Case: Building on Economic Assets in Akron, Ohio after the Decline of the Tire Industry

COMMUNITY PROFILE

Once known as the “rubber capital of the world,” Akron has had to reinvent its economic base and its image in order to retain, attract, and create quality jobs, as well as the talent to fill them. Following the downturn of the tire industry and the departure of thousands of manufacturing jobs, Akron faced the challenge of many Rust Belt cities: how to reinvent itself and transition to a knowledge-based, globally competitive economy. Akron addressed this task quickly with city and chamber leadership, in partnership with the University of Akron, private industry, and other institutional stakeholders. Multi-tiered regional initiatives helped Akron use its existing assets to transition from rubber to polymers and new technologies in biomedical, health sciences, and advanced materials industries.

IMPACT OF THE DECLINE IN RUBBER MANUFACTURING

Akron has undergone a considerable transformation in the years since the rubber industry largely left the city and region, taking almost 19,500 jobs in the industry and many more indirectly. The city lost approximately 53,000 people between 1960 and 1980. However, the population decline slowed significantly for the city from 1990 to 2000, particularly in comparison to surrounding cities in Ohio, because of the successful efforts at economic diversification the city undertook.

PURSuing AN ECONOMIC DIVERSIFICATION STRATEGY

Previously, executives of the major tire manufacturers led the city’s economic development agenda. After their exodus, economic development became a community-wide effort. Stakeholders came together in new ways to transform the economy for long-term recovery. They repositioned local assets to remain competitive and pursued a diversification strategy to reduce their vulnerability to economic shifts, rebranding Akron as a diversified, globally competitive economic player.

In the mid-1980s, community leaders realized the need to develop a broad recovery plan. With input from industry, government, and academia, the group developed the Akron Plus Plan.

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campaign, a $4.3 million economic strategy and marketing plan to identify growth industries for the region. One fifth of the cost of Akron Plus was funded by government. The remaining money was raised from all sectors of the community, including financial institutions, utilities, corporations, developers, manufacturers, foundations, professional and service companies, medical, retailers, media, transportation, and construction companies. Presented in 1986, the Akron Plus study suggested a comprehensive economic development approach that included business retention and expansion activities, promoting new business ventures by local entrepreneurs, and attracting businesses within target industry sectors. The mayor made a financial commitment of $100,000 to the Akron Plus campaign on the condition that city economic development staff would be co-located at the chamber office to facilitate greater collaboration.

THE PLAN

Akron has been successful in diversifying its economy by undertaking a broad range of initiatives including:

1. **Business retention and expansion**: This has been an important component in Akron’s cluster strategy. For example, the city successfully retained Goodyear. In December 2007, the Goodyear announced it would move into a new, $890 million world headquarters facility in Akron, keeping 3,000 jobs in the city.

2. **Downtown revitalization**: Akron aggressively purchased vacant property, assembled the land into sizeable parcels, upgraded the infrastructure and facilities, and resold it at a competitive price to companies, thus marrying job creation with downtown revitalization.

3. **International partnerships**: Akron also made a $1 million investment in an Israeli business incubator in exchange for the understanding that when companies are ready to graduate, they will look to Akron to locate a branch of their operations. Nearly 30 European companies bringing 2,500 jobs have located in the Greater Akron area—about one third of them within city limits—as a result of the City’s international marketing efforts.

4. **Local partnerships**: Akron created an innovative partnership project called the Joint Economic Development District, which allows cities to work with other townships to develop land for commercial purposes and to share the tax revenue.

*Transforming from Rubber to Plastics*

French company Michelin’s radial tire brought unprecedented competition to U.S. manufacturers, and their failure to respond with an equivalent or superior product resulted in the loss of market share. To survive, some of Akron’s key companies made the transition from rubber to plastics by focusing on commercializing the synthetic rubber research conducted at the University of Akron.
Although the University of Akron (UA) historically was linked to the rubber industry through research and teaching, the industry’s departure in the 1980s forced the university’s polymer program to move beyond rubber. In 1988, the UA leadership approved the merging of the polymer science and polymer engineering programs into one school—the first of its kind in the country—to enable interdisciplinary research in polymers and to bring global recognition to the program. In addition, the highly-respected Liquid Crystal Institute at nearby Kent State University became involved in technology transfer and business startup activities for polymer-related industries.

Business Retention and Expansion

Business retention and expansion visits allowed the staff to develop more detailed knowledge of the community’s strengths and weaknesses, as well as industrial trends and opportunities. With that knowledge, they developed international trade missions to promote Akron businesses and the region. Over time, the team became more successful in attracting companies that closely aligned with university and industrial activities, creating jobs that were more likely to add value to the product, service, or production process.

Entrepreneurial Development

In 1983, Akron launched the first small business incubator in Ohio to incubate companies in manufacturing, assembly, and distribution. The incubator has now shifted its focus to technology-based growth, including biomedical and alternative energy companies. There are currently 45 companies in the accelerator employing over 250 people. Since it was founded, 65 companies have graduated from the incubator, producing 800 jobs in the community. While these companies have created jobs across the skill spectrum, the average salary of these jobs in the last year was approximately $62,000.

Workforce Development

Akron is one of many cities challenged to retain skilled workers. While Akron used to be a city full of production-line jobs in the rubber industry, the jobs are now largely knowledge-based or are in areas of advanced manufacturing that require an updated skill set. The City of Akron and the Greater Akron Chamber of Commerce have been strong partners with education and training institutions to achieve three goals:

1) Help transition workers from the rubber industry into polymers, advanced manufacturing, and other related industries.
2) Expand and strengthen the overall worker pipeline, with an emphasis on education.
3) Develop a more dynamic downtown and “after hours” options to attract a younger, highly-skilled population.
Building Local Partnerships

Akron’s economic transformation is fundamentally connected to leadership, continuity, and commitment. Akron is developing new core competencies by building on its assets and diversifying its economy. A campaign that began in the 1980s to market the region and attract new businesses, in concert with research and technology transfer from the University of Akron and other universities, has helped Akron become an internationally recognized leader in polymers. Additionally, the city is attracting and developing companies in other industries with growth potential for knowledge-based, semi-skilled and skilled jobs, including biotechnology, nanotechnology, health services, and advanced manufacturing. Akron also is growing its own jobs with the Akron Global Business Accelerator and the University of Akron Research Foundation.

Much of Akron’s success can be attributed to the imaginative and bold vision of several community leaders, including Mayor Don Plusquellic, who is serving his sixth consecutive term. The mayor even led an effort to create an Akron medical corridor in 2006, garnering $80 million in support from the Knight Foundation, the state of Ohio, existing partners, and the private sector.

RESULTS

The partnership between organizations proved to be effective. At the end of the five-year Akron Plus campaign (1988-1993), the region had added 37,500 jobs (40 percent more than projected); 25 percent of those were manufacturing jobs. By the mid-1990s, the chamber was looking for additional growth prospects. A cluster study for Northeast Ohio identified that the region’s horizontal clusters of polymers, metal works, and electronics provided critical support for the vertical clusters of aerospace, advanced materials, and auto manufacturing.

While polymers have led Akron’s initial economic recovery, Akron has successfully diversified to a mix of industries. Employment in the polymer industry actually dropped significantly in the last decade, 54 percent since 2000, but the region’s advances in polymers have fueled growth in related industries, such as health services and the biomedical industry. These industries continue to be instrumental in the city’s recovery process. Advanced manufacturing, instruments and controls, information technology, motor vehicles and equipment, and insurance companies have also seen growth in greater Akron. All of these industries are rooted in Akron’s former polymer economy, in the form of knowledge, skills, facilities, and institutions. While advanced manufacturing remains critical to the region’s economy, new sectors now represent areas of focus for Akron as it transitions to the knowledge economy and diversifies its economic base.

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2 Polymers are materials that can be effectively substituted for metals, glass, and wood in a variety of products.
SUMMARY

Akron has been visionary and risk-taking in its economic initiatives. A city that was once a one-industry town has diversified its products and markets as part of a strategy to stay economically competitive. Additionally, community leaders have made strategic investments in downtown and neighborhood revitalization, housing, and public education to pump new life into the city.

The effectiveness of Akron’s economic development strategies depended on building the right partnerships and alignments, leveraging both private- and public-sector resources, and investing in critical community assets. The Akron story demonstrates that no single solution can alter an economic trajectory; instead, a multi-tiered approach is required to achieve sustainable economic transformation.