



Ken Sweet, Contributor

If it can or should be made in America, I'm interested in it.

BUSINESS | 8/03/2012 @ 10:59AM | 20,911 views

How a Small Town in Missouri Became a Manufacturing Oasis

Editor's Note: This post is part of a new special section called ["Reinventing America."](#)

[Ken Sweet](#) and more than a dozen other Forbes contributors and staff writers are focusing on the challenges facing towns, cities and traditional industries across the nation—and highlight the growing number of surprising success stories we're seeing, too. Over the coming months we'll have stories, rankings of who's doing it right (and wrong), and, we hope, great conversations with readers, so please join in.



Could the answer to America's manufacturing problem be somewhere in the modest town of Perryville, Mo., population 8,225?

Located about 80 miles south of [St. Louis](#), Perryville is a lot like many small towns in the Midwest. There's a turn-of-the-century county courthouse, large white water towers, several churches, a local hospital and, of course, a Wal-Mart.

But head to the northern part of Perryville, and you'll see something that you don't quite see in many small Midwestern towns these days: huge, active manufacturing complexes, employing thousands of workers.

Within this town, there's a factory owned by Japanese company [Toyota Gosei](#) that's making plastic components for automobiles. A [Sabreliner](#) facility near the airport manufactures aviation parts and refurbishes helicopters and airplanes; and down the street, the [Gilster-Mary Lee](#) factory is producing cake mixes and breakfast cereals.

There is even a factory — owned by French wine company [Seguin Moreau](#) — producing 300 white oak wine barrels a day, shipped to [Napa](#) Valley, Calif.

And those factories are expanding. [Perryville](#) boasts an unemployment rate hovering at roughly 5%, well below the [8.3% national unemployment rate](#) and Missouri's unemployment rate of 7.2%.

Roughly one out of three workers in Perryville work in manufacturing — a statistic that seems to be from 1962, not 2012. In Perry County, which Perryville is the county seat, the number working in manufacturing is roughly one in five.

What has Perryville been doing right to make this city stand out from the

hundreds of other cities that have seen their manufacturing base shrink over the decades? What's in Perryville's economic special sauce?

Perryville's fortunes seem to stem from its location, a competent economic development authority and decades of business-friendly elected representatives, said city officials, business leaders and local experts, in more than a dozen interviews. The city also benefits from being near the only Mississippi River crossing into Illinois for miles, and is also located on Interstate 55; making the city a regional transport hub for goods and materials.

There are also the people of Perryville and Perry County, officials said.

"A lot of our success comes from the workforce," said Scott Sattler, executive director for Perry County Economic Development Authority. "We're an German heritage community rooted in a Catholic and Lutheran work ethic."

Missouri Governor Jay Nixon has visited Perryville five times in his term in office and repeatedly mentions Perryville when he talks about the Missouri economy in his State of the State Addresses, a fact that both City Administrator Brent Buerck and Mayor Debbie Gahan said they are particularly proud of.



Photo Courtesy of the Bismarck-Mandan Convention & Visitors Bureau

[Click for full photo gallery: Cities with the lowest unemployment rates](#)

Tax rates are at a 25-year low as well, as the city's growing tax base has more than offset lower rates.

"We're a progressive community and our workforce is second-to-none," Gahan said.

While Perryville is doing well now, it wasn't always like this.

Fifty years ago, Perryville was basically a one-industry town with two struggling shoe factories and a modest poultry plant. The two shoe factories closed by the 1950s, in part because of overseas competition, taking hundreds of jobs with them.

An extremely-worried chamber of commerce and city hall came together to see what they could do to save Perryville. They created an autonomous regional economic development corporation, tasking it with the goal of bringing companies back to Perryville.

While a public-private partnership, the [Perryville Development Corporation](#) was given the ability to raise capital by selling stock, allowed strategically buy and sell land, develop infrastructure and work independently in marketing Perryville as a location separate, but in cooperation with, the local chamber of commerce. At the time, no cities in the region had anything similar.

"[This] progressive thinking [helped] move the community forward and provide the advantages we have today," Sattler said.

The corporation's first investment came in 1960, when a small-baked goods by the name of Gilster-Mary Lee moved into the area.

"When we first arrived, these old multistory shoe plants were just sitting there empty," said Don Walge, CEO of Gilster-Mary Lee. "So with an investment from the economic development corporation, we converted one of the shoe factories to a cake-mix plant."

The Perryville Development Corporation bought stock in Gilster-Mary Lee, effectively making the city a co-investor in Gilster Mary Lee's move to

Perryville.

What started as a business of 25 employees, privately-held Gilster-Mary Lee now employs 1,600 in at its four factories in the region, making store-brand cake mixes, cereals and popcorn. The company opened its latest expansion – a trucking and storage facility – last year.

The city employed other tactics that have become standard practice in cities across the nation. The city set up tax-increment financing districts (TIF Districts) for downtown and its industrial base. The city and county governments have employed tax abatements for expanding businesses as well as developed infrastructure at little-to-no cost to businesses to create incentives for expansion.

For example, the city and county guaranteed more than \$6 million in bonds to develop the infrastructure around its municipal airport to help [Sabreliner](#), a company specializing in retrofitting and refurbishing airplanes and helicopters, expand into painting and service bigger aircraft. Sabreliner now employs 433 people in the region, most of them high-paying aeronautics manufacturing jobs.

“We have had a continual stream of investments from this community,” said Al Farless, vice president of program development with Sabreliner. “Those investments, coupled with increased business, has led us to where we are today.”

When Toyoda Gosei, an auto parts manufacturer that Toyota has a financial interest in, looked for a location to build a US-based auto parts plant, the city and county offered to level and develop the infrastructure that Toyoda would need to locate to Perryville. The city also sent a delegation to Japan to lobby directly for the plant.



Gilster-Mary Lee's main mixing plant in Perryville, MO. Photo courtesy of Gilster-Mary Lee

Toyoda was sold, and in 1987 a division of Toyoda was created called [TG Missouri](#). TG now employs 1,200 at its manufacturing complex in Perryville, making steering wheels, airbags and other components.

The story of Perryville isn't all that different than a lot of cities across the country that have attempted to keep their manufacturing base in the face of overseas competition and changing demographics. But it appears this modest Missouri town put together a mix of policies and investments that helped not only to keep their manufacturing base, but grow it. All three major employers have announced expansions or have expanded their factories in the past two years, even in this mediocre economy and that 5% unemployment rate isn't something to ignore.

Compare this to the St. Louis region 80 miles north, with a 9% unemployment rate and constantly-shrinking manufacturing base. The [St. Louis area lost two Chrysler plants in 2009](#), which resulted in 6,365 positions lost at the North and South Chrysler plants and 2,500 positions lost from regional suppliers.

Maybe big ol' St. Louis (and other cities) can learn something from little Perryville.

Have thoughts on what cities can do to foster economic development? Feel free to write your thoughts in the comment section below. Feel free to follow me on Twitter as well. I'm at [@kensweet](#).

This article is available online at:

<http://www.forbes.com/sites/kensweet/2012/08/03/how-a-small-town-in-missouri-became-a-manufacturing-oasis/>