

The Governor's Office of Economic Opportunity

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# ROADMAP FOR A NEW ECONOMY

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The Drive for Prosperity.



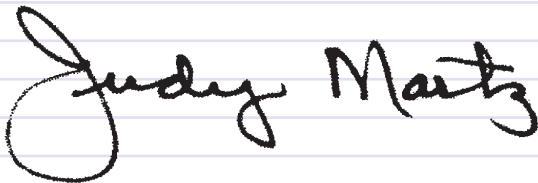
## Letter From The Governor

Economic development is consistently listed as the top issue on the minds of Montanans, and it is the cornerstone of our administration's initiatives. Those of us who have the opportunity to call this beautiful state home know firsthand the challenges and opportunities that businesses face on a daily basis. We cannot take our economy for granted. A vibrant economy, made up of strong businesses, lends itself to healthy communities and a high quality of life.

In the following pages, you will find a process - a roadmap for economic development - that has been developed by our administration's Governor's Office of Economic Opportunity in collaboration with local economic development groups, businesses and the university system, among others. This is more than just a roadmap for economic development, however, it is a challenge to create a new and better Montana. It is a guide to economic expansion. It is a platform for creative ideas. Above all else, it is a tool by which our progress toward long term goals will be managed, monitored and evaluated.

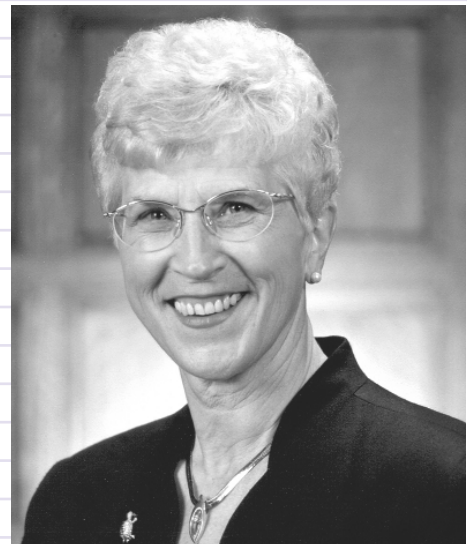
We are pleased to present this document to the people of Montana. Working together with all stakeholders, I am confident that we will create an economy to match our unparalleled way of life.

Sincerely,



JUDY MARTZ

Governor



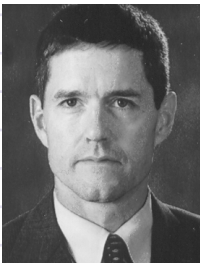
# Chief Business Officer's Report

## A Special Report from the Governor's Office of Economic Opportunity

For the past 60 years Montana's prosperity, relative to the other states in the union, has been steadily declining. Certainly there have been periods of short-term improvement, but those instances have proved fleeting and the long-term trend has been unmistakably downward. So why has this occurred?

Growth by itself has not been the problem. In the past 20 years, Montana's Gross State Product has increased more than 300%. At the same time, our per capita income has declined from a rank of 33 to 47 among the other states. It is the type of growth that has fueled our decline. Montana continues to grow fastest in jobs requiring lower worker skill levels that have correspondingly lower wages. This shift to lower paying jobs has had an unmistakable effect on our ability to provide good paying jobs for Montanans.

To affect long-term improvements in our economy, we will have to make some fundamental changes in the way we attract and retain businesses and create jobs. We must also be realistic about the time it will take to affect these changes. In the ten-year period between 1990-2000, the three states that most improved their per capita income did so by increasing their rank an average of



**"Montana's economic future is important to us all. We have had many requests, from around the state, to keep people informed about the office's activities. This report will help us communicate our initiatives and what we are doing on a yearly basis. If you would like to talk with us in person, please call us or send us an email."**

**—David Gibson  
Chief Business Officer**



9 spots among the states. These are "best in class" results. For Montana to have achieved this level of performance, we would have to have seen our per capita income increase an additional \$2,000 in the previous decade – about 8.5% higher than what Montana actually did achieve.

One way to look at the magnitude of this task is to determine how many jobs we would have had to create in the past decade to achieve this "best in class" increase in per capita income.

**“To affect long-term improvements in our economy, we will have to make some fundamental changes in the way we attract and retain businesses and create jobs.”**

In fact, it would have taken about 50,000 new jobs, each paying at least \$40,000 per year, to have the necessary impact.

To accomplish this magnitude of improvement in the next decade we will have to focus on objectives that go beyond just trying to create jobs directly.

We need to identify the types of companies and jobs that, when created, reverberate through the economy and have a dramatic, synergistic effect on creating other companies and jobs. Beyond the important work of directly trying to attract and grow the right type of "high leverage" jobs, we must also identify those factors such as research and education that indirectly fuel significant wage growth over time. This takes a focused, coordinated strategy. Without such a strategy to focus all our efforts, we cannot hope to reach the level of economic prosperity our citizens deserve.

# Introduction

*Any successful strategic planning effort requires a process to both research alternatives and get the involvement of important individuals and groups that will be needed to implement the plan. If the process is too abbreviated, and key constituents are not adequately involved, then the plan will surely fail, no matter how well written. A planning process that is too long, however, can take on a life of its own, become too complicated and lose focus on the critical few initiatives that will guide the overall efforts. To fulfill our legislative mandate as outlined in MCA 9-1-112 the Governor's Office of Economic Opportunity has developed a process that we believe balances speed, thoughtful research and the involvement of as many constituent groups as possible. The following document is the culmination of a five-stage process.*

## ***1. Research and Competitive Assessment***

Understanding our state's economy is crucial to a well thought-out strategy. Our team performed an assessment, utilizing quantitative and qualitative data, of the Montana economy. We reviewed Montana's previous strategic plans and the plans of other cities and states around the country to identify best practices. Montana was benchmarked against other states and a comparison of state economic indicators was completed. In addition, meetings and discussions were held with stakeholders from across the state to gain their insight into Montana's economy.

## ***2. Creation of the Framework for Economic Development***

This document, published in January, served to target the economic development discussion and stimulate more focused ideas from stakeholders across the state.

### ***3. Collaboration & Outreach to Stakeholders***

In an effort to understand the most important issues facing the state's economy and prioritize the initiatives to address them, the Governor's Office of Economic Opportunity sought additional input from stakeholders around the state. Broad spectrums of stakeholders, including the private and nonprofit sectors and all levels of the public sector, have been engaged in the planning process. In addition to hundreds of informal meetings, we held 15 formal listening sessions around the state to be sure we received general public input. The governor also formed an advisory council to help guide our overall process and decision-making during development and implementation of the plan.

### ***4. Interim Status Report***

This document was an interim status report and highlighted the Governor's Office of Economic Opportunity's progress to date, current focus areas, and next steps for the 2002 Special Session.

### ***5. Strategic Plan Development***

This document is a roadmap for the state's economic development efforts over the next 5 to 10 years. It contains new ideas generated through collaboration and input from stakeholders in addition to many of the strategies and goals put forth in the Framework for Economic Development.



# CLUSTERS

## Initiatives

### Focusing our Resources

***In order to focus our scarce resources, we must develop a strategy centered on Montana's existing and emerging industry clusters. We must first clearly identify these economic clusters and then concentrate on growing these interrelated groups of companies. This will require that we begin to focus our other supporting programs (financial, work-force, regulatory, technical support, etc.) on growing these clusters.***

#### Why Clusters?

Clusters are geographically close groups of interconnected companies and associated institutions in a particular field, linked by common technologies and worker skills. In a state with limited resources, we must focus those resources to attain world-class technology and worker skill training. The cluster initiative will align with the nature of competition and the sources of competitive advantage and capture important linkages and spillovers of technology, skills and information that cut across firms and industries.

#### What Will A Cluster Initiative Accomplish?

Our Cluster Initiative analyzes Montana's economic regions to identify and document each area's competitive advantages.

We also identify established sectors of high concentration as well as emerging industries with a high potential for entrepreneurial activity.

Finally, we identify inadequate linkages in current or potential clusters and develop a methodology by which all Montana communities can perform micro-level cluster analysis and identify promising entrepreneurs within those clusters.

#### Priorities

- Determine the competitive advantages of Montana's economic regions.
- Identify traded (primary) sectors with a high potential for growth and entrepreneurial activity.



#### Current Status

Montana has engaged, through a competitive bid process, the services of Regional Technology Strategies, Inc. (RTS) to perform the Montana Cluster Study. RTS has a knowledgeable management team that is highly experienced in how cluster development strategies can be successful in rural areas. The study is currently in progress and will be completed in January 2003. Once completed we will begin to integrate the results with our Recruitment Initiative in a concurrent process. A well-developed cluster analysis will also allow us to focus our other efforts throughout the state.

- Establish a methodology for all Montana communities to perform community-level analysis and identify promising business development strategies.
- Create a blueprint for implementing cluster based growth strategies and begin implementation.
- Ensure there is an online Business Network for all Montana companies to increase business-to-business transactions within the state.

# CLUSTER Initiative Benchmarks

**Goal:** Established networks of growing businesses in identified industry clusters that allow Montana to focus our limited resources on attaining world-class technology, worker skill training, and promotion activities.

	Current Status	2003	Goal 2007	2012
Number of cluster organization formed <sup>1</sup>	0	4	7	15
Number of cluster organizations self-sufficient <sup>2</sup>	0	—	5	10
Job growth in identified clusters <sup>3</sup>	—	Establish baseline	+30%	+75%
% of goods produced in Montana that are exported <sup>4</sup>	2.7% (46th in US)	—	3.0%	5.0%

<sup>1</sup> Data reported by Governor's Office of Economic Opportunity based on statewide cluster initiative

<sup>2</sup> Data reported by Governor's Office of Economic Opportunity based on statewide cluster initiative

<sup>3</sup> Data reported by Montana Department of Labor & Industry based on identified clusters (defined NLT March, 2003)

<sup>4</sup> Data reported by US Dept. of Commerce



# WORKFORCE

## Initiatives

### A Workforce for the 21st Century

***The availability of a skilled workforce has become one of the most important issues for attracting and retaining businesses that provide higher paying jobs. Workforce skill level is a key driver of innovation and productivity improvement across all industries. The success of Montana's economy depends on our ability to continuously raise the skill level of our workers. If our education and workforce training programs are not fully responsive to the rapidly changing needs of Montana businesses, we cannot hope to retain our citizens or grow our average income levels.***

global competitiveness ensure that, over the long term, wages will reflect the true value of the labor performed. This is commonly known as productivity.

There are only two ways to improve productivity: increase worker skill levels and/or increase the use of technology in the workplace. This initiative addresses the former – the need to provide our citizens with the training to be more productive in the workplace and ultimately command higher wages.

the University System to improve the way our 2-year colleges deliver worker-training and life-long learning. We must also ensure training is available throughout the state. This is why we must continue to encourage better and more versatile distance learning programs.

Finally, we have given a priority to creating better worker-training funds for businesses in the state. This is a critical need both for encouraging our companies to improve their employee's skill levels and for an incentive to businesses wanting to expand or relocate in the state.

Worker-training assistance has become the most important tool for attracting new businesses and growing jobs, but Montana's programs are still heavily focused on "bricks and mortar" instead of our human capital.



#### Why Workforce?

Montana's success in diversifying its economy will largely depend on the presence of a highly motivated, strategically educated workforce with a highly developed capacity for critical and innovative thinking.

Companies currently looking to expand or locate in Montana must have access to a highly qualified workforce.

With a statewide unemployment rate hovering around historic lows, worker availability is a serious concern to many new or expanding businesses.

#### What Will A Workforce Initiative Accomplish?

In a global economy, higher wages can only be sustained if the value of a person's work is increased. The forces of

#### Current Status

Early in our tenure we identified that critical data about our level of underemployment did not exist. In partnership with the Department of Labor we commissioned a study that has just been completed. We can now demonstrate to new or expanding businesses what the true nature of the workforce is for every region of this state.

We are also working with the Commissioner of Higher Education and

#### Priorities

- Create more incumbent worker-training funds to support business retention, attraction and growth. Our top priority is to allow tax increment financing of worker training in newly created jobs in the state (similar to North Dakota and Iowa programs).
- Improve the 2-year education system to make it more responsive to the needs of Montana's workers and businesses and aligned with the specialized needs of our industry clusters.
- Greatly expand the distance learning programs offered by the Montana University System.

# WORKFORCE Initiative Benchmarks

**Goal:** A highly motivated, strategically educated Montana workforce capable of commanding higher wages and of supplying the needs of our expanding industry clusters.

	Current Status	Goal		
		2003	2007	2012
Implement recommendations of 2-year task force <sup>1</sup>	Recommendations developed	In progress	Completed	
Population with bachelor and above degrees <sup>2</sup>	25.6%	—	26.0%	26.0%
Population with associate degrees <sup>3</sup>	5.1%	—	6.5%	7.5%
Improve attraction and retention of faculty in 2 year system <sup>4</sup>	No central tracking	Establish Baseline & Goals	—	—
Availability of industrial certifications <sup>5</sup>	No central tracking	Establish Baseline & Goals	—	—
Number of customized training programs <sup>6</sup>	No central tracking	Establish Baseline & Goals	—	—
Funds directed to incumbent worker training incentives <sup>7</sup>	\$800,000	—	\$5 million/yr	\$10 million/yr
Number of distance learning credits through MUS <sup>8</sup>	20,000/yr. (approx.)	+10%	+300%	+800%
Graduates of high demand/high wage apprenticeships <sup>9</sup>	No central tracking	Establish Baseline & Goals	—	—
Reduce underemployment/unemployment workers <sup>10</sup>	188,300	—	140,000	100,000

<sup>1</sup> Data reported by Office of Commission of Higher Education (OCHE), per Board of Regents policy

<sup>2</sup> Data from US Bureau of Census

<sup>3</sup> Data from US Bureau of Census

<sup>4</sup> Data as reported from Montana's 2-year colleges, central data reporting not yet established

<sup>5</sup> Data as reported from Montana's 2-year colleges, central data reporting not yet established

<sup>6</sup> Data as reported from Montana's 2-year colleges, central data reporting not yet established

<sup>7</sup> Data compiled by Montana Department of Labor & Industry (DLI), Montana Dept. of Commerce (DOC), central data reporting not yet established

<sup>8</sup> Data as reported from OCHE; Fall, Spring, Summer credit hours as per OCHE reporting

<sup>9</sup> Data reported by DLI

<sup>10</sup> Data as reported by Bureau of Business and Economic Research in Labor Study supported by DLI and Governor's Office of Economic Opportunity. Includes unemployed, "job switchers" and involuntary part-time workers for state

# TECHNOLOGY

## Initiatives

### Driving Technology into Local Businesses

***In an economy that continues to globalize, Montana firms (and all other economies in the United States) will have to compete with lower wage economies around the world. Our businesses must offset this global wage differential by utilizing better technology and higher skilled workers with higher wages. The way to compete is to have even higher productivity.***

***It is imperative that partnerships and active collaboration exist between higher education, state government, economic development groups and the private sector to accomplish this. One of the critical areas of collaboration includes research and commercialization of that research. Technology will fuel higher productivity and higher wages in all industries.***

#### Why Technology?

Business decisions were once driven by access to raw materials and transportation networks. Today's businesses are attracted to areas conducting world-class research. Montana must capitalize on the technologies created by our research centers and create a system that assists scientists and entrepreneurs in developing start-up companies utilizing those technologies.

#### What Will a Technology Initiative Accomplish?

By creating the conditions for better access to technology, we will ensure that Montana firms can continue to compete with lower paying economies worldwide

by utilizing innovative technology and a world-class workforce.

Our Cluster Initiative is a critical foundation of enhancing the role of technology in our economy. Companies in strong industry clusters innovate more rapidly because they draw on local networks that link technology, resources, information and talent. Strong clusters will also drive closer ties between our university research and workforce training institutions.

Beyond clusters, however, is the need to provide direction and incentives to the Montana University System (MUS) and non-MUS affiliated research institutions to emphasize research with a high likelihood of transferability into our state's economy.



#### Current Status

Technology based jobs in all industrial sectors drive high wages. Nationally, technology based jobs pay 73% above jobs in the rest of the economy. Montana has a small technology sector, comprising only 1.8% of our economy's jobs. In research conducted by the Gallatin Development Corp., these jobs pay an average of \$46,000 per year and

contribute more than \$45 million to the economy in Gallatin County alone.

Montana will never be another Silicon Valley or Route 128, but a fast growing technology sector in this state has a profound impact on our ability to drive innovation and productivity growth through all our industries.

Our office, in partnership with MSU TechRanch, TechLink and the Center for Entrepreneurship in the New West, has been awarded a 3-year grant to grow technology businesses in the state. The grant allows us to establish best practices for technology transfer and to create new technology based companies in Montana.

We are also working hard with the MUS, particularly the leadership of the two major research campuses and their respective technology transfer organizations, to improve our business' access to cutting edge research.

#### Priorities

- Determine research centers of excellence within the MUS and those with the most promise for supporting our industry clusters.
- Engage MUS leadership to understand and support industry cluster development and begin aligning research and development activities with the needs of those clusters.
- Develop benchmarks for tracking alignment of research in support of our industry clusters.
- Restore and stabilize Research and Commercialization funding from the state.
- Conduct a comprehensive inventory of resources, capabilities and research across the MUS and make data more accessible to businesses.

# TECHNOLOGY Initiative Benchmarks

**Goal:** A Montana economy where world-class research from both private and public sources is increasingly commercialized by our businesses and fuels global competitiveness, productivity and higher wages.

	Current Status	Goal		
		2003	2007	2012
Number of tech-based companies with which MUS has collaborated <sup>1</sup>	Establish baseline & goals	—	—	—
Federal R&D – Total Dollars (Millions) <sup>2</sup>	\$52	\$60	\$73	\$93
Industry R&D – Total Dollars (Millions) <sup>3</sup>	\$82	\$105	\$127	\$162
Academic R&D – Total Dollars (Millions) <sup>4</sup>	\$95	\$110	\$134	\$170
SBIR Awards – Per 100,000 <sup>5</sup>	31	33	36	39
Patents Issued – Per 100,000 <sup>6</sup>	146	150	154	161
Business Starts – Per 100,000 <sup>7</sup>	812	—	1000	1100
VC Investment – Total Dollars (Millions) <sup>8</sup>	0	\$—	\$10	\$20
Number of IPOs <sup>9</sup>	0	1	2	2.5

<sup>1</sup> Data reported by the Montana University System

<sup>2</sup> Data reported by the National Science Foundation (NSF)

<sup>3</sup> Data reported by the National Science Foundation (NSF)

<sup>4</sup> Data reported by the National Science Foundation (NSF)

<sup>5</sup> Data reported by the National Science Foundation (NSF)

<sup>6</sup> Data reported by the US Patent and Trademark Office

<sup>7</sup> Data reported by Dun and Bradstreet Corporation

<sup>8</sup> Data reported by PricewaterhouseCoopers, Venture Economics, NVCA per year, last 5 years

<sup>9</sup> Data reported by EDGAR Online (SEC Filings and Forms) 5-year rolling average

# ORGANIZATION

## Initiatives

### Efficient Delivery of Services

***In highly innovative regions the private sector plays an active role in identifying challenges and working collectively with government to address them. We must make sure Montana's government has an organizational structure to achieve this collaboration and proactively support business growth across all industries over the long-term.***

weaknesses of Montana will remain a priority to understand our state's competitive advantages.

Continuity. Relationships must be long-term. Partnerships with local development groups and private businesses will foster an environment that is positive for business.

#### Current Status

The Governor's Office of Economic Opportunity, the Montana Department of Commerce and others are actively working on an improved organization structure that better aligns the state's programs with our long-term strategy.

#### Priorities

- Replicate the Montana Promotions (tourism) model and encourage a regional approach to economic development for all programs involving state funds or assistance.
- Implement long-term tracking of state supported programs to ensure they have a meaningful impact on jobs and wages.
- Stabilize funding for the economic development programs in the state. No program can have a real impact on our economy without a commitment of time and money.
- Support consolidation. In economic development, there is a high correlation between effectiveness and scale.

#### Why Does Organization Matter?

Relationships between state government, the Montana University System and the private sector must become stronger for our economy to improve. This organization does not occur by chance. Successful states have well-organized lines of communication. A mechanism for the interaction must be constructed with a system of economic development engineered to meet the needs of the business community. In today's business environment, with firms around the nation and the world competing for market share, efficient and effective service delivery is essential.



Depth. In business, experience matters. Montana's economic development system must have deep expertise in the identified industries' clusters.

#### What Will A Successful Organization Accomplish?

Accountability. Success breeds success. Internal performance measures will assess the effectiveness of our organization and ensure stakeholder value.

Competitiveness. Our environment must be competitive. Continued analysis to determine the economic strengths and

Responsiveness. Services need to be structured to address the needs and concerns of business people.

Innovation. Change is inevitable. Montana's system of economic development professionals must continually look outside the state for 'best practices' to implement in Montana.

# ORGANIZATION

## Initiative Benchmarks

**Goal:** A network of regional economic development organizations throughout Montana, each with the capability to develop and implement meaningful and successful economic development strategies.

	Current Status	Goal		
		2003	2007	2012
Number of counties covered by strategic plan to grow clusters and primary industries <sup>1</sup>	5	5	56	56
Average number of programs delivered per delivery organization <sup>2</sup>	1.7	2.5	4.0	6.0
Percent of state awards/grants/funding going to joint (multi-company) proposals <sup>3</sup>	0	5% of total	30% of total	50% of total
State sponsored programs tracking job creation, growth and wages for 5 years <sup>4</sup>	0	Begin tracking	100%	100%

<sup>1</sup> Data reported by the Governor's Office of Economic Opportunity

<sup>2</sup> Data reported by Montana Department of Commerce, Business Resources Division. CDBG RLFs, Lead Certified Communities, EDA districts, EDA RLFs, RDA IRPs, MBDCs, Port Authorities, SBDCs divided by total delivery organizations providing these programs in state

<sup>3</sup> Data reported by Montana Department of Commerce, Business Resources Division – CDBG/Incumbent Worker Training/Board of Investments - % of total dollars in year

<sup>4</sup> Data reported by Montana Department of Commerce, Business Resources Division

# BUSINESS CLIMATE

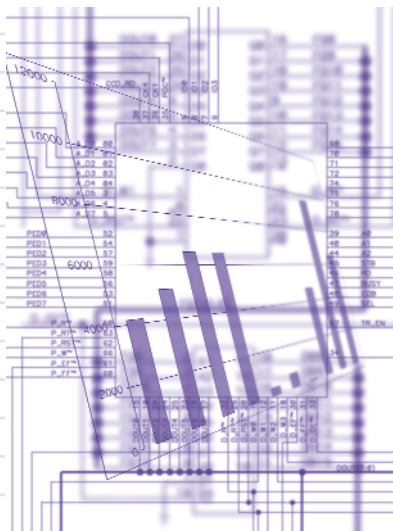
## Initiatives

### Making Montana a Location of Choice

**Montana must create and maintain a competitive business environment where companies that utilize Montana worker skills and technology can prosper— or they will simply exit the state. In Montana, most businesses are small businesses and a better business climate with a competitive tax and regulatory structure will insure these companies remain in the state as they grow.**

are not competitive with other states and put our economy at a severe disadvantage in attracting and retaining good paying jobs.

determined that meaningful and efficient regulatory reform must be driven by industry groups. This is why we must develop strong cluster groups in the state that can drive targeted changes to improve their ability to compete globally.



#### Why a Business Climate Initiative?

Montana's business climate must be competitive. After a period of discussion with the people around the state and conducting benchmarking analysis with other states around the country, we believe our first priority is to address two areas affecting Montana's business climate: access to capital and our state's tax structure. Many other issues are vitally important, but these are two that can be significantly improved in the next couple of years.

#### What will a Business Climate Initiative Accomplish?

With regard to capital, our objective is to ensure that companies with solid business plans and good management have the same access to capital in Montana as they would in places such as Seattle or Denver.

In addition, Montana's tax structure must be improved to eliminate the capital gains surcharge and our high top marginal rates. These elements of our tax structure

#### Current Status

It is important that we carefully define the capital gaps that exist in this state and carefully target any initiatives to filling those gaps. We are exploring ways to help create better capital availability without compromising good private-sector management principals and competitive returns on investment.

The Governor has proposed a tax plan that will eliminate the state's capital gains surcharge and our high top marginal rates. We are actively supporting these reforms to our tax system to eliminate some of our most formidable barriers to economic growth.

We are also very concerned with regulatory and permitting reform. After considering both the enormity of making "government more business friendly" and the political realities of doing so we have

#### Priorities

- Reduce Montana's high marginal personal income tax rates and capital gains rates.
- Continue to explore innovative ways to close the "capital gap" in Montana but without compromising the need for competitive "private-industry" type financial management that is critical for success.
- Infuse additional lending capacity into the state's local revolving loan funds by allowing the Montana Board of Investments to purchase seasoned (stable) loans from these funds.
- Develop a program to promote and facilitate use of Industrial Development Bonds by Montana communities.
- Use private-industry groups formed around clusters to identify specific regulatory and permitting processes that impede economic development.

# BUSINESS CLIMATE

## Initiative Benchmarks

**Goal:** A steadily improving business climate and support structure so that both established and entrepreneurial businesses thrive. Montana needs to be the location of choice for businesses that can provide good paying jobs.

	Current Status	Goal		
		2003	2007	2012
Small Business Survival Index <sup>1</sup>	38th	35th	32nd	28th
Number of new jobs in primary industries <sup>2</sup>	No central tracking	—	+15,000	+40,000

<sup>1</sup> Data reported by Small Business Survival Committee, State Ranking (#1 rank is best)

<sup>2</sup> Data reported by Montana Department of Labor & Industry, Research & Analysis Bureau



# Attraction Initiatives

## Attracting New Business to the State

**Montana must have a comprehensive and long-term attraction strategy to target and attract industries that support our industry clusters. This strategy will serve to highlight Montana's competitive advantages to businesses and individuals outside the state of Montana and attract new companies that support our existing businesses.**

### Why Business Attraction?

The attraction of new businesses into an economy can quickly increase the tax base, jobs and the diversity of the state economy.

To be effective in business attraction in the long-term, the State of Montana must develop a business attraction effort focused on promoting a favorable business climate and other location factors important to specific businesses. An effort focused on attracting businesses as part of an overall cluster development strategy will have the greatest chance of success.

### What will a Business Attraction Initiative Accomplish?

Our business attraction initiative will create an awareness of Montana's strengths as a place to do business through a focused collaborative effort.

We will also identify areas where our business attraction efforts can collaborate with our individual communities to leverage local efforts.

Finally, we will generate leads and promote Montana's key competitive

advantages to individual businesses resulting in the location of new businesses to Montana.



### Current Status

The key to the state's business attraction initiative is to have a detailed understanding of industry and investment trends and location drivers from the investing companies perspective and the inherent strengths and weaknesses of competing states and countries. This information will be provided from the Cluster Initiative outlined above and will drive the development of a marketing blueprint.

While we complete our cluster analysis and the resulting marketing blueprint, we continue to actively pursue business location leads generated either through our efforts or those of the local economic development groups around the state. We are actively improving our marketing infrastructure by developing an efficient due-diligence and effective lead

referral process. In addition, we are fostering relationships with major site-selection firms and developing the web-based tools and data these firms require.

### Priorities

- Collaborate with the Montana Promotions (tourism) efforts to leverage marketing strengths that already exist in state government.
- Develop a funding mechanism to sustain a stable, long-term marketing effort.
- Implement a highly focused target marketing campaign centered on supporting our industry clusters and other companies with state-wide significance.
- Develop a program to provide Montana communities and regions with necessary marketing expertise and materials to credibly market themselves at a greatly reduced cost.
- Complete the redesign of our web-based tools (mostly data availability) that support business relocation decisions.

# ATTRACTION Initiative Benchmarks

**Goal:** A professional, highly effective and targeted marketing campaign that attracts new business to Montana. Business recruiting is focused on attracting companies that support our industry clusters and provide high paying jobs.

	Current Status	Goal		
		2003	2007	2012
Marketing resources (dollars and in-kind) supporting business attraction <sup>1</sup>	\$175,000	\$75,000	\$500,000	\$1,000,000
Number of external events supported/attended <sup>2</sup>	2	2	6	12
Number of visits to BizMT web site <sup>3</sup>	1,000	25,000	50,000	75,000
Publications promoting Montana as a business location <sup>4</sup>	2	5	10/yr.	20/yr.

<sup>1</sup> Data reported by the Governor's Office of Economic Opportunity

<sup>2</sup> Data reported by the Governor's Office of Economic Opportunity, generally trade shows and major conferences

<sup>3</sup> Data reported by the Governor's Office of Economic Opportunity

<sup>4</sup> Data reported by the Governor's Office of Economic Opportunity, articles in national publications portraying MT business climate positively

# MACRO-LEVEL BENCHMARKS

## Initiatives

### Benchmarks for the Overall Economy of Montana

*The benchmarks below do not correspond to specific initiatives. However, the combined effect of these initiatives will lead to a more diversified Montana economy and better paying jobs for our citizens.*

	Current Status	2003	Goal 2007	2012
Total income growth <sup>1</sup>	3.7% annual (10 Yr. Avg.)	–	3.8% annual	4.0% annual
Diversification of Employment – Manufacturing Jobs <sup>2</sup>	8% of jobs	–	10%	14%
Diversification of Employment – Technology Jobs <sup>3</sup>	1.8% of jobs	–	2.5%	4.0%
Diversification of Employment – Natural Resource Based Jobs <sup>4</sup>	3.6% of jobs	–	4.0%	4.5%
Employment paying > 125% of state average <sup>5</sup>	136,700 jobs	–	150,000	200,000
Per Capita Income (state rank in U.S.) <sup>6</sup>	46th in US	–	44th	41st

<sup>1</sup> Data reported by Montana Department of Labor & Industry (DLI), 5 year rolling average

<sup>2</sup> Data reported by DLI, included agriculture/food related manufacturing & processing 5 year rolling average

<sup>3</sup> Data reported by Progressive Policy Institute for electronics manufacturing, software/computer related services, telecommunications, biomedical as share of total state employment

<sup>4</sup> Data reported by DLI for oil & gas extraction, petroleum refining, metal mining, coal mining, metal processing, forest products related jobs as share of total state employment

<sup>5</sup> Data reported by DLI for jobs paying more than 125% of 2001 average wage – inflation adjusted over time

<sup>6</sup> Data reported by US Dept. of Commerce, Bureau of Economic analysis

# Description of Office

*In the 2001 Legislative Session, Governor Judy Martz proposed the formation of a statewide office to coordinate economic development. The Legislature created the Governor's Office of Economic Opportunity within the Governor's Office commencing in FY 2002. As outlined in MCA 90-1-112 the purpose of this office is to provide a vision and a direction through the development of strategies and initiatives to ensure that the state's role in expanding the economy takes place in an orderly and effective manner.*

## **Governor's Office of Economic Opportunity Staff**

Chief Business Officer David Gibson leads the Office. The staffing of the Office began with David's hiring in August and was completed by November 2001. The entire team is listed below:

David Gibson	Chief Business Officer
Jason Hanson	Technology and Infrastructure
Mark Lindberg	Energy and Agriculture
Quinn Ness	Business Retention and Attraction
Lynette Brown	Office Manager

## **Economic Advisory Council**

In January 2002 Governor Judy Martz formed an Advisory Council to provide direction and oversight to the Governor's Office of Economic Opportunity. The Council first convened in February 2002 and meets approximately once a month in various locations around the state. The Economic Advisory Council is made up of the following members:

Dave Kasten	Representative, HD 99, Rancher, Brockway
Sharron Quisenberry	Dean, College of Agriculture, MSU, Bozeman
Scott Mendenhall	Executive Director, Jefferson Local Development Corp., Whitehall
Turner Askew	President, Turner Askew and Associates, Whitefish
Tom Scott	Chairman, First Interstate BancSystem, Billings
Jerry Driscoll	Executive Secretary, AFL-CIO, Helena
Will Weaver	Consultant & Former Dean, MSU Great Falls College of Tech., Great Falls