



Encouraging Economic Growth

Principle 5: Encourage the startup, expansion and attraction of businesses that provide economic growth and good paying jobs.

Small companies propel the new economy. Ninety-eight percent of Montana's businesses are defined as small businesses, based on statistics from the U.S. Small Business Administration. Small businesses are typically driven by entrepreneurs and account for nearly 70 percent of current economic growth in the United States. New and growing firms are a major source of new jobs. According to the National Commission on Entrepreneurship, fast-growth, high-risk companies created more than two-thirds of new jobs between 1993 and 1996.

For 2001, Montana received a "C" in Entrepreneurial Energy, a large component of the state's Business Vitality Index, according to the Corporation For Enterprise Development's (CFED) Report Card of the states. Montana ranked eighth in new company formation, thirty-third in new business job growth, forty-eighth in percentage of total wage and salary jobs in high technology industries, and thirty-fourth in initial public offerings.

Montana needs to improve its economic competitiveness in high-paying industry sectors. This includes improving access to capital; providing technical assistance; and improving the state tax, regulatory, and licensing environments. We must encourage the development of industry clusters by combining the market knowledge and expertise of businesses with the talents and resources of government, education and economic development organizations.


Business Attraction



The defining character of the new economy is the speed with which many businesses can move operations. Montana must embrace the need for a business climate that can attract businesses. We will build on existing entrepreneurial firms through the attraction of similar businesses that provide the potential for high growth, a higher than average wage, and the employment of a highly skilled workforce.

We will be aggressive in attracting quality employment opportunities in Montana while ensuring a significant and positive economic return for the citizens of Montana.

Goal

-  Diversify Montana's economy through attraction of targeted business sectors with potential for high growth, providing a higher than average wage, and the employment of a highly skilled workforce.

Strategies


- 1** Develop a program to educate regional leaders on economic development strategies, policies, and financing opportunities available for business recruitment.
- 2** Develop a business attraction strategy that emphasizes projects of regional significance or cluster development within a region.
- 3** Establish a formal State of Montana marketing plan to reinforce a consistent brand image throughout all state supported activities.



The new economy is an “economy of regions.” These regions are not defined by political boundaries, but by common economic interests. Industry clusters drive the new economy. A cluster is defined as a concentration of companies and industries in a geographic region, interconnected by the markets they serve and the products they produce, as well as the suppliers, trade associations and educational institutions. For example, similar manufacturing companies within a region can share research, collaborate on business problems and have greater access to a trained workforce. These synergies not only enhance competitiveness, but also are an essential ingredient for success in the new economy.

The role of the public sector is not to decide which industry or business clusters are appropriate in any given region of the state. However, it is important for our economic strategies to support the concentration of similar businesses. The state can also play an important role in educating Montanans on the value of clusters to our long-term economic vitality.

Goal

-  Through industry clustering, build a critical mass of companies that will collaborate, compete, and grow in each region’s identified key industries.

Strategies

- 1** Create a program to educate Montanans on the value of regional industry clusters and help to create financial and technical expertise that further support industry clusters.
- 2** Identify key industries that are, and will be, essential to each region’s competitiveness and leverage each region’s competitive advantage.
- 3** Align state resources to promote cluster development.

Conclusion



This draft framework is a roadmap that will help guide the state's economic development efforts to create a stronger, more diversified economy. Its content is the result of analyzing past economic efforts, listening to businesses and citizens around the state, and learning from other states' best practices. It is intended to provide a broad framework from which Montana's public sector can contribute to the state's economic vitality in the coming months and years.

As this framework is developed over the next few months and becomes Montana's economic strategy, we must all realize that our task has only begun. Constant performance review must occur to ensure we are aligned with our Montana values. Only with continual assessment, refinement, and evaluation of our goals and strategies can this framework benefit all Montanans in the long term.

We encourage all who read this document to comment on its contents. Input and participation from all regions and all citizens is essential for economic development. With guidance from the state's greatest resource, its citizens, we will develop a vibrant economy in Montana.