



# WHY KALAMAZOO: A Locational-Opportunities Analysis for Logistics Centers

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# KALAMAZOO

## Where Location, Logistics and Opportunities Meet

### EXECUTIVE SUMMARY

The Kalamazoo Region of Michigan has become one of the nation's premier locations for logistics centers and warehouse distribution sites. A progressive urban setting serving the major Midwestern, Northeastern and Mid-Atlantic markets; a pro-business environment; and a well-educated, diverse labor pool have attracted dozens of companies to the region.

- ◆ **Location:** Strategically located on Interstate 94 in southwest Michigan, the Kalamazoo Region is within two hours drive time of Chicago and Detroit. Additionally, according to the *Logistics Today 2003 Logistics Atlas of North America*, Kalamazoo has an advantage over other distribution centers such as Chicago, Indianapolis, Louisville, Memphis and St. Louis as far as road density, congestion, safety, road infrastructure and spending are considered.
- ◆ **Workforce:** The Region offers more than 58,000 available workers at all levels of skill, experience, education and pay range. There are also several local resources for workforce selection and training. And, despite Michigan's reputation as a union state, less than six percent of Kalamazoo's private workforce is unionized. In fact, *Site Selection* magazine named Michigan the second most business-friendly state in the nation.
- ◆ **Workforce Training:** The Kalamazoo Region offers an array of workforce training options. There are existing programs and options to create fully-customized programs for your company, as well as organizations that will help you find the best employees for your business.
- ◆ **Local Industry and Supplier Base:** The Kalamazoo Region is home to a diverse manufacturing base that distributes an array of products, from pharmaceuticals to industrial robots; paper to medical equipment. Companies like Pfizer, Stryker Corporation, Eaton Corporation, Borroughs Manufacturing, International Paper and Dana Corporation call Kalamazoo home.

Kalamazoo is a model of education, recreation, culture and community collaboration: the ideal location for your company.



## Freight Transportaion

Forty-three truckload and less-than-truckload carriers – including firms such as American Freightways, ABF, ICX, Yellow Roadway, USF and TLC – serve Kalamazoo.

Kalamazoo offers one of the lowest cost origins in the Midwest for a 40,000 pound truckload shipment:

### Origin                      Average Cost of 40,000-pound truckload

Kalamazoo, MI	\$976
Chicago, IL	\$1,025
St. Louis, MO	\$1,031
Memphis, TN	\$1,143
Detroit, MI	\$1,000

Kalamazoo also offers the lowest cost origin of major Midwest logistics centers for a 10,000-pound, class 70, less-than-truckload shipment:

### Origin                      Average Cost of 10,000-pound less-than-truckload

Kalamazoo, MI	\$3,211
Memphis, TN	\$3,393
St. Louis, MO	\$3,493
Chicago, IL	\$4,096
Detroit, MI	\$3,300

## Rail Transportation

Canadian National, with 17,500 miles of track, and Norfolk Southern, with 21,500 miles of track, provide freight rail service from Kalamazoo to all rail-served markets in the nation. Passenger rail is served by Amtrak, which passes through Kalamazoo several times daily to Chicago and Detroit, and Port Huron at the Canadian border.

## Air Transportation

Airlines offering service at the Kalamazoo/Battle Creek International Airport include American, Northwest, United and Delta. Direct flights are available to hub cities of Chicago, Cincinnati, Detroit, Minneapolis and Atlanta.

## PUBLIC WAREHOUSES, AVAILABLE SITES AND TAX-FREE STATUS

Rather than investing in “bricks and mortar,” many firms distribute their products through public warehouses and distribution centers. The Kalamazoo Region offers nearly 4 million square feet of available warehouse space as well as eight public warehouses to serve companies that prefer to contract their warehousing operations.

Public warehousing and contract distribution services available through full-service, asset-based firms in the Kalamazoo Region include:

- ◆ Dry space
- ◆ Storage
- ◆ Assembly
- ◆ Bar coding
- ◆ Labeling
- ◆ Blending
- ◆ Inventory control
- ◆ Reporting
- ◆ Truckload transportation
- ◆ Pick and pack
- ◆ Analysis and design
- ◆ Cross dock
- ◆ Break bulk
- ◆ Packaging
- ◆ Returns
- ◆ Shrink wrapping
- ◆ Line haul trucking
- ◆ Order entry
- ◆ Import/export
- ◆ Information systems
- ◆ Less-than-truckload transportation
- ◆ Dedicated transportation
- ◆ Freight brokerage
- ◆ Customized store display
- ◆ Electronic data interchange
- ◆ Storage of goods requiring freezer, cold or temperature control

For companies looking to operate their own distribution centers, parcels are available from 5 to 500 acres.

## PROXIMITY TO MAJOR MARKETS

Kalamazoo is 145 miles from Chicago and 140 miles from Detroit. But other key markets are also easily accessible.

City	Miles	City	Miles	City	Miles
Akron, OH	282	Des Moines, IA	464	Minneapolis, MN	554
Ann Arbor, MI	98	Detroit, MI	140	Nashville, TN	527
Atlanta, GA	773	Fort Wayne, IN	116	Philadelphia, PA	673
Battle Creek	27	Grand Rapids, MI	50	Pittsburgh, PA	375
Boston, MA	860	Harrisburg, PA	573	Richmond, VA	712
Buffalo, NY	408	Indianapolis, IN	244	South Bend, IN	76
Charlotte, NC	758	Kansas City, MO	657	St. Louis, MO	415
Chicago, IL	145	Lansing, MI	75	Toledo, OH	150
Cleveland, OH	259	Louisville, KY	353	Toronto, ONT	377
Columbus, OH	289	Memphis, TN	646	Washington, D.C.	615

Source: MapQuest

Distances from Kalamazoo to major markets, as compared to other logistics centers:

<u>Destination</u>	<u>Kalamazoo</u>	<u>Chicago</u>	<u>Indianapolis</u>	<u>Louisville</u>	<u>Memphis</u>	<u>St. Louis</u>
Atlanta	773	715	534	421	388	554
Boston	860	982	951	983	1324	1193
Buffalo	408	934	502	534	916	744
Charlotte	758	782	601	489	635	729
Chicago	145	--	181	295	532	295
Cleveland	259	344	317	348	731	559
Columbus	289	355	176	206	588	418
Des Moines	464	334	477	587	705	437
Detroit	140	281	311	362	745	550
Grand Rapids	50	177	294	407	677	447
Harrisburg	573	658	543	611	932	786
Kansas City	657	527	483	508	518	249
Louisville	353	295	114	--	385	260
Memphis	646	532	465	385	--	285
Minneapolis	554	410	593	706	830	623
Nashville	527	469	288	176	212	308
Philadelphia	673	758	644	673	1036	887
Pittsburg	375	460	360	388	770	602
Richmond	712	796	673	561	824	821
St. Louis	415	295	243	260	285	--
Toronto	377	518	556	590	972	788
Washington, D.C.	615	700	593	607	877	836

Source: MapQuest

## LOCAL INDUSTRY

While major national firms such as Wal\*Mart and Target Stores operate distribution centers in the Kalamazoo Region, the area also is home to a diverse base of industrial employers. More than 400 firms manufacture a wide range of products, including pharmaceuticals, industrial robots, paper, chemicals, medical equipment and plastics. The area's largest employer is Pfizer, which employs 5,700 people in its administrative, research and manufacturing facilities. Kalamazoo is also home to Stryker Corporation, Eaton Corporation, Borroughs Manufacturing, International Paper and Dana Corporation.

### Kalamazoo County, Michigan—Largest Private Employers

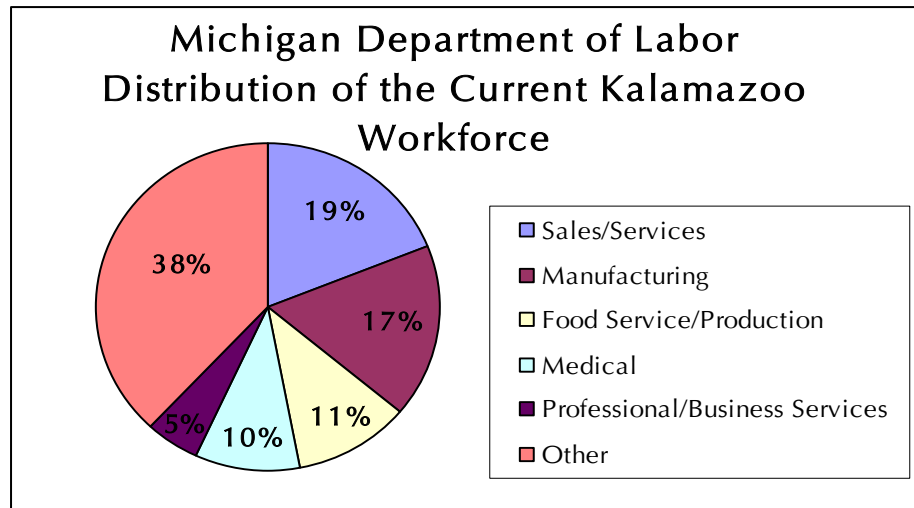
Pfizer, Inc.	Pharmaceuticals
Bronson Healthcare Group	General medical and surgical care
National City Bank	Banking
Borgess Health Alliance	General medical and surgical care
Stryker Corporation	Medical device
Meijer's Inc.	Retail/grocery
Summit Polymers Inc.	Plastic injection products
MPI Research	Toxicology contract research
Eaton Corporation-TCOA	Global engineering, truck components
Target Regional Distribution	Retail distribution center
MSU-Kalamazoo Center for Medical Studies	General medical and surgical care
SBC	Telephone communications
State Farm Auto Claims Center	Insurance claims processing
Parker Hydraulics Systems Division	Aerospace aircraft parts
American Greetings—Designware	Paper party goods
Benteler Automotive	Automotive supplier
Flowserve Corporation	Gaskets and seals
Checker Motor Corporation	Automotive stamping plant
Kalamazoo Gazette	Newspaper
Graphic Packaging Corporation	Paper mill/folding paperboard
MANN+HUMMEL	Plastic injection products
Dana Corporation	Global engineering, truck components
Eimo Inc.	Plastic injection products
Bowers Manufacturing	Aluminum products
Borroughs Corporation	Office furniture
International Paper	Paper products

## WORKFORCE

The Kalamazoo Region’s workforce draws from a pool of well educated people from an eight-county area. Residents represent a wide range of ages, educational backgrounds, work experience and desired pay ranges. Additionally, it should be noted that, despite Michigan’s reputation as a union state, less than six percent of Kalamazoo’s private workforce is unionized.

A particularly strong attribute for administrative offices and call centers is the Kalamazoo Region’s large population of college students. With nearly 40,000 college students in the Kalamazoo/Portage area and a total of 220,000 college students within a 75 mile radius, there is a large pool of well-educated potential workers with flexible schedules.

The chart and table below illustrates the wide range of skills and job experience held by members of the Kalamazoo Region workforce:



Kalamazoo’s location along the I-94 NAFTA corridor and at the US 131 interchange makes it extremely easy to get to, allowing the community to draw workers from neighboring communities:

### Commuters into Kalamazoo County from Surrounding Counties

Allegan County	4,020	Calhoun County	5,003
Barry County	2,413	Cass County	527
Berrien County	466	St. Joseph County	2,310
Branch County	192	Van Buren County	9,205

*Source: United States Census*

## Kalamazoo's Underemployed

According to a 2005 study conducted by The Pathfinders, the Kalamazoo Region has a household population of approximately 630,200 and a civilian labor force of approximately 354,200. The area has about **58,400 available underemployed workers**. These potentially available workers are referred to as the “underemployed” because they possess the skills, experience and education to qualify them for pay rates at which they would take a new job. The desired pay rates of these underemployed workers are reasonable when compared to their existing pay rates:

- ◆ The median current pay rate of underemployed workers is \$14.47 per hour, and the median desired pay rate is \$15.05 per hour.
- ◆ About 25% of the underemployed workers would take a new job for \$10.79 per hour or less.

### Employment Skills of Underemployed Workers\*

Skills	Number of Persons	Percentage
Office Operations	22,500	65%
Warehouse/Materials Handling	17,300	50%
Manufacturing/Assembly/Fabrication	20,100	58%
Medical/Health Sciences	9,000	26%
Maintenance/Installation Repair	14,200	41%
Technician/Quality Assurance	11,100	32%
Information Technology/Telecommunications	10,700	31%
Electronics/Engineering	5,200	15%

Source: The Pathfinders 2005

\*Many people indicated multiple skills, which makes the sum of the percentages equal more than 100%.

### Pay Rates of Underemployed Workers in the Kalamazoo Region

Hourly Pay Rate	Number of available underemployed workers	Hourly Pay Rate	Number of available underemployed workers
\$7.99 or Less	900	\$20.00 - \$20.99	1,800
\$8.00 - \$8.99	2,400	\$21.00 - \$21.99	700
\$9.00 - \$9.99	2,100	\$22.00 - \$22.99	1,500
\$10.00 - \$10.99	4,100	\$23.00 - \$23.99	400
\$11.00 - \$11.99	900	\$24.00 - \$24.99	900
\$12.00 - \$12.99	3,200	\$25.00 - \$25.99	100
\$13.00 - \$13.99	1,800	\$26.00 - \$26.99	900
\$14.00 - \$14.99	1,800	\$27.00 - \$27.99	300
\$15.00 - \$15.99	2,100	\$28.00 - \$28.99	100
\$16.00 - \$16.99	1,200	\$29.00 - \$29.99	700
\$17.00 - \$17.99	1,200	\$30.00 - \$30.00	1,200
\$18.00 - \$18.99	700	\$31.00 or More	2,400
\$19.00 - \$19.99	1,200		

Source: The Pathfinders 2005

## **WORKFORCE TRAINING**

Attracting and retaining talented employees who can help companies keep up with the ever-changing demands of the global marketplace is a tough challenge for employers, but the resources available in the Kalamazoo Region make it easy. The area boasts several workforce training programs that allow local firms to keep their employees at the forefront of new information, methods, skills and techniques.

### **The Michigan Technical Education Center (M-TEC)**

M-TEC at Kalamazoo Valley Community College (KVCC) works with companies and universities to provide training programs that help build a stronger workforce for the community. In addition to several established training programs ranging from manufacturing to information systems technology, the center can help companies create customized training solutions to meet unique requirements.

### **Michigan Works!**

The program connects people who need jobs with companies who need to fill jobs throughout the state. Funded by state and federal governments through the Michigan Department of Labor and Economic Growth, Michigan Works! is a free service to both employers and job seekers.

### **Kalamazoo County Service Center**

Employment services are available locally at Kalamazoo County's Service Center. Here, job seekers and employers can access a wide range of employment and training services through the Michigan Talent Bank, an Internet-based labor exchange. They also receive assistance with recruitment events, interviewing, employee training, workshops, screening applicants, collecting applications and space for small job fairs.

### **Education for Employment**

Selected as one of five exemplary school-to-work transition programs in the nation, and personally recognized in 1994 by President Clinton, Kalamazoo County's Education for Employment program provides today's students with the skills, abilities and knowledge needed to succeed in today's workforce.

Through cooperative efforts with area school systems, Kalamazoo Valley Community College and business and industry, Education for Employment offers courses for middle school and high school students that combine academic classes with hands-on learning and workplace training. These courses allow students to gain the workplace skills and attitudes needed to succeed in today's ever-evolving workplace before graduating from high school.

### **Michigan's Economic Development Job Training Program**

This state program is a major feature of the state's economic development efforts, seeking to ensure that Michigan has the training resources to retain and attract smart businesses and skilled people.

## EDUCATION

Kalamazoo area high schools are committed to preparing young men and women to continue their education or to join the local workforce as productive members of society. Area high schools graduate 82 percent of their students. And more than 88 percent of residents over 25 years of age have at least a high school education.

Education Level	Kalamazoo Average	National Average
High school graduates	82%	80%
Two-year college graduates	80%	76%
Four-year college graduate	21%	17%
PhD Graduates	14%	8.5%

*Source: Sperling's Best Places*

### The Kalamazoo Promise

*Each and every* Kalamazoo Public School graduate residing in the district and attending Kalamazoo Public Schools for four years or more is given up to 100% funding for college tuition and mandatory fees, depending on his or her length of attendance. The funds can be used at any public university or community college in the State of Michigan. These funds, donated by a group of anonymous citizens interested in economic strength and quality of life in the City of Kalamazoo, are guaranteed indefinitely. Learn more about the Kalamazoo Promise at [www.kalamazoopublicschools.com](http://www.kalamazoopublicschools.com).

### A College Town

The City of Kalamazoo is home to Western Michigan University (WMU), Kalamazoo College and Kalamazoo Valley Community College (KVCC). With 28,000 students, WMU is listed among *U.S. News and World Report's* Top 100 public universities in the nation. A fixture in Kalamazoo since 1833, Kalamazoo College is the oldest private college in Michigan and even though the school caps its enrollment at 1,500, it attracts scholars from 41 states and 22 countries around the globe. In 2002 a *U.S. News and World Report* article ranked Kalamazoo College and its Center for International Programs number one in the nation for study abroad. A leader in quickly responding to market needs with unique educational initiatives, KVCC has nearly 11,000 students enrolled in certificate or associate of applied science degree programs in more than 45 areas of study.

Additionally, there are nearly **50** colleges and universities within a 75 mile radius of Kalamazoo, with a total of more than **220,000 college students** in the region:

## SUMMARY

By any logistics standard, the Kalamazoo Region is a good location for a center serving the Northeast and mid-Atlantic states. Costs are competitive, with Kalamazoo having lower transportation costs to many major markets than other logistics centers.

Kalamazoo's proximity to the Northeast and mid-Atlantic markets is excellent. More than 100 million people live within the overnight delivery capability of Kalamazoo. Kalamazoo has excellent highway access through its location on I-94. According to the *Logistics Today 2003 Logistics Atlas of North America*, it enjoys an advantage over the competitive cities in both road density/congestion/safety and road infrastructure and spending.

With continuing trends in transportation rates, outsourcing, customer service, and shorter order cycle times, the Kalamazoo Region, with its labor pool, quality of life, transportation options and locational assets, is one of the nation's prime logistics centers.

### **For More Information**

This document is intended as a broad overview highlighting factors of interest to those evaluating sites for call centers. To learn more about our history, personality and remarkable quality of life, we urge you to visit [www.southwestmichiganfirst.com](http://www.southwestmichiganfirst.com).