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News Release

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Springfield's First Annual Economic Conference A Hit

Renowned economist and local leaders impress hundreds of regional business leaders with candid outlook of regional, state economy

SPRINGFIELD, Mo., Oct. 5, 2004 – Springfield is in the enviable position of having a diverse economy, an educated workforce and an airport to take business leaders to any market in the world, but the region's future will hinge on its continued willingness to embrace technology as a business tool and a source for new business.

Those were the heady words of **Brian Wesbury**, renowned economist based in Chicago, who was the keynote speaker at the First Annual Economic Outlook Conference sponsored by the **City of Springfield** and the **Springfield Business & Development Corporation**.

Corporate sponsors for the event included Blackwell Sanders Peper Martin, Commerce Bank and The Signature Bank. The event was held Sept. 30 in Springfield.

The audience of almost 300 business leaders and owners were equally impressed with the candor of local leaders who addressed success and challenges in health care, manufacturing, retail and education. Jim Anderson, president of the Springfield chamber, led the local panel through an unscripted, lively discussion of their industries as well as their outlook for the region. Panel participants included **Larry D. Wallis**, recently retired chief executive officer, CoxHealth; **Mike Briggs**, president, Willow Brook Foods Inc.; **Jim Hagale**, president, Bass Pro Shops Outdoor World; and **John H. Keiser, Ph.D.**, president, Southwest Missouri State University.

Wesbury, a native of Columbia, Mo., spoke of the changes technology is bringing to the marketplace. "What we are living through today is one of the most incredible transformations of our economy of all time," he said, comparing today to more than a century ago when the nation began its switch from an agrarian-driven economy to

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industry and manufacturing.

“Every invention begets a new invention,” Wesbury continued, adding that new ideas will spawn new businesses. When asked by a conference participant to make a recommendation for the city, Wesbury suggested investing in wireless broadband technology for downtown Springfield to allow free Internet access. “See what happens,” he said. “Who knows what ideas will develop.”

Greg Williams, CecD, Senior Vice-President, Economic Development of SBDC, said the conference accomplished its two goals. “We shared statistics with our business leaders about the great job we are doing – and must continue to do – to grow our region’s economy,” he said. Springfield was rated sixth among best metro areas of all sizes for business expansion by Expansion Magazine, and Inc. Magazine rated the city 15th among best mid-metro areas for doing business. “We also wanted to promote synergy about our region’s potential and ideas for future growth,” he added.

Ideas for downtown have helped fill up once-forgotten grain elevators with the type of new technology Wesbury talked about. SMSU’s Kaiser reported government-funded researchers have received \$21 million to develop business applications of nano technology, and they are already looking for more space to lease in downtown St. Louis.

During his segment of the panel discussion Kaiser recommended a statewide view for encouraging economic growth, and a need to depart from a “corridor mentality” of funding higher education in Kansas City, Columbia and St. Louis. “Missouri ranks 46th in its funding of higher education,” Kaiser said, forcing state colleges to raise tuition. “This means, for the first time, students will pay more for their college education than the state.” He added that university supporters and area legislators need to continue to seek a name change for SMSU to Missouri State University, giving it greater recognition in foreign countries like China, where the school already has a presence.

Briggs gave a realistic view of his industry, a large scale food supplier to national and international markets. Briggs said he has a “positive outlook” today, but the national economy had a rude wake-up call after 9-11. “We had excess capacity, so the lower

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demand side put the brakes on that,” he reported. On the positive side, “Our inventories are in much better shape.” Like Wesbury, Briggs said signs of inflationary pressures leading to higher prices, will be accepted by customers.

Briggs said his industry touches almost every regulatory body, trying to weigh local concerns with tourism, water treatment and odor. He called for “balance” when agencies examine these issues. “It’s incumbent upon government to make it easier for manufacturers to compete,” he said. “We need a common sense approach.” Similarly, Briggs said international trade issues need the same attention. “We aren’t asking for free trade, just fair trade.”

Hagale, the envy of the audience in his casual Bass Pro Shop attire, talked about the strength of Bass Pro’s brand and its ability to stay “pretty far out of the box” compared to other retailers. The privately-held firm, found by Springfield native Johnny Morris, is brand-driven, he said. “When you are a publicly traded company, you’re focused on short-term goals and results ... and competing on price is not a viable long-term strategy.” The retailer noted that his industry has experienced a lot of “distractions” of late, notably the national election, rising gas prices and flat job growth, which was reflected in weak August sales among national “economy retailers” like Wal-Mart and Target. Meanwhile, high-end Nieman Marcus and Nordstrom’s department stores recorded double-digit sales for the last month of summer, he noted.

“We are insulated from what goes on nationally,” Hagale said of the Springfield economy. “We are in a very vibrant, diverse mix in southwest Missouri and northwest Arkansas.” Hagale said that while some of his customers may not buy a new rod and reel or shotgun in this economy, but they will continue to fish and hunt, “sometimes more, if they are laid off,” he said to laughter from the audience.

The addition of 10 new mega-stores across the United States by the end of the year has not hurt the “granddaddy of Bass Pro stores” in Springfield, and local boosters should not worry that Bass Pro is diluting its brand or hurting its flagship location, Hagale said, adding, “We are a destination retailer.” Since each store draws 50 percent of

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its customers from a 50-mile radius, not even the addition of stores in the St. Louis, Oklahoma and Chicago markets diluted Springfield sales this past year. “We reported our best-ever fourth quarter in 2003 and first quarter 2004,” Hagale said. He added that Bass Pro customers pride themselves on the number of mega-stores they have visited, making a trip to the Springfield flagship store a mandatory journey for many.

Another strong industry for Springfield is healthcare, employing 15 percent of the local labor force with a \$3 billion impact on the local economy. Wallis, recently retired CEO of CoxHealth, spoke candidly about trends in the industry, which is growing as fast as Baby Boomers head toward retirement and demand more healthcare services. Other issues facing his industry include cost utilization and containment, staffing shortages, technological advances, prescription drugs and the needs of the uninsured.

“Hospitals are doing more and more to reduce costs,” Wallis said, adding that malpractice costs have somewhat stabilized. Wallis predicted industry cost hikes will be driven by increased wages to stem staffing shortages, as well as the cost of technology and drugs. Patients are also impacting costs, too. “Twenty-five percent of the time, we advise our doctors what we want, and 60 percent of the time we get what we want,” he said, citing the popularity of erectile dysfunction drugs, procedures like liposuction, and common allergy relief medicine.

Wallis said the nation is going to have to examine a more efficient method of delivering health care to all citizens. “Believe me, I’m not a socialist, but half our population is using a single-payer system already,” he said, adding that handling paperwork for private insurance claims costs three to five percent more than government programs. As for healthcare’s impact on Springfield, Wallis said, “You are going to see more and more construction along National Avenue as hospitals gear up for a growing market.”

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Editor’s Note: The Springfield Business & Development Corp. (SBDC) is located at 202 S. John Q. Hammons Parkway, Springfield, Mo. (65806).