Can you talk a little bit about some of the businesses and people that we've supported? And what are some of the things that stand out for you?

Rob Simpson 3:12

Yeah, I mean, I think while a lot of the attention will be on the Micron announcement, the reality is we've just got a tremendous amount of things that are happening here in this region to be proud of. I mentioned pathway through apprenticeship just a minute ago and it jumps out at me because of how unique that program is- has been years in the making partnering with the city in the county, partnering with the building trades, right, so the business community and organized labor working together to do something to improve our community. I'm proud of the fact that we've played a role in breaking down some of those barriers, those historical barriers. And the net result of which was I think, our first cohort, we had 400 individuals apply for 20 slots in our program. We've now run four cohorts, almost 100 people that have gotten trained through that program. Those are human lives that are being touched. Those are career doors that are being open for individuals that live here in our community. And I hope having a long term generational impact on themselves on their families on their ability to buy a car to buy a home, and to enjoy a greater quality of life. At the same time working with so many of our local companies who have been, you know, emerging from the COVID induced sort of economic malaise and looking to grow and expand. Our economic development pipeline right now is as full as it's ever been. In fact, it's probably three times larger than it was pre pandemic, over \$1.7 billion in economic development projects that we are working on right now, most of which are with local

companies that are looking to grow and expand. And that's a remarkable thing. Each one of those projects, you know, our companies with employees, there's a lot of time and effort that goes into helping helping those businesses get the tools, the resources in order for them to feel confident in expanding here in Central New York.

Kate Hammer 4:53

So at this point, we've all heard that Micron is coming to Syracuse. That's happening. They're coming, they're making a \$100 billion investment into a facility, creating 9,000 direct jobs. Can we get an update?

Rob Simpson 5:07

Yeah, you know, I still smile every time I hear that it's it's such amazing news, it obviously the the impact on our community is going to be profound. What I can tell you is that every single day, every day of the week, and there are conversations going on with Micron and so many different work streams, whether it's efforts with Syracuse University and OCC and other partners around workforce development. Certainly lots of conversations going on with the county around the development out of the site at White Pine. Conversations with the state around some of their climate and sustainability goals. With our federal government partners around the CHIPS Act application, which is now out. There's a lot of activity going on, every single engagement that I have with Micron continues to be extraordinarily positive. This is a company that lives, their values. It's a company that is committed, despite the short term economic challenges that we know are out there, we can all read about on the news. This is a company that is committed to the long term investment strategy that they're making here. And our community is going to benefit from that in extraordinary ways. You know, I was thinking about, you know, as we talked about this episode, dropping an annual meeting day, and part of the message that that I intend to share is really around the inevitability of our growth. Right, the trajectory has been set now. Even some of the momentum, you know, we've gotten that initial push. And I think there's a lot of questions about you know, how we grow. But the reality is, we are going to grow, because our Central New York economy over the course of the last 10 years has been pointed at a singular and really unique market opportunity. And that's, you know, the opportunity around the Internet of Things. We've been doing this since 2013, we did some research with the Brookings Institution, one of our great partners, we talked about our data to decisions, costs right, and the fact that 50% Of all the intellectual property, right, patents that are filed in central New York over the last 20 or 30 years, have been in that sensing, data sensing and analytic space. The reality is in 2015, there were 3.6 billion connected devices in the world. Today, here we are in 2023, that number is like 14 billion, it's projected by 2025. That number's can be 27 billion different connected devices, right? That's the market where we are strong. That's where our workforce has talent and capability. Those are the markets that so many of our local companies, or service sector

companies or software and IT companies are advanced manufacturers, they are selling into that market that is growing exponentially. And that's a big part of the reason why Micron is here. They're making this 100 billion dollar investment, because of the growth in that sector, as well as so many others. Growth is inevitable, as we talked about. But how we grow, I think is the defining challenge for our organization for this community over the next five to 10 years.

Andrew Fish 7:54

You know that growth is really spectacular, and it isn't just Micron in Q1 of 2023, our economic development pipeline is something that we've never seen doing this well before. When I started with CenterState CEO in 2016, we on an average year \$300 to \$400 million pipeline was good. You mentioned \$1.7 billion, that's actually just in our expansion space with existing companies that are here-

Rob Simpson 8:15

Local companies that want to grow.

Andrew Fish 8:16

Right now we have 45 active projects in the attraction retention expansion space, that represents \$6.2 billion of capital investment, over 11,000 new jobs and in excess of 12,000 retained jobs in all those projects, right? Like, that is a that is a factor that is completely different from the world that we were working with within even just four or five years ago.

Rob Simpson 8:40

The thing about that I that I think listeners might be interested in knowing is that none of that includes Micron.

Andrew Fish 8:46

Correct. Or its supply chain.

Rob Simpson 8:47

Nor includes the Micron supply chain that we know is coming, right? That's just all organic growth opportunities that are finding their way back to the Northeast United States, back to places like New York State back to upstate New York, where we've got water, we've got power, we've got academic institutions, we got a quality of life, we've got housing, recreational opportunities. You know the story, the narrative that we've been telling about this region for a long time, and why we were going to win and be competitive in the long run is starting to play out in the way in which companies are making decisions. It's incredibly exciting. It's also a little bit overwhelming. Sure, it is a scale of growth, that it's gonna take a lot of effort to manage and manage effectively. Yeah, and I know that many of

our local companies, I was talking to a business owner this morning, who's a little bit worried about the growth, right, and we should just openly acknowledge that I tell the story sometimes that you know, let's assume Micron were to have 9,000 employees today, right? They ramped up on day one, and they started with 9,000 employees would represent about 2.5% of our total regional employment. Right. So it's a lot of jobs. Yeah, they're great jobs. I don't want to minimize that. But it's not so many jobs, that it overwhelms our entire system, and realizing that those jobs will ramp over 15 or 20 years. But the reality is that if you're a small business owner or manufacturer, owner of a restaurant, operate a hotel somewhere in town, and you're looking at this future where major employers like Micron, globally recognized brands are putting up a shingle here in Central New York, you might worry a little bit about your ability to attract and retain a workforce in what is already a tight labor market. I've said this before, and I'll continue to say it, our local companies, the ones that have been here, the ones that survived the economic malaise, the 90s, the 2000s, the ones that stuck with this region were loyal to this region, I'm as excited about this moment for them as I am to welcome new businesses to our region. And I think it's imperative on organizations like CenterState CEO, to make sure that while we're working on all these exciting opportunities that our members and our local business community are feeling the love to, and that they know that we're not trying to leave them behind. In fact, we are trying to create opportunity designed to help lift them up.

Andrew Fish 11:01

On that pipeline, is there, obviously we've got a lot of, you know, confidentiality that we deal with in this work. But is there any particular projects or stories that you can share as it relates to that economic development pipeline that kind of speak to- this is why we're seeing this growth? And these are why these companies are looking here, all those little things that you just listed?

Rob Simpson 11:22

Yeah, I'll share a couple of anecdotes that might be illustrative. The first is if you go back 10 years, our economic development pipeline, right, let's call it 300 million, whatever the number was. 85% of that pipeline was made up of professional service jobs and opportunities. Traditionally, financial services, back office, insurance, call center operations. You know, it wasn't all that long ago as a community that those were the opportunities that were presenting themselves. Those were the things that as an organization we're working on every single day. And we were excited about them. They're remarkable opportunities. We love the companies in that space. Syracuse and Central New York played really well in that sector. Today. However, if we look at that pipeline that you articulated, \$6.2 billion, 85% of that is in advanced manufacturing. So that's a total sea change. A sea change in how we approach trying to land those deals. A sea change in the workforce development needs of the prospective employees that are needed to make those

opportunities possible. And I think it's been driven by a handful of key trends that you know, the first we mentioned, the growth in, in IoT, in Interconnected Devices. Second, the impact of the pandemic. I think that there is no doubt that the pandemic's disruption on global supply chains, was a wake up call for a lot of people. For years and years and years the message was, "globalize your supply chain, drive your cost down as low as possible, reduce the cost of every single commodity delivered to a consumer product at the lowest possible price". And the wave of globalization was very effective at that. What it didn't account for was other imperatives, right? And now we're starting to see some of those imperatives get baked into decision making. How do we protect that supply chain? How do we minimize the risk of a global event being disruptive to that supply chain? The other thing we see going on right now, in particular, what's going on in Russia and Ukraine, what we see the tensions across the Taiwan Strait, China and Taiwan, there is a massive amount of concern. And governments, you know, from the US government all the way through European allies and folks, even in Asia, that are very focused on minimizing the potential future disruptions of further geopolitical events. And as a result, we are seeing more companies who are looking to establish manufacturing and supply chain processes in the United States. I think that many of those were opportunities that left domestic shores 20, 30, 40 years ago.

Andrew Fish 12:14

Which we experienced here.

Rob Simpson 13:07

Which we experienced here- caused a tremendous amount of pain and disruption. And now as people are coming back and looking at the US, I think they are also facing this other pressing market force of climate change and climate migration. And people are looking at the Southwest in a different way and asking, "Hey, is there gonna be enough water there 10 years from now?" You know, it's we're fortunate on the West Coast, they got a lot of snow this year, they got a huge snowpack reservoirs are filling back up. But, you know, nine months ago, we were having a very different question about the amount of water in places like California, Texas, Arizona, New Mexico. And we're starting to see those factors really drive businesses back to looking at Northeast locations. And if you're looking at the Northeast, places like upstate New York are remarkable. There's no place that has the colleges and university talent that we have very few places that have the kind of housing affordability that we have. And so I really do believe that the combination of those forces, the pandemic geopolitical events, climate change and migration, or creating a moment that is unquestionably Central New York's time. We have an amazing local business, Anoplate Corporation. They service clients across a wide wide variety of sectors doing metal plating and other types of finishing work for products that go into the aerospace industry and defense industry. They've been a longtime active, engaged member of ours, but really a

pillar in the community for a long time. They have a facility down in the Inner Harbor, which as we know is one of our targets for investment and redevelopment. And they're just undertaking a significant expansion. Another expansion after, you know, expansion 1, 2, 3, 4, here they are doing another project that's had the support of the Regional Economic Development Council, the City of Syracuse has been really actively involved. And so it's wonderful to see family owned businesses that are able to take advantage of these global trends that we're talking about. Another great project that comes to mind is HII, this is a pretty significant international defense company and shipbuilding company. They happen to have a presence here in our region for the defense side of their business. And they have recently gone through another expansion and they're moving into city center, the old Sibley's department store in downtown Syracuse that listeners might know better is that ugly pink and building that has been vacant and abandoned in the center of downtown for over a decade. And Hayner Hoyt has been undertaking a pretty significant redevelopment of that property. And it's great to see companies like HII, wanting to grow and expand their presence in Central New York because of our talent pool, because of the the strength of our workforce and in, you know, RF technology, radiofrequency technology, and because of the partnerships with our academic institutions. So, you know, examples abound, but it's not only our local companies that are growing, but also national players that are expanding here. And they're making our community more vibrant. They're creating jobs. And ultimately, the money, the payroll from those expansions is going into our small business community and restaurateurs, and folks who own coffee shops and and our consultants here in town. And it's just it's really a wonderful set of convergence of opportunity.

Kate Hammer 17:00

Yeah. And speaking of opportunity, maybe we have an opportunity now to relabel how we see ourselves. You've spoken many times about how we see ourselves as the underdog, and that we maybe need to shift our mentality to an emerging community. Can you say a little bit more about what you mean?

Rob Simpson 17:19

Yeah, I mean, listen, my perspective has been shaped over the last 20 years moving back here in 2003, to a community that, in a lot of respects, I feel like, I hate to say this, but it's my experience moving back here, a community that had almost stopped believing in itself. That had for many valid reasons had experienced social and economic stagnation and decline in ways that left a profound psychological impact. And over the course of the last decade or two, we have, as I've often said, we have started punching above our weight class, right? I like that metaphor because little, you know, little Syracuse winning competitions like the JPMorgan Chase Advancing Cities Challenge, right, one of only five cities out of 254 in the country that applied, building partnerships with Brookings, getting invited to tables with places like Miami and San Diego and Louisville, and that has paid real

dividends for us. We've seen the fruits of that labor: the rebirth of our innovation ecosystem downtown coming back, having a chance to take a swing at a project like Micron. And now that we have these successes, I don't think it's fair to think about Syracuse as an underdog. In fact, given the global trends that we just talked about, I am confident, 100% confident that the next 10 years of Central New York's economic trajectory is going to be one of robust economic growth. We are going to be leading the country in some dimensions of growth. And it is a, yeah, it is one of those moments where you're like, wow, this is real, this is actually happening. But I think the challenge that that creates for us is that we have seen time and time again, around the country, places that go through a robust period of economic expansion, inevitably face pain points. Their housing market gets tight. Our housing market here is already tight. We need to build more housing. The governor has acknowledged that in her budget, got to put more incentives and supports into building more homes, single family homes, multifamily homes, townhomes, condos, and every level of workforce housing, affordable housing. We do not want to be in a position where, you know, the average median price home in Onondaga county is, you know, \$800,000 like it is in you know, Boulder County right now or other places where like an average person making an average, you know, median wage, can't afford to buy a home. That's not what we want for our community. We don't have to end up there. That's the message that I try to deliver every chance I can is, we actually have agency over what happens next. We have agency over who gets access to these jobs, right? Working with companies like Micron or companies like Anoplate, around building pipelines for people from all backgrounds to get access to economic opportunity. We also have agency over where we build housing, right? Let's use our existing infrastructure first. The County Executive's talked a lot about wanting to build stronger town and village centers throughout the county, which is something we wholeheartedly support. We definitely want to see housing development take place, and industrial development take place where we already have existing water and sewer to power infrastructure, instead of spending tax dollars to extend infrastructure into green fields. Then we lose green space, our taxes go up with marginal benefit. So, I just remind people, we have agency over what comes next, there are going to be pain points inevitably. But if we work together, as I know we have in the past, and I'm confident we will in the future, we can manage those, and we can, for lack of a better term, I think we have a chance to set a new standard for how a rapidly growing community can navigate some of those challenges that have existed in the past. Almost like you know, the modern day Syracuse experiment. We get a chance to lead. And I'm pretty confident, actually I'm very confident that we are going to exceed the bar of expectation and hopefully, in doing so, change not only the statewide conversation around what's possible, but maybe even change the national conversation around what's possible to achieve in a fast growing community.

We'll be back in just a minute to continue this really important conversation. But first, here's a note from Talk CNY's presenting sponsor, NBT bank.

NBT Bank Sponsor 21:48

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Andrew Fish 22:18

I'm left speechless rarely. And when I think about the opportunities that we have before us, it is still difficult to grasp. But, there's so much work that we have to do, so many things that we can roll up our sleeves on, which is super exciting. Because you know, we just love to come to work and do this work every day. And you know, we've got an opportunity, as you said to do it, right. I think we won't get everything right, right?

Rob Simpson 22:41

But but we're gonna try.

Andrew Fish 22:43

And I think we're gonna get more right than we than we don't, is my is my thinking.

Rob Simpson 22:47

The thing I'll say on that is that we want the community's feedback, right? I mean, our so much of our work is informed by our members, they tell us what they're feeling, what they're experiencing, what they're worried about. Like this manufacturer this morning, who's worried about workforce, you know, we take those inputs in and we turn that hopefully into strategy and output that can make us better. And so just that level of engagement and involvement, I think if there's one thing I know for sure, we will not be successful and growing the way we want to grow smartly, wisely, more inclusively, if our local business owners and our members and our community partners aren't at the table with us, sleeves rolled up, with the same amount of passion and conviction that we all bring to this work. We're going to need everybody. And I'm confident that if we can get that level of engagement, get that buy in, get people to the table, that we're gonna we're gonna blow people's minds.

Kate Hammer 23:38

Last time you came and hung out with us on the podcast, we asked you the question, if you could give us one word to describe the year, what would it be? And you said-

Rob Simpson 23:50

You gave me two words. I said rocket ship.

Kate Hammer 23:52

You did. Okay, fine. Two words. So for Q2, give us a word or two.

Rob Simpson 24:01

Inevitable. Growth right now is inevitable.

Andrew Fish 24:06

All right. Inevitable.

Kate Hammer 24:09

We like the confidence.

Andrew Fish 24:11

Rob, thank you so much for being on the show with us. We really appreciate it. We look forward to continuing these conversations with you throughout the year. And seeing how this inevitable growth plays out.

Rob Simpson 24:22

Please click the like button. Subscribe. Give us a rating. Hopefully a good one. And let folks know we're trying to bring you good stories and information on what's going on here in Central New York. We value your feedback. Thanks for listening.

Andrew Fish 24:35

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Kate Hammer 25:02

Join us in two weeks as we talk about the work ahead for this region and continue to highlight those things that will drive opportunity in Central New York. For new episode

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