

Michigan Means Aerospace and Defense

The state's unique business development programs and sophisticated manufacturing base help businesses of all sizes tap into aerospace and defense contracts.

It hardly comes as news that Michigan is synonymous with auto manufacturing. But you may not know that its robust aerospace and defense industries benefit from many of the same resources that power its carmakers, including access to cutting-edge technology, a deep talent pool and tax incentives. State-sponsored programs devoted to job retention and growth also help to power the aerospace and defense sectors.

Bmax, a global high-tech company headquartered in France that develops and sells welding and forming equipment, recently opened its first U.S. office in Michigan. "We chose Michigan because it made sense to be near our customers and a stone's throw away from hundreds of suppliers," says Paul Lester, director of business development for Bmax. "It's easy to do business here, and there are many engineering and high-tech companies in the area."

As it builds a new factory in Pontiac, Michigan, Bmax is working from the International Business Center at Automation Alley, a technology business association dedicated to growing Southeast Michigan's economy. "They've given us a free office, as well as access to resources that connect us to potential clients and vendors," Lester says.

People Power

There are almost 700 aerospace and defense companies in Michigan, collectively garnering nearly \$1 billion in annual sales. In 2012 alone, the state landed \$4.7 billion in defense-related contracts.

"Our ties to the defense and aerospace industries run deep," says Sean Carlson, vice president of the Michigan Defense Center & International Trade. "Seventy percent of everything a soldier shoots, flies, drives, wears, eats, or communicates with is contracted in Michigan." The center's purpose is to retain and create jobs in the defense industry; it is part of the Michigan Economic Development Corporation (MEDC), a public-private partnership dedicated to business growth.

Seventeen of Michigan's colleges and universities have nationally ranked graduate engineering programs, and nine of its universities offer aerospace departments or programs. "There is a lot of local talent here," says Lester. "If we went to another area of the country, I think we would struggle to find the caliber of people we need."

Boeing, GE Avionics, Eaton Aerospace, L3, and NASA are just a few of the many global companies that have a large presence in Michigan, but with \$100 million available in loans to small and mid-sized business, smaller companies also have access to the funding they need. The state's 6 percent corporate income tax, among the lowest in the nation, helps businesses of all sizes.

Despite a contraction in the Department of Defense's overall budget, Carlson says there has been an uptick in aerospace industry spending that should create opportunities for large and small companies alike. "A mom-and-pop shop that has been manufacturing a widget for an automotive company, for example, may be able to make something similar for the aerospace industry," he says. And if they need help in designing the perfect widget, there is plenty of talent to draw on.



To learn more about how MEDC helps small and mid-sized companies grow and thrive, check out all the available resources at its Pure Michigan site, www.michiganbusiness.org, or call 888-522-0103.