

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

Action Plan

Financial Services

Key Industry Network (KIN)

June 29, 2016 KIN Meeting Results

Subject Areas Identified for Work
Group Discussion

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FINANCIAL SERVICES KIN MEMBERS & ORGANIZATIONS

Co-Chairs

Kay Clevidence, Farmers Bank

Bill Coffee, Stockman Bank

Facilitators and Staff

Mary Craigle- Governor's Office

Amanda Casey –Governor's Office

Tom Kaiserski (Liaison) –Dept. of Commerce

Dan Lloyd – Governor's Office

John Rogers – Governor's Office

Doug Hill – Board of Investments

Melanie Hill - Administration

Lieutenant Governor Mike Cooney

KIN Members

JJ Adams, Consultant

Jenn Ewan - Missoula Economic Partnership

Craig Wilkins - Vzn Energy

Michael Rands - Rivertop Renewables

Mick Ringsak – Consultant

Leonard Smith - Native American Development Corporation

Dave Glaser - MT Community Development Corp

Julie Foster - Ravalli County Economic Development Authority

Bill Lamdin (Called-in) - Crowley Fleck Attorneys

- The results of the June 29, 2016 Financial Services KIN meeting identified numerous topics for work group discussion
- Main Street Montana Project (MSMP) staff have condensed and shaped these topics into subject statements to be considered by 5 work groups: A-E, as set forth on the following slides
- This overview correlates the work group discussion subject areas and their corresponding subject statements with the Main Street Pillars
- JJ Adam's access to capital survey was discussed in lieu of a sector SWOT analysis
- Dan Villa of the Governor's Budget Office was identified as a key player to involve in all of the topics identified

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Summary of report to KIN by JJ Adams on Montana Angel Investment Network Feasibility Study

Purpose

- Assess the feasibility of a statewide Angel Investment Network and make related recommendations.
- Funded by Montana Department of Commerce

Key Themes

- Montana has an access to capital problem
- We lack the data needed to fully understand this problem
- There are potential solutions to Montana's capital problem
- The economic impact of increased access to capital would be significant

Recommendations include:

1. Support existing groups and funds as much as possible
2. Develop new sources of startup and early stage capital
3. Fund the costs associated with creating a critical mass of services, education, and access to capital networks and organizations
4. Recruit angel investors and educate them about the needs of Montana businesses
5. Collect and analyze comprehensive datasets

Impact

- Montana may have a venture and angel capital shortfall of \$35 million per year
- Shortfall of 1,300 jobs @ \$75k
- VC\$ per University Research\$ is key measure
 - Montana is the worst among peers (AZ, CO, UT, NM, ID, ND)
 - Colorado attracts 100x more

Prioritizing Issue Areas and Actions for KIN Across the MSMP 5 Pillars

1. Train and Educate Tomorrow's Workforce Today
2. Create a Climate that Attracts, Retains and Grows Businesses
3. Build upon Montana's Economic Foundation
4. Market Montana
5. Nurture Emerging Industries and Encourage Innovation

Each discussion group should answer the following questions:

- How important is the issue(s), to our industry and should it be a priority for our KIN?
- For those that are important, what actions should be taken to yield positive change and results?
- Who needs to be involved?
- How should these actions be accomplished?
- What is the timeline for accomplish the actions?

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Action Plan: Group A Topic Area

Pillars 2: Attract, retain and grow business

Cross KIN / financial services sector issues for MSMP to address

Subject Statements:

- On-line predatory lending is becoming a problem
- Succession planning for businesses particularly in rural areas is needed
- Better collaboration among communities, less competition, more movement as a team; Idaho is a good example
- Work with Natural Resources and Energy KINs to create a sustainable partnership of natural resource development to keep industries thriving
- Work with the Broadband and Telecommunications KIN to improve broadband internet service throughout Montana
- Form Indian Country KIN subgroup to discuss all topics
- More integration of all partners including tribes; EDO's, rural groups and multi-state partner

KIN Members who indicated willingness to work on Group A topic: JJ Adams, Amanda Casey, Kay Clevenance, Mary Craigle, Dave Glaser, Mike Rands, Mick Ringsak, Jason Smith, Leonard Smith

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Action Plan: Group B Topic Area

Pillar 1: Train and Educate Tomorrow's Workforce Today

Workforce development to address impending worker shortages and financial literacy education

Subject Statement:

- Collaboration of SWIB, OPI, MUS, DLI, Cooperative Development Centers and economic / business development organizations to define state, education and private roles in workforce development
- Money follows ideas; capture students before they exit state to foster early stage ideas:
 - Hold business plan competitions – WA program is good example
 - Expand entrepreneurial classes
- PK-20 require personal finance classwork/training with regular reinforcement

KIN Members who indicated willingness to work on Group B topic: Mary Craigle, Kay Clevenance, Jennifer Ewan, Michael Rands, Craig Wilkins

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Action Plan: Group C Topic Area

Overlap of Pillars 3 and 5: Attract, retain, grow business and nurture emerging business

Gap Financing

Subject Statements:

- Improve publicly funded gap financing programs:
 - Need to build the capacity of entities filling out forms
 - Stream line programs to make requirements less burdensome and shorten timeframes
 - Create fast-track processes for proven program performers
- Develop pre-gap funding – 4th fund- \$1,000 to \$10,000 to assist businesses with pre-development costs

KIN Members who indicated willingness to work on Group D topic: Jennifer Ewan, Julie Foster, Karyl Tobel

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Action Plan: Group D Topic Area

Overlap of Pillars 3 and 5: Attract, retain, grow business and nurture emerging business

Angel / Venture Capital

Subject Statements:

- Increase Angel / Venture fund access/investment:
 - Develop model for capital attraction for MT companies from pre-revenue R&D through capitalization / commercialization
 - Create a statewide clearinghouse aiding public / private access to capital
 - Specifically identify the needed capital/development pipeline

KIN Members who indicated willingness to work on Group D topic: JJ Adams, Dave Desch
Jennifer Ewan, Dave Glaser, Dan Lloyd, John Rogers, Craig Wilkins

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Action Plan: Group E Topic Area

Overlap of Pillars 3 and 5: Attract, retain, grow business and nurture emerging business

Public Finance

Subject Statements:

- Within the public finance sector, identify and promote the following:
 - Use of Tax Increment Financing (TIF) and Targeted Economic Development Districts (TEDD) strategically structured for rural areas to sustain tax base
 - Use of TIF/TEDD as part of community business sustainability plans
 - State role in educating about social capital such as from Community Development Financial Institutions (CDFI) and New Markets Tax Credit (NMTC) sources
 - Funds to assist business transfer-especially rural to retain what we have

KIN Members who indicated willingness to work on Group D topic: JJ Adams, Kay Clevenance, Bill Coffee, Jennifer Ewan, Julie Foster, Dave Glaser, Leonard Smith, Dan Lloyd, John Rogers, Karyl Tobel, Craig Wilkins

OUTCOME OF DISCUSSION GROUPS:

- Based on your discussion and analysis, **what** do you want to recommend that the KIN focus on moving forward? With respect to your recommendation:
 - **What** is one specific action, or set of actions, that should be taken to yield positive change and results?
 - **Who** needs to be involved?
 - **How** should this action or set of actions be accomplished?
 - **When** is it feasible to expect that the action or set of actions will be completed?