

Cleveland, Tennessee

Cleveland Enjoys Manufacturing Resurgence

The stoves are still burning in Cleveland, Tennessee, after more than a century.

Kitchen appliances have been good to the small metropolitan area 25 miles east of Chattanooga. A company called Hardwick Stoves started making wood-burning cooking appliances there in 1879. A couple of other stove builders set up shop during the next few decades. That history, proximity to two rivers, and finally an interstate highway built in the 1950s combined to make Cleveland a small manufacturing hub.

It has remained so even as the United States has lost millions of factory jobs in recent decades. The City of Cleveland's website boasts that the city is home to 12 Fortune 500 manufacturers. To be sure, Cleveland has lost its share of manufacturing employment. From 2000 to 2012, 39 percent of the metro area's factory jobs vanished, according to the U.S. Bureau of Labor Statistics.

More recently, however, the goods-making sector has stirred anew, locally and more broadly. The extent of this manufacturing rebound is a matter of debate, as many economists minimize the resurgence of U.S. factory employment. Nonetheless, it is true that both the United States and Tennessee added manufacturing jobs in 2011 and 2012, the first back-to-back years of net factory job growth since the late 1990s, according to the University of Tennessee (UT) Center for Business and Economic Research.



Cleveland rocks with 1,000 new factory jobs

Cleveland gained roughly 1,000 manufacturing jobs over the past three years. It accounted for a fifth of Cleveland's non-farm employment as of March, more than twice the national ratio of manufacturing jobs to overall employment, and nearly double Tennessee's ratio.

Realistically, neither the nation nor Cleveland is likely to reclaim all of the lost manufacturing jobs. But factory employment is forecast to continue growing in Tennessee through 2017, as hiring in the production of durable goods such as appliances exceeds job losses in nondurable goods, according to the January Economic Report to the Governor by the UT Center for Business and Economic Research.

Cleveland is a good example of the rise of durable goods manufacturing. A German maker of silicon used in solar energy panels, Wacker Chemie, plans to open a \$1.5 billion plant there next year that will employ 650 people. And the appliance maker Whirlpool opened a \$200 million plant in 2012 to replace several Cleveland production facilities. Meanwhile, Mars Chocolate, a nondurable goods maker, plans to expand its local operation and add 40 jobs to its 500-person local workforce.

Keeping Whirlpool in Cleveland was critical. The company employs about 2,000 people, accounting for almost 5 percent of the Cleveland metro area's total employment. Whirlpool's importance transcends numbers, though. The company in some form has been in the city since 1916. That year, the local Rymer family started making cast-iron stoves under the name Dixie Foundry, later Dixie Products, then Maytag Cleveland Cooking Products, and finally Whirlpool after a string of acquisitions.



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Cleveland, Tennessee

Population	30,439
Bradley County population	98,963
Total housing units	12,188
Median household income	\$40,393
Median home value	\$113,300

Source: U.S. Census Bureau, 2007–11 American Community Survey



In the present day, Whirlpool deemed obsolete its three separate Cleveland plants, including a nearly century-old downtown facility. The company scouted locales inside and outside the United States for a new factory before electing to stay home in Cleveland. Whirlpool's decision did not constitute "reshoring," or returning jobs from overseas to the United States. But forces similar to those behind the repatriation of some factory jobs—labor and shipping costs, workforce skills, and experience, along with a multimillion-dollar package of incentives from the state, county, and city—helped Cleveland hang onto a leading corporate citizen.

At the April 2012 grand opening of the million-square-foot factory, Whirlpool executives said the decision to expand in Cleveland was part of the company's commitment to manufacturing in the United States. Then-U.S. Secretary of Commerce John Bryson was also at the ceremony to extol American competitiveness and innovation.

Those things surely help. Recent gains in U.S. manufacturing employment stem mainly from the emergence of advanced manufacturing and diminished interest in producing offshore, Matthew Murray, associate director of the UT center, wrote in the center's January 2013 report to the governor. The allure of offshoring has faded because of weak intellectual property rights in many countries and rising labor costs in places like China, Murray said.

"We've had our ups and downs," said Doug Berry, vice president of economic development at the Cleveland/Bradley County Chamber of Commerce. "But what we are definitely seeing now is a reemergence of manufacturing and value-added production as a nation, and we're one of the recipients of that."

Looking to Germany

In economic development, Cleveland is after more than chocolate, appliances and chemicals. Hoping to lure automotive suppliers, the city and Bradley County are developing an industrial park 11 miles from the German automaker Volkswagen's new Chattanooga assembly plant. Nearness to Chattanooga, and even its relative proximity to Atlanta, have contributed to Cleveland's economic stability compared to similar towns, said Paul Conn, a native and president of Lee University in Cleveland. "We're fiercely proud that Cleveland is its own center of gravity in a certain sense," Conn said. "Still, our proximity to Chattanooga has been very good for us."

The new 330-acre industrial park along Interstate 75 will be the third such project jointly developed by the county and city. The city-county industrial development board has secured state and federal funding to widen the I-75 overpass at the site from two lanes to six, Berry said. That roadwork will be among \$100 million in recent publicly financed transportation projects in the area, Berry said, such as

the \$42 million Cleveland Regional Jetport that opened in January 2013.

A manufacturing resurgence builds on the area's historic strengths but also creates challenges. One of the biggest is keeping the local workforce sharp enough to perform the advanced tasks demanded by manufacturers like Whirlpool. Companies in advanced manufacturing must either train many of their workers or convince skilled workers to move from other places, said UT's Murray. Improving the skills of Cleveland's workforce is indeed an ongoing challenge, as it is in much of the Southeast, Berry noted.

Toward that end, Berry and other economic developers in Tennessee traveled to Germany in March to consult education and training professionals there. The Tennesseans want to establish training programs based at least partly on German methodologies, including a system in which companies pay and train workers while they also attend a vocational school.

"For a small southern town that historically had a manufacturing base, manufacturing has stayed quite healthy in Cleveland," Conn said.

The real job will be keeping it that way. ■

This article was written by Charles Davidson, a staff writer for EconSouth.