

## Iowa town reshapes its economy with data-focused plan, partnerships

*For more than a century, the economy of Newton, Iowa, has depended on the presence of Maytag. But when the manufacturer was swallowed up by Whirlpool, which promptly closed the Newton plant, regional leaders had to develop a new revitalization and economic development strategy from scratch. The result has been the creation of 1,200 new jobs in Newton alone and a textbook example for other regions dealing with similar circumstances.*

### Situation

In 2006, when Whirlpool decided to move out of Newton, Iowa, the small town was faced with losing its largest employer and the backbone of its economy. The last round of layoffs, which included the shuttering of Maytag's longtime corporate headquarters, amounted to nearly 1,900 workers in the town of only 16,000 people. And it followed the loss of 2,000 jobs in the region over the previous five-year period. But by the time it was sold and shut down, local leaders had begun creating partnerships and strategies to help Newton and the surrounding region rebound. With the help of more than \$1 million from the U.S. Department of Labor, including the first-ever Regional Innovation Grant (RIG), a revitalization plan was crafted. And it quickly started paying dividends—thanks to a strong network of decision-makers and a foundation of regional economic intelligence.

### Challenges

Once Newton was awarded the RIG, the partners of the Newton Transformation Council contracted with two specialized firms, Maher & Maher and Economic Modeling Specialists Inc. (EMSI), to sketch out a revitalization plan.

In addition to modeling the total impact of the closure and running transition-worker scenarios, the EMSI consulting team was charged with

- 1) **Defining the real economic boundaries of the affected region** to use for data collection, analysis, and asset mapping; and
- 2) **Creating a data-driven regional SWOT** (Strengths, Weaknesses, Opportunities, and Threats) Analysis for the region.

The first assignment presented its own set of challenges. “The message from the Department of the Labor was, ‘Make your decision on what the data shows you,’” recalls Kim Didier, director of the Newton Development Corporation, a founding partner of the Newton Transformation Council. “What EMSI showed us was there were lots of assets in the 10-county region.” However, a deeper look made it clear that it would be best to hone in on a seven-county area—minus the three counties that make up the Des Moines metropolitan area.

On the other end of the spectrum, Maher & Maher handled organizational tasks for the project that included an 85-person leadership group. It led strategic planning efforts and facilitated collaborative decision-making and strategy implementation.

“From the standpoint of trying to recruit new businesses and assist new businesses, it’s so hard to make decisions based on anecdotes. When you’re asking a business to make a \$25 to \$30 million investment, they’ve got to be 100 percent sure that you’ve got a skilled workforce.”

--Kim Didier, director of the  
Newton Development Corporation

## Solution

With the structure of the project in place, Didier and other stakeholders in Central Iowa started to recruit up-and-coming businesses to the area and support entrepreneurial endeavors. Instead of relying on one major manufacturing power, the area now has leadership that understands the importance of a diversified economic base. “That’s such a huge shift from the last 113 years,” Didier says. “We were clearly not as aggressive as we are now because we didn’t have to be. Now, our world’s changed. We’re focusing on ways of diversifying the economy.”

Based on an analysis of the available workforce, facilities, and other regional assets, regional leaders began to focus on drawing alternative energy companies to the area.

## Outcome

**By the fall of 2008, Newton had attracted more than 1,200 new jobs** through an impressive list of advanced manufacturing and high-tech companies.

- **TPI Composites Inc.**, a wind turbine blade manufacturer, is slated to bring in 500 jobs when it hits peak production.
- **Trinity Structural Towers Inc.**, which makes massive steel towers for windmills, now occupies the old Maytag facility and should bring in another 140 workers when it’s at full capacity.
- **Caleris**, an information technology and outsourcing firm, has also relocated to Newton and is on track to have 300 employees in the near future.
- **Iowa Telecom**, the second largest local telephone company in Iowa, purchased the former Maytag corporate headquarter buildings to create its own headquarters and add another 150 employees to its Newton operations.
- **Springboard Engineering**, an entrepreneurial start-up company created by 51 former Maytag R&D staff, now provides product development, prototyping, and testing services from Newton to international companies.
- In **Marshalltown**, about 30 miles north of Newton, development efforts have brought in a 200-seat call center.

“We’re getting close to breaking even with capturing new jobs after the loss of Maytag,” Didier says.

By all accounts, it’s been a remarkable reclamation project. Didier credits the success to two things—the development of social networks and a data-driven strategy. It’s critical to have access to labor market information instead of relying on anecdotes or word of mouth, she says. “From the standpoint of trying to recruit new businesses and assist new businesses, it’s so hard to make decisions based on anecdotes. When you’re asking a business to make a \$25 to \$30 million investment, they’ve got to be 100 percent sure that you’ve got a skilled workforce.”

## References and links

“A Splash of Green for the Rust Belt.” New York Times.

[http://www.civicanalytics.com/storage/blog/2008-11-02\\_NYT\\_Rust\\_Belt.pdf](http://www.civicanalytics.com/storage/blog/2008-11-02_NYT_Rust_Belt.pdf)

“Is There (Middle Class) Life after Maytag?” New York Times.

<http://www.nytimes.com/2007/08/26/business/yourmoney/26maytag.html?pagewanted=all>

“Iowa Town Prepares for Maytag Closures.” National Public Radio.

<http://www.npr.org/templates/story/story.php?storyId=5403713>



“U.S. Labor Department Announces \$250,000 Grant to City of Newton, Iowa, to Assist Dislocated Workers.” <http://www.dol.gov/opa/media/press/eta/eta20070298.htm>

Newton Development Corporation. <http://www.newtondevelopmentcorporation.com/>

Maher & Maher. <http://www.mahernet.com/>

## About EMSI

Economic Modeling Specialists Inc. (EMSI) is a professional services firm that offers integrated regional data, web-based analysis tools, data-driven reports, and custom consulting services. EMSI has served thousands of workforce, education, economic development, and other policy professionals in the U.S., Canada, and the United Kingdom, and the company’s web-based **Strategic Advantage** research and analysis suite is used by over 2,500 professionals across the U.S. For more information, call (866) 999-3674 or visit [www.economicmodeling.com](http://www.economicmodeling.com).