



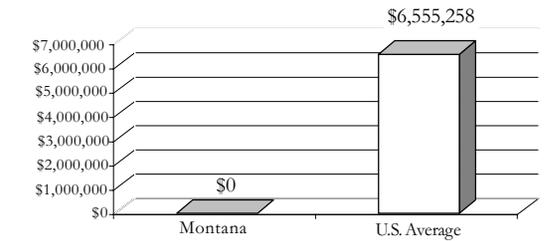
# Globally Competitive Environment

Principle 1: Foster a globally competitive business environment by enhancing the private sector.

*States and nations compete globally to retain and recruit businesses. In today's new economy, financial and intellectual resources are mobile. Businesses, employees and entrepreneurs can easily choose to relocate if they are dissatisfied with opportunities in their current environment. Innovative technologies, a skilled workforce and strong capital investment are critical components of competition in this new business environment.*

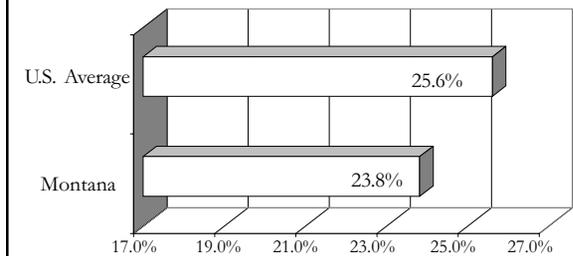
*Doing business in Montana must not put organizations at a competitive disadvantage. We must continually evaluate and adjust government services to better meet the needs of businesses. When a company looks to stay or relocate in Montana, the environment for those businesses must meet their strategic needs and the needs of their workforce. Our financing, education, workforce development, physical infrastructure and research capabilities must all be of high quality and easily accessible.*

Annual Venture Capital Investment - Seed and First Stage  
Third Quarter Ending 2001



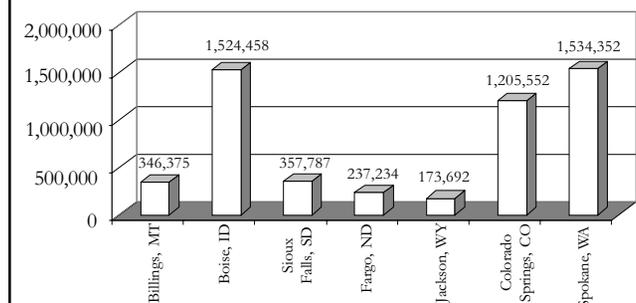
Source: National Association of Venture Firms

Percent of Population with College, University or Professional Degree  
(25 yrs and older) 2000



Source: State Rankings 2001 by Morgan Quitno

Number of Airport Enplanements: Regional Comparison



Source: Federal Aviation Administration

# Access to Capital



*Whether it is a micro-business navigating its way through its initial growth spurt or a large, mature corporation entering or repositioning itself in growing markets, Montana businesses face multiple risks and uncertainties. Sufficient investment capital at affordable rates is a necessary ingredient, whether generated internally from retained earnings, borrowed from trade credit or financial institutions, or invested by stockholders or venture capitalists.*

*In 2001, according to the Corporation For Enterprise Development's (CFED) Report Card of the states, Montana received a "D" in Financial Resources. We must ensure that capital is more available and cost-efficient for Montana businesses. It is the responsibility of government to encourage overall availability of capital to facilitate the connection between businesses and capital providers.*

*In the new economy, capital tends to flow toward technology-oriented businesses. We must assist Montana businesses to utilize technology to increase efficiency, growth and profitability.*

## Goal

-  Montana businesses will have better access to competitive financial resources.

## Strategies

- 1 Develop public/private partnerships and state incentives and investments to increase the formation of debt and equity capital in Montana.
- 2 Promote visibility between entrepreneurs and investors/lenders through state activities and support of private efforts.
- 3 Develop education and training programs to expand Montana businesses' knowledge of how to secure seed, venture and commercial financing.

4 Create a public/private "Access to Capital Task Force" to continually evaluate and improve the financial resources available in Montana.

5 Develop impartial and effective methodologies for evaluating state finance programs and incentives. Ensure at least annual evaluation and recommendations for change based on the results of these evaluations.



# Education, Training and Workforce Development

*A strategic goal is to create and retain good paying jobs for all Montanans. Montana's people –its workforce— are the most important ingredient for a competitive economic development environment. The new economy requires a highly skilled, educated, agile, and innovative workforce.*

*According to the 2000 Bragg/Lewis Report by the Montana Ambassadors, the overarching need of employers in Montana is finding trained and qualified workers. The report indicates that finding workers with a two-year vocational technical education from our two-year technical colleges is difficult. In addition, it is not easy for the private sector to understand and work through the process of developing workforce-training programs with educational institutions. Our existing and emerging workforce must have access to education and training opportunities that improve their earning potential across jobs and careers in our changing knowledge-based economy.*

*It is imperative that we facilitate a higher level of coordination and collaboration between the business community and the education community. In today's changing workforce marketplace, worker skills must evolve quickly to meet changes in technology, business needs, and the economy as a whole. This demands continuous reform and quick adaptation of public education and workforce training programs.*

## Goals

-  Facilitate and strengthen the state-wide integration of education, workforce, and economic development to maximize the return on investment in workforce and education spending.
-  Minimize the gap in skill between the current and future needs for skilled workers in dynamic regional based economies.
-  Ensure workforce access to job opportunities and educational choices that allow them to advance their skills and improve their earnings in their regional labor markets.

## Strategies

- 1** Use industry associations to develop skill standards that meet the current and prospective needs of small, medium and large employers in the state. Ensure that assessment is continuously updated.
- 2** Develop partnerships between the private sector and the educational system (community colleges, tribal colleges, colleges of technology and the university system) to develop job training, curricula, and career counseling that are linked to business skill needs.
- 3** Improve access to education, training, and life-long learning in post-secondary, alternative, apprenticeship and vocational programs. Ensure this training and education is available in rural Montana.
- 4** Develop programs and provide incentives for Montana employers to provide current and prospective employees with job training and education.
- 5** Continue to support the Montana Ambassadors' Annual Job Retention and Expansion surveys as a means to track the changing needs of Montana businesses.



*Transportation, utilities and other public infrastructure are basic support structures and are essential to the functioning of a vibrant economy. Modern communication and transportation networks distribute the products and services of the state's workforce to the world, and allow materials, people and information to flow into the state.*

*Montana is faced with a number of business infrastructure issues, including limited air and rail service, variations in transportation laws between states, and a lack of connectivity between different modes of transportation. These impede the flow of goods and increase transportation costs for businesses.*

*We must encourage the private sector's participation in providing these services.*

## Goal

-  Sustain and improve Montana's infrastructure, including transportation and public works to remove the physical obstacles to economic growth.

## Strategies

- 1** Ensure that statewide economic development is an important element in planning highway infrastructure improvements and expansion.
- 2** Develop a statewide marketing plan targeted at air carriers to support the expansion of air service.
- 3** Utilize the State of Montana's Washington D.C. Office to enhance federal/state partnerships in an effort to lower transportation costs, expand air service and improve rail competition.
- 4** Utilize current state programs to assist communities in planning and developing adequate water, sewer, and solid waste disposal facilities to support economic growth and a healthful living environment.



*Access to reliable, high-speed telecommunication services is one of the most important state infrastructure issues for the new century.*

*It is critical that we facilitate strategic partnerships to continually build and expand the telecommunication infrastructure.*

*We will work with the telecommunication industry to meet the needs of its current businesses and encourage high technology and e-commerce based businesses.*

## Goal

-  Montana's telecommunication services will meet the needs of its current businesses and encourage high technology and e-commerce based businesses to grow and thrive.

## Strategies

- 1 Utilize the government's position as the largest telecommunication consumer in the state to drive expanded access to and continued upgrade of Montana's telecommunication infrastructure.
- 2 Ensure that Montana has a competitive telecommunication infrastructure that will promote the growth of high technology and e-commerce based businesses.
- 3 Partner with the Burns Telecommunication Center to mobilize resources to acquire, integrate, demonstrate, and teach applications for telecommunication and multi-media technologies that enhance education, business and personal growth.
- 4 Support and promote the development and implementation of a state government information technology strategic plan to ensure efficient and cost effective IT use.
- 5 Promote business and industry clusters that increase demand for advanced telecommunication infrastructure.
- 6 Develop a process for analyzing the state's current telecommunication infrastructure and identifying impediments to technology business growth in Montana.

# Research and Development



*A major challenge to business is to foster the ideas, knowledge, and technological advancements that are the “raw materials” of an innovation-based economy. The development of technology has revolutionized all types of businesses including manufacturing, agriculture, health-care, and even wholesale and retail trade. These changes show up in the way workers use machines and products, the way products are conceived and produced, the way markets are served, and the ways in which companies interact.*

*Public and private research institutions are major engines of economic growth. By commercializing the technology developed through research and development, these institutions can foster an environment of innovation.*

*Montana’s research and development institutions have already embraced the need to focus on research and development. We must encourage and accelerate these efforts.*

## Goals

-  Support Montana’s industries through responsive and effective technology development and an efficient means to commercialize that technology.
-  Increase the rate of public and private investment in innovative technology and industrial modernization utilized by Montana enterprises.

## Strategies

- 1** Direct state resources, based on university system capabilities, toward a private-sector base where Montana has or could have a competitive advantage.
- 2** Utilize the State of Montana’s Washington D.C. office to support increased research and development activities and funding at Montana’s public and private institutions.
- 3** Develop or encourage initiatives that promote cooperation between Montana’s research institutions and the technical needs of the private sector.



# Business Technical Needs

*From drafting a business plan to improving the efficiency of a business process, all businesses benefit from technical assistance and networking. Assistance with workforce training and regulatory requirements is often the difference between success and failure.*

*Montana has a number of programs throughout state agencies geared toward helping businesses that need to be better publicized and coordinated.*

*All programs must work together to provide Montanans with high quality business assistance. We will work to ensure that businesses are aware of, and have “ready access” to the resources and opportunities of these programs.*

## Goal

-  Assure that technical assistance and support is accessible to all businesses in all regions.

## Strategies

- 1** Develop partnerships between technical assistance providers and businesses by sponsoring or participating in trade shows and/or networking events.
- 2** Develop performance measures that evaluate the effectiveness of programs, funding levels and their delivery systems, and direct state resources to the most effective programs.
- 3** Create an initiative to improve business access to support programs and services within each region of the state.



*State government does not have a direct role in all energy decisions, but it does have the ability to influence and promote energy policies that impact economic development. The siting and construction of new transmission and generation capacity, the implementation of cost-effective energy efficiency policies, and the use of new technologies to increase energy development, use, and efficiency are areas where the state can assist private business. We are committed to help business and citizens have access to affordable energy.*

*Currently a portion of Montana is transitioning from a regulated to a deregulated power market. With this transition comes the need to protect consumers while providing the choices that a deregulated market allows. These choices depend on competition. Montana currently has a number of proposals for new generation on the table. We must ensure that viable projects have the opportunity to succeed. We also must encourage existing generators to upgrade their facilities and expand generating capacities.*

*An adequate supply of energy is key to providing long-term, competitive rates. We will continue to encourage the development of new generation power facilities to meet changing demands of the 21<sup>st</sup> century. New power generation is only one piece of*

*the energy picture. New power generation only benefits customers if that power can be delivered to them. To utilize new energy production, we will work with the private sector, the Bonneville Power Administration (BPA) and the Federal Government to expand transmission capacities, both in Montana and throughout the West.*

## Goals

-  Ensure abundant, reliable, and affordable electricity, natural gas, and liquid fuels for Montana's current and future energy customers.
-  Encourage the development of a variety of new generation power facilities and transmission capacity to meet changing energy demands in the 21<sup>st</sup> century.

## Strategies

- 1** Pursue policies to ensure that sufficient natural gas and liquid fuel pipeline capacity is available to serve Montana's citizens and businesses.
- 2** Participate in regional efforts to enhance electric system reliability and transmission capacity for both internal and export markets.
- 3** Pursue expedited energy facility siting processes that balance the demand for new energy facilities with environmental quality, safety, and concern for energy availability.
- 4** Support the development of Montana's low-sulfur-compliance coal and coal bed natural gas in a safe and environmentally responsible manner.
- 5** Encourage the development of Montana's alternative energy sources including wind, ethanol, solar, biomass, and fuel cells.