

Transcript- Talk CNY: Season 1, Episode 1

Andrew Fish 0:06

CenterState CEO is central New York's leading business leadership and economic development organization committed to creating a region where businesses thrive and all people prosper. Welcome to CenterState CEO semi monthly podcast talk CNY presented by NBT Bank. Through this series CenterState CEO shares the latest news and information on topics ranging from community and workforce development to policy and innovation. Each month, we'll feature leaders from across Central New York to shine a spotlight on the growth and opportunities happening in the region. You'll get an inside look at the people projects and planning moving Central New York forward and be connected to the resources you need to support your business's growth. Take a moment right now to subscribe in your listening app for new episodes reminders every other Wednesday.

Kate Hammer 0:51

New investments are driving progress across Central New York. But what are the headwinds businesses face? And how can those leaders be prepared for what 2023 has in store? CenterState CEO's Economic Forecast Report is now available and is compiled with insights and boots on the ground perspectives from businesses across Central New York.. The CenterState CEO's President, Rob Simpson, joins us today to take a closer look at that report, and to share his thoughts on what you need to know about the Central New York economy as we begin the new year. And how the "Micron Effect" creates an imperative to take a long term outlook.

Andrew Fish 1:29

I'm Andrew Fish, Senior Vice President of Business and Member Experience CenterState CEO. Welcome to Talk CNY.

Kate Hammer 1:35

And I'm Kate Hammer, Andrew's cohost, business coach and member at CenterState CEO.

Andrew Fish 1:40

Rob, thank you so much for being here today. We're super excited to chat with you about the forecast for the coming year and what we're seeing.

Rob Simpson 1:46

Thanks! I'm really, really excited about it and super excited to launch this podcast series with with both of you and for the community- for our members.

Andrew Fish 1:53

Fantastic! So to start off, just give us a high level summary. What are we seeing- what are we thinking is going to be coming in 2023 for this region and our forecast?

Rob Simpson 2:02

I think the short answer is right now what we're hearing from people, I think what we saw evidence in our forecast is a level of unbridled enthusiasm that maybe people in Central New York haven't been used to in a long time. I think that's really exciting. As someone who's been doing this work for quite a while to see the psychological shift that's happening... you know, in looking through our forecasts, one of the things that really jumped out at me is that five years from now, I think 84% of our members expect that the economy essentially will be a much better place. That is just, you know, a really nice, wonderful way to start the year with this long lead view and perspective on the fact that, you know, our region's on a growth trajectory again, and I think even more, you know, in a more time sensitive fashion 72% of our forecasters are expected to add jobs in 2023, which is one of the highest levels we've ever seen. And I know that contrasts a little bit with some of the national news. People are worried about recessions and technology sector layoffs. I'm sure we'll talk about all that. People locally, business owners, are feeling good about where things are.

Rob Simpson 2:02

You know, that's really interesting, because we've been doing this work together for a long time, and typically right, we don't necessarily see the same things here that we see on the national scale. Where if we have lots of growth nationally, we may have a little bit. If we have big recessions, we may be kind of dropped a little bit, but don't have a lot. We're kind of going against the grain here, right? Yeah?

Rob Simpson 3:24

I think that's a great observation. We, I think, we are cutting against the grain. I think that, well certainly, that's always been the goal, right? Is to figure out how we can put this community back on the map in a meaningful way change the economic trajectory for the region. I think that what has happened, certainly within micron announcement, it has just injected a level of energy and enthusiasm and optimism into our community that maybe hasn't been there for quite a while, I think probably right below the surface. But now I think people are maybe a little bit more comfortable saying, "You know what, I do think things are going to be better in a couple of years. I do feel it, I do want to build and grow my business here," which ultimately is is, you know, core to the mission of who we are and what we do.

Kate Hammer 4:04

Yeah, absolutely. You know, you recently talked about Micron as the rising tide that has the potential to lift all of us as the boats around it. So can you speak a little bit more to that and describe what that means?

Rob Simpson 4:16

Yeah, I mean, listen, I think that it means two things to me. First and foremost, our members and the businesses here in Central New York are the lifeblood, not only of this organization, but of the entire potential New York economy. And so it's one of the most validating things about the Micron announcement, to be able to look into the eyes of small business owners like yourself,

and to be able to say with confidence that our community is going to grow again, that a business owner making an investment in Central New York today has a higher degree of confidence on the return on that investment than they did back in October before before Micron's commitment. That just feels wonderful after years of those businesses being here, investing here, making sacrifices for their employees, putting money into their facilities and into our community. They are the folks who are going to be benefited, and that will be rewarded for their loyalty and for their hard work and perseverance. I love that. I think the second piece of the equation, though, is as, if not more important, and that is that in addition to Micron's investment, they are making the largest community investment of any corporation in the history of the world, as best we can tell, literally making investments that have the potential to lift our entire community of people that have been historically disadvantaged and left behind, getting into their workforce pipeline, getting in the system, making investments in things like housing and education, workforce development, or arts and cultural amenities. And as an organization that has as its mission to be a place where business thrives and all people prosper, to be able to partner with a global company like Micron, to bring that level of inclusive growth to our region, feels amazing, feels super hopeful and optimistic. And I think now, the ball's in our court collectively as a community to ensure that we live up to that promise. You know?

Andrew Fish 6:10

Obviously, the Micron announcement is having a tremendous impact on what we're seeing what we're going to be experiencing. But it's not just their investment in their jobs, right? I mean, there's there's other impacts that this type of an announcement, this type of an investment is going to have. Talk to us a little bit about the you know, what we think is going to happen with the downstream impacts with the opportunities for Central New York beyond just the tip?

Rob Simpson 6:32

Well, I mean, we know at one point, it was back in January of 2022, we were in a meeting with Micron and our partners at the county, and state Senator Schumer's office, out in San Jose, California, and at the end of what was a sort of grueling four hour set of meetings, they're trying to get over the hump and convinced that this was the right place to be. I remember vividly them looking at each other across on the other side of the table. And it was like they were trying to debate whether or not to share something important with us. And, you know, whatever switch flipped, and they all sort of nodded. And they shared with us that a project like this has the potential to come with as many as 200 suppliers. Right. And I mean, aside from the fact that everyone on the New York side of the table basically fell out of your chair, we then had a weekend's worth of work to do to build this supply chain strategy, that they asked us to turn around to them and about 72 hours and, you know, in working with the county and others, just tremendous amount of work. So think about that! 200 companies, the state's economic impact analysis that they had, that they had put together for this estimated that there will be somewhere on the order of 40,000 45,000 jobs that are created as a direct result of Micron, the 9,000 jobs direct, several 10s of 1000s of contractors that will be on site to support micron, and then all of the supply chain in the secondary impacts, you know, the small business janitorial services company that needs to add 20 people to be able to service the growth that we're expecting in this region. 45,000 jobs is an astounding number. And yes, that's over time, projected over 20

years. But it's equivalent to about 12% of our total regional economy of the jobs that we have today. When does an opportunity like that ever come along? It's really remarkable.

Andrew Fish 8:19

It's amazing, yeah! So the supply chain- Micron, it really puts us in a different realm, if you will, as it relates to the semiconductor industry, right? You recently went out to California again. I know there were some really fascinating things that happened there. But it was, it felt different, right? When you were out there?

Rob Simpson 8:37

Oh, yeah. I mean, listen, there's no doubt. First of all, the Micron announcement is obviously one of the biggest pieces of news in the semiconductor industry in the world. And so on the stage in, in California, all of these leading industry execs and their suppliers and consultants and engineering firms are all talking about Intel and Columbus. And they're all talking about Micron and Syracuse and so to hear our community story talked about not even by Micron, although they did, but by other industry leaders and economists, that was just a remarkable opportunity. I think my observation was people in the room noticed. We, all of us, the County Exec and his team are out there, Empire State Development and the Governor's team were out there, we were out there. We all found ourselves on the receiving end of conversations for people saying, "Hey, we're hearing about what's happening in Central New York- want to be a part of it." Companies from all over the country and in fact, all over the world. That's very different to be sought out in a room like that. Usually it's us, right? Trying to get meetings and in this time, it's just a very different vibe and feel. I'll tell you that one of the most rewarding things to hear in that conversation. Scott Gatzemeier, who is one of the senior execs for micron, gave a keynote presentation at the event and Scott was the lead person for micron on the negotiating team for the New York deal. And he was talking about all the different reasons why they came here, you know, amazing site, the power, the state incentives, and but he also took a moment and just share that. It was, it's, you know, a huge reason why they came was our community and the collaboration that they saw and the potential that they saw and the fact that, yes, Syracuse might be a work in progress, but it's in progress, it's moving in that direction. And that was evident for them and the site selection process. That just felt really, really good to hear. Especially, you know, I think, for us as an organization, having been on the front line of that now for at least for myself, almost 20 years now. Just an awesome level of validation for what we've been doing as a community, for sure. Yeah.

Andrew Fish 10:39

As we think about what this means for us, right? No longer following the trend of marginalized growth, marginalized recession, growth community. We've talked a lot about this, our our members who are here, our businesses in this region, are the reason we were in a position to sell this community to micron right? Or so their investments, their time, their energy. But now it's time for them to step up, right? What do we need to do as a community? And I don't mean that in a way of like, negativity, like they haven't been, but now's the time for them to capture opportunity. What do we need to see from this region in order to really maximize this opportunity?

Rob Simpson 11:16

Well, I think, first and foremost, I think we need to ensure that that people here are business leaders that have been used to a historical economic trend line that was like 1% growth for the last 30 years. People need to throw that assumptive model off the table, and they've got to start from scratch. And that's really hard. And we all you know, you build up this, like this rote memory or muscle memory for how we do things. And we've got to be intentional about moving away from that framework. 1% a year is just a fraction of what we're going to experience. In fact, Moody's came out I think, the day after the Micron announcement, and projected 9% year over year tax revenue increase from Onondaga County, right? That's an incredible level of growth that is unprecedented in our region, and is really exciting. But business owners need to plan for that growth, or they're gonna get left behind. And nobody wants to see that, too. We've got to get better at telling our story. I think for the last 10 years, we have been experiencing a renaissance in Central New York that was palpable to those that are really paying attention. But that wasn't necessarily worthy of anyone outside essentially, worth paying attention to. Maybe a little bit here at the margin. But today, Central New York is a national story, and probably even an international story, and we don't, we're not used to shouting from the rooftops, we're sort of a blue collar town that has grit and determination and perseverance and you know, chugs along despite difficulty and, and demographic, and economic trends pulling against us, we gotta go, we gotta go faster and harder. And we got to be on a bastion about the fact that if a company like Micron and one of the leading technology companies in the world can do an intensive due diligence process, and choose us, and that there are reasons why other companies should choose us, too. So I think putting that, any vestige of that old sort of pessimism and negativity behind and broadcasting, whether it's to, you know, one of our members, they've got a customer or a vendor that they do business with, tell them that you'd like him to be here and be a little bit closer. So they're not flying across the country to service your needs. I think there's a lot of opportunity in that. So let's, let's break that, that cycle, let's tell our story a little bit better. And let's not be afraid to make the kinds of investments in our businesses and in our civic infrastructure that are necessary to be successful. And I think that is one piece I do worry about, we are going to have to grow and scale so fast, there's going to be a lot of money for building out the site and attracting supply chain companies. And there's going to be a lot of money for workforce development programming because we got to get people into jobs, so that Micron has people to hire. There's gonna be a lot of money for things like housing and transportation, because we're going to experience all this growth. What is harder to fund historically, for communities in periods of rapid economic growth is your civic capacity and your civic infrastructure, right? The backbone of what makes a place like Syracuse go is strong organizations, academic institutions, not for profit organizations, cultural institutions, and if they're going to scale to meet the opportunity, they have to be resourced properly. So what can our members do? What can businesses do? I think those three things help us build capacity. Tell the story. Don't be afraid to invest, seize the moment.

Kate Hammer 14:36

What about the news that we've been hearing about Micron, 10% layoffs, 4,000 people losing their jobs? Does that have any impact on what's happening with Micron coming to Syracuse?

Rob Simpson 14:48

Yeah, I mean, so it certainly has impact for those 4,000 people, right? And that's unfortunate. I think we're seeing Alphabet, Google's parent company, announced 12,000 layoffs. We're seeing a series of these announcements across the technology industry. I think the short answer is no, this project is going to happen. I am 100% sure this is going to happen. That's not 75%. It's not 99 and a half percent, this project is going to happen. And it's going to happen because consumers like you and me and everyone listening are demanding more and more technology. And they're demanding access to more data and more insights from analytics, whether it's on your smartwatch that tells you how you slept last night, which is a very unfortunate feature. Never good news. You know, there's a great statistic that this company called Excyte. They're one of the leading consultants to the semiconductor industry in the world. They gave a presentation out in California, and last week, two weeks ago, that they talked about The Global DataSphere, right? So, the thing about The Global DataSphere is all of the information collected from your watches from your phones from your Nest thermostat or your car, all that information gets collected to get stored, it gets processed somehow in some way, shape, or form. The entire DataSphere in the world today represents 100 zettabytes. Now, for those who are listening at home, who aren't sure know what a zettabyte is, I will tell you that a zettabyte is a billion terabytes. It's a mind boggling amount of information, right? Yeah. And that is everything that's collected today. Now, fast forward eight years, okay, eight years 2030/2031, that global datasphere is going to represent 600 zettabytes. So a 6x increase in the total amount of data that's collected, which needs to be stored on memory, that Micron and companies like it build, and it needs to be analyzed and processed. The processors that companies like Intel are building. So the reason I'm so confident, 100% confident that this investment is going to happen is that the market dynamics are clear and evident. This fab this mega fab that Micron is building is a product of their response to those long term market trends. It is not a response to short term 2023, potential recession, layoffs, spending, hiring freezes, you know, some cutbacks and things, companies are doing that all the time to adjust to existing market conditions. But the future for the market for interconnected things, is growing exponentially and Central New York is going to be at the leading edge of that. This has already been our regional strategy since 2013, to pursue this smart systems market, because we could see even then, that interconnected devices, the Internet of Things was the future for the global economy. And, and that's why micron is building this facility. That's why it's gonna get built. And that's why people in Central New York should sleep well, knowing that this project is really rooted in a long term thoughtful strategic plan.

Kate Hammer 17:56

So, if there's one word that you would use to describe the Central New York economy going into 2023, what would it be?

Rob Simpson 18:04

Rocketship?

Andrew Fish 18:07

Alright. I love it. I love it!

Rob Simpson 18:08

You only gave me one word, is that two? I think it's one. I just think that the way I spell it, it's one. I think this place is about to take off. Obviously, I know that I bring a somewhat rosy and optimistic perspective to every conversation I'm a part of. It is definitely something I'm conscious of that I have that sort of pre programmed mentality to approach the world with a glass half full. But what we're seeing from our economic forecasts, people are ready to hire, they're expecting the economy to get better and unequivocally there are national trends that are buffeting in creating conditions where we can have a short recession. Those things will impact us in some ways. But there's also a lot to be excited about. And it's not just Micron, there's great things that are happening in Central New York, I look right down the block and I see city center, the old Sibley's department building, you know, the old pink concrete facade is gone and a new modern facade is there and, and the building is full of commercial tenants, aerospace and defense companies and high tech companies and new bank branches are going in bringing new vitality into our center city. You know, just just recently one of our earliest Tech Garden success stories a company called Impel used to be called Spin Car, they just received \$140 million venture investing in you know, probably puts them close to a billion dollar valuation. They're the second billion dollar startup or close to it that we've had here just in the last, in the last year. There's so much to be positive about it to be excited about challenges, for sure. But I do believe this community is about to take off. And I don't think, truly, I don't think that there is any force of gravity that can stop us.

Rob Simpson 18:45

Amazing. Rocketship. You heard it here.

Kate Hammer 19:35

You heard it here!

Andrew Fish 19:53

Rob, thank you so much for joining us on our first podcast. We've got a lot more scheduled throughout the rest of the year where excited to have all of you join us. But we really appreciate you joining us today, Rob. Thanks so much.

Rob Simpson 20:04

That was awesome. Please, please, please download the Click app, listen to your podcasts, enable notifications. We want to bring great stories and great content from our local businesses. We want to celebrate people. We want to put our members front and center in our work. This is the latest in our efforts to do that. We're really excited about trying it out and we're looking forward to your feedback.

Andrew Fish 20:24

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Kate Hammer 20:52

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