

I created the basic outline for House bill 751 and I want to take a few minutes this morning to share the rationale behind my thoughts:

For the last 35 years of my business career I was involved in business development at such multinational corporations as Gates Rubber, Dexter and W. R. Grace. I functioned at the division or company level and as such was in the trenches vs. the rare air of corporate development where the focus was more financial and acquisition based. My responsibility focused on bringing fundamental change to the business either through new products or markets or to the mundane by restoring profitability.

When I retired I thought my experience would bring a different prospective to Vermont's economic development program. I reached this objective over the past decade watching in frustration as Bennington County struggled to bring a positive change to its business climate. I started by consulting the Agency of Economic and Community Development web site, but after an hour or so gave up in frustration. It was too convoluted and layered to be able to develop any real understanding of its program. By reaching out to acquaintances who have had direct involvement with elements of our states various programs I was able to develop a basic understanding. What I discovered was that Vermont's economic development program was neither a priority nor a core competency. Further the Agency's efforts are broad based and multifunctional where economic development has no distinctive presence. As one contact mentioned Vermont's program is diluted, reactive not proactive, lacks focus and the resources to be truly effective.

Interestingly one program operates outside the Agency: Peer to Peer and has a substantial budget for its size.

My next plan was to develop an understanding of the organizational structure, its manning levels and their budgets with the simple premise of analyzing the current program and determine what the positive and negative features of that system are. I started at the most logical starting point; the Agency of Economic and Community Development. I submitted a request for a breakdown of the current programs by agency or department, their locations, professional and administrative manning levels, and the current budget for each only to be told that the information was not available. To do so would take many staff hours at great expense to tax payers to gather the information. Strange response from the one department within state government that should have this information readily available. I submit if it is going to take many man hours to develop a complete picture of Vermont's economic development program there is something drastically wrong.

Therefore it is impossible for me to give you an outline of the current program as a starting point in our discussion. Based on my business experience I decided a 30,000 foot approach was the best place to start and then fill in the linkage as my knowledge broadened.

My first premise was the creation of a new separate agency of economic development and elevate it to cabinet level. This gives it a singular presence spotlighting its activities. This action illustrates to Vermonter's that its government

is serious about having a strong focused program addressing the reality that something must be done to improve the economic climate. Within House bill 751 is a provision that requires some nominations for the secretary of this new agency to be from outside the political circle to limit this position from being filled by someone lacking relevant experience in economic and/or business development. This new agency's function is to bring vitality, direction and support to growing the base of existing core businesses and developing new opportunities in Vermont.

Within the agency structure is a central staff responsible for managing the day to day activities, reaching out to the academic world to utilize emerging technologies, and to manage all the financial programs. The agency's secretary has the stature necessary to be responsive to market opportunities and to focus on the only task at hand; developing economic strength and growth. The two regional coordinators manage the field force to assure timely, focused and appropriate actions within county opportunities. The director of finance directs funding schemes to those businesses that meet the criteria for meaningful impact to communities. Further is the responsibility of creating strong and functional ties to banks and other financial institutions to enable a sound financial pool to be developed.

New York State's Centers of Excellence is a unique business support system under a broad umbrella. At various universities and technical institutions New York has established discrete centers focusing on an area of expertise. In the case of Alfred University it is ceramics, Binghamton electronic packaging, and RPI nano technology. The outgrowth from these centers and the others in this program have

brought real growth to New York. Vermont has only one university with broad graduate level programs. Right now the University of Vermont is known for its strength in the biomedical arena which is now, as I understand it, within its new Spires of Excellence program. Programs within the other graduate departments are being developed. A new position in Vermont's new agency organization is a Manager of Technology. This function is responsible to bring development needs from Vermont businesses for consideration with UVM's graduate schools and from the other side to support with state assistance emerging technologies from these schools. Emerging technologies should be supported by an incubator building to allow the concept to move from the bench to the start-up phase. With market success further support would come from within the Agency.

Further the Agency would work with the University and other Vermont colleges to develop business support programs to expose our business to new and innovative business fundamentals. These programs would be available on a periodic basis at regional locations. Business leaders that seek further support would be able to coordinate that need within Agency available resources.

The new Agency of Economic Development must have a lean staff with professional qualifications. Some will be selected from current staff and others from outside to replace those that lack the relevant skills. These representatives will be responsible for all economic and business development functions focusing on maintaining a positive presence in our communities. By building such a network of companies it is much easier to broaden that structure to bring meaningful

information and support functions to those effected organizations throughout the state. The Agency's primary focus is help bring growth in our existing businesses, support emerging technologies and to reach out to true external opportunities to broaden Vermont's economic base. Consolidation sharpens focus, increases efficiency, heightens transparency, and is envisioned to lower cost.

The first focus is the business we have in manufacturing, distribution and technology only as they have traditionally been most likely to offer greater financial support to their employees. The Agency must also assay all core businesses in each county through personal interaction to develop a full understanding of the existing potential as well as to develop a compendium, which doesn't exist now, of what businesses exist in Vermont and their principle focus. It must also bring development programs to businesses to help strengthen business and marketing fundamentals, improved financial management and technical development. Further this new agency will identify areas of growth, implement plans to support those potentials, seek to develop clusters and cluster partners wherever they are in the world. An active and reactive working relationship with our only university supports existing industry and emerging technology encouraging its continued existence in Vermont. The Agency's financial management function would align financial aid programs with the core area of focus. Make no mistake robust investment capital is critical to economic growth.

Coupled with all this is a requirement to develop a rolling five year plan to focus on true opportunities backed by a true metric system that illustrates true results.

I have not addressed the cost side of the organizational structure because I have no idea what the current budget is or the manning levels. One should expect that by creating a leaner organization there are savings without diminishing economic development activity. By creating an organization that is truly focused on improving the economic vitality of Vermont; a positive outcome would be the norm. People making at least a livable wage have a lower impact on the social support structure as shown during the Clinton years across the country. While adopting these changes will not have instant success as this new organization moves forward there will be stronger economic growth each year. Some will say that what I have suggested is radical; our current system is not working and its continuance won't change the outcomes. Our job growth over the last four decades has decreased, our average wage has reduced and much of our workforce is underemployed. We must and can do better. I therefore urge your support for House bill 751.

Appendix:
New Agency of Economic Development Organizational Chart – Draft
UVM Technical Interface Illustration Chart