



Final Session Of FreightWeekSTL: St. Louis Region Helps Many Company Companies Serve The World

May 29 2020 10:47 AM



ST. LOUIS - The final session of FreightWeekSTL 2020 featured new insight into the post COVID-19 trends for industrial user site selection and the St. Louis region's role in that. To talk about those trends, the St. Louis Regional Freightway turned to Doug Rasmussen, President and CEO of Steadfast City Economic & Community Partners, who recently conducted a series of interviews with more than a dozen major companies in the manufacturing, logistics and distribution sector in the St. Louis region to get their thoughts regarding the bi-state St. Louis area and its appeal for site selectors, as well as their evaluation of the region's workforce and manufacturing and logistics markets. While each employer interviewed had a different story to tell, some common themes and trends emerged.

Rasmussen said the first trend is how global companies are seeing a complete disaggregation of the need to locate their headquarters near a hub airport. Where the common thinking previously was that St. Louis might be at a disadvantage because it is more of a spoke, as opposed to a hub, that no longer seems to be the case. Travel constraints due to the COVID-19 pandemic and perceived risks of exposure to the coronavirus will continue to impact business travel, reducing the necessity to be near a hub airport. Rasmussen said that trend was evolving even before the COVID-19 pandemic started.

“One of the things that Bunge told us about the move of its headquarters from New York to St. Louis was that increasingly they were starting to see some parity in travel prices relative to flights from New York versus St. Louis,” Rasmussen said. “So even with the added travel time of connecting from a spoke to a hub, they were getting parity.”

He added that without being close to a hub airport, a deeper level of analysis also occurred around whether travel is really necessary, and that resulted in the realization they could do a lot of their business via teleconference and by traveling less.

“That really helps us because, not only do we have a good airport that can plug into some of these global hubs whenever international travel is necessary, but it also increasingly focuses site selection for headquarters on some of our other strengths, which are plentiful and, I think, advantageous, in a post-COVID-19 environment,” said Rasmussen.

With COVID-19 expected to continue to fuel a natural aversion to getting on an airplane and the need to continue to conduct some business in person, Rasmussen called attention to some of the St. Louis region's other advantages, including its location in the central part of the country. He noted that other regional cities like Kansas City and Indianapolis are just a four-hour drive away, Chicago less than five hours and even

somewhere as far southeast as Atlanta, Georgia, can be reached by car in under 10 hours. He also pointed out that the St. Louis region is also historically a strong market for telecommunications infrastructure in general, a benefit as the shift to teleconferencing continues. The fact the St. Louis region is also in the central time zone positions the area as a place where companies can extend their workdays and handle more business calls from around the world and North America.

Mary Lamie, Vice President of Multi Modal Enterprises for Bi-State Development and head of its St. Louis Regional Freightway enterprise, conducted the video interview with Rasmussen. She noted how the region's transportation system supports its central location, with four interstates that provide easy access to all four quadrants of the United States, and she highlighted how the region continues to invest in that crucial infrastructure.

"In the last 24 months, this region has invested nearly a billion dollars in roadways, and it's a multimodal investment that also includes rail, barge terminals and airports," said Lamie.

Asked about how the St. Louis region is positioned in terms of quality of life and talent pool, Rasmussen said many of the companies he interviewed shared an appreciation for the region's affordable, high quality of life, and qualified labor and talent pool. He said Bunge mentioned the labor savings for some of its white collar employees, but that was just part of the equation; another part of it is the high quality talent pipeline from local and regional Universities feeding St. Louis and the ability to find various and deep skills for all aspects of their business throughout the Bi-State region. For executives relocating from out of the country, Bunge noted that initial concerns around image or unfamiliarity with the Midwest changed once they arrived in the St. Louis area, especially for many of them moving from much more expensive markets.

"They realized they had a very robust neighborhood setting, cultural arts setting, and a robust food scene," said Rasmussen. "Once they got here, it was hard to get them to leave." He said the CEO of Wentzville, Missouri-based Cosmos Manufacturing, which is expanding to a new headquarters and manufacturing location in O'Fallon, Missouri, had a similar experience. He previously lived in New York and is from Winston-Salem, North Carolina. Likewise, the CFO of Cambridge Air Solutions, who was born and raised in Southern California and San Diego, moved to the St. Louis region in 1987 and raised seven children and still calls St. Louis his home.

"I think it's indicative of the ability to attract executive talent, and it is a strength that we can continue to focus on and to accentuate and market to the broader world," said Rasmussen.

The second trend that emerged from Rasmussen's interviews with more than a dozen major companies with operations across the St. Louis region is focused on risk management. Risk management has always been a big part of any site selection project as companies strive to take risk out of the equation.

"Now, more than ever, companies are really going to want to have a great handle on where their people and where their assets are, and also, where their future pipeline of talent exists, and generally just being more compact and more focused geographically," Rasmussen said. "Supply chains are going to shorten, and the areas that are going to do well are the ones that really can effectively serve the world from one location."

He believes that bodes well for the St. Louis region and its tremendously diverse ecosystem, where a global company can literally have its headquarters in one part of the region and then 20 to 30 miles away, their factory and/or distribution center. Rasmussen said Bunge again is a perfect example of being able to service various aspects of the supply chain all from one metro area. Its new headquarters is located in Chesterfield, Missouri, a research and development center is located in St. Charles County, and its barge loading/grain facility is located in Fairmont City, Illinois.

Huvepharma is another company located in St. Louis that Rasmussen said also expanded and brought its regional headquarters to St. Louis, and it added some manufacturing facilities, citing the high quality of the utilities as one factor in its site selection.

World Wide Technology, with its headquarters in St. Louis County and very large warehouse distribution and industrial assets in Southwestern Illinois, also is a testament to the region's ability to support multiple aspects of a single company and deliver the diverse workforce needed.

Rasmussen also touched on the region's industrial heritage and how it adds value, highlighting the automotive business, steel industry, pharmaceuticals, consumer products and aerospace industries that have fostered the development of a very skilled workforce in the region. It also likely contributes to the strong culture of work that exists in the region, something Rasmussen said was mentioned by Cosmos, Component Bar Products in O'Fallon, Missouri, and Progressive Recovery in Dupu, Illinois. He also shared how that industrial heritage can translate into available and affordable capital assets that can be acquired and utilized less expensively than building them new. He pointed to Magnesium Elektron as a company which was able to occupy real estate and procure heavy industrial capital assets in Madison, Illinois, that allowed for it to stand up and grow a global business right out of that community.

“Those industrial bloodlines and the fact that our communities aren’t afraid of industrial development and they’re so supportive of that could be an opportunity for us as the supply chains and as the world kind of shrinks and becomes more regional in scope,” Rasmussen said.

While Rasmussen said the St. Louis area’s talented labor pool is supported by the region’s good educational system, the strength of its universities and its ability to import some workers from universities up to 250 miles from St. Louis, he and Lamie both said it is also the regionalism and cooperation among the local institutions, including trades programs, that enables them to all work collaboratively together so they are able to deliver the workforce the St. Louis region needs. That is something that will be needed as the region works to address one shortcoming – building a pipeline of technical workers needed for continued growth. Rasmussen said as a region, there will be a need to continue to push vocational education, tech and manufacturing as a career. A positive sign on that front came from a couple of the companies interviewed by Rasmussen that said they have recently seen a culture shift where people in the region have increasingly become comfortable with the idea of manufacturing as a career. Rasmussen said something that could foster that trend would be to explore what economic incentives could be available for workforce development geared to manufacturing and technical careers.

He also stressed the need for an even more regional approach when pitching the region to site selectors, saying he would like to see more information exchanged and a broader understanding and collaboration about how certain parts of the region can support various parts of the supply chain versus others.

“I think that would bring more and more jobs and just more of a regional approach to economic development, because when you put it all together, the sum of this region is much greater than the individual parts of the sub-region,” Rasmussen said. “Areas that can present the entire menu and the entire platform and that are going to work together collaboratively to attract certain investments will win.”

In closing the video interview, Lamie said the conversation with Rasmussen answered a couple of key questions, including “Why the St. Louis region for site selection? And what makes us different from our sister cities?”

“The answer,” Lamie said, “is the St. Louis bi-state region can support one system or the entire supply chain from a company’s headquarters, research and development, warehousing and manufacturing to suppliers and logistics. We have the infrastructure, both vertical and horizontal, and the talent. Our workforce has a can-do attitude with a heritage of making things, enabling companies like World Wide Technology, Bunge,

General Motors, Progressive Recovery and many others to compete in the global market, elevating our ranking as a global logistics hub. Our supply chain ecosystem is unique and has adapted to and stands ready for COVID-19 shifts in terms of shortened supply chains and a local workforce that supports each system of the supply chain.”

Virtual FreightWeekSTL 2020 was presented from May 18 to May 22 and was delivered by St. Louis Regional Freightway, The Waterways Journal and Bi-State Development, and sponsored by Burns McDonnell and Lochmueller Group, with Arco, Contegra, CMT and Southern Illinois Construction Advancement Program (SICAP) serving as supporting sponsors. To learn more or view all sessions from FreightWeekSTL 2020, visit www.freightweekstl.com.

About St. Louis Regional Freightway

The St. Louis Regional Freightway is a Bi-State Development enterprise formed to create a regional freight district and comprehensive authority for freight operations and opportunities within eight counties in Illinois and Missouri which comprise the St. Louis metropolitan area. Public sector and private industry businesses are partnering with the St. Louis Regional Freightway to establish the bi-state region as one of the premier multimodal freight hubs and distribution centers in the United States through marketing, public advocacy, and freight and infrastructure development. To learn more, visit theeightway.com.