

Main Street Montana Manufacturing Key Industry Network – Summary of 1st Meeting and Next Steps

This is a summary of the first meeting of the Main Street Montana Manufacturing Key Industry Network, held on September 26th, 2014 at the State Fund building in downtown Helena. Thanks to everyone who participated.

This summary is being sent out to all members of the KIN for two reasons:

- Members should use these notes to simply refresh their memory of the array of important topics. Thank you again to everyone for such a robust conversation.
- Members should use these notes to help inform the smaller, topic-specific conversations to be held via phone conference.

| What is <i>one</i> thing that the Government can do for Manufacturing in Montana? | | |
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| <ul style="list-style-type: none"> ▪ Weigh Pros/Cons of “Small Business” definition (4 vs. 100 vs. 400) ▪ Improve transportation In/Out ▪ Reduce cost of airfare ▪ Increase affordable housing stock ▪ Create and improve debt-equity Balance Mechanisms ▪ Open access to timber fiber | <ul style="list-style-type: none"> ▪ Specific and accurate skills training <ul style="list-style-type: none"> ○ E.g. Tool and dye credentials ▪ Expand/ promote apprenticeship <ul style="list-style-type: none"> ○ Including tax incentives ▪ More education/ Training at Middle and High school levels <ul style="list-style-type: none"> ○ Include changing attitudes ▪ Support/expand existing programs <ul style="list-style-type: none"> ○ Like MMEC ▪ Bring in specialty expertise ▪ Attraction/ recruitment of Montanans and out-of-staters to work here ▪ Facilitate shared training <ul style="list-style-type: none"> ○ New facilities ○ New equipment | <ul style="list-style-type: none"> ▪ Slow down costs ▪ Better access to investment ▪ Investment tax credit ▪ A network, how to navigate, quick response ▪ Promote interstate commerce ▪ Eliminate personal property tax ▪ Change right to work |
| <p>Strengths of Montana’s Manufacturing Industry:</p> <ul style="list-style-type: none"> ▪ Smart people ▪ Cowboy ethics ▪ Natural resources | <p>Weaknesses:</p> <ul style="list-style-type: none"> ▪ Transportation / costs of airfare ▪ Right to work <ul style="list-style-type: none"> ○ Labor laws | |

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|--|--|
| <ul style="list-style-type: none"> ▪ No Sales Tax ▪ Highly educated ▪ Quality education system ▪ Great place to live ▪ Motivated government ▪ Accountable government ▪ Made in USA ▪ Consistent improvement (progress) ▪ Diverse economy | <ul style="list-style-type: none"> ▪ Liquor Laws/ wrongful discharge act ▪ Drug use and drug testing policies ▪ Perceived remoteness ▪ High safety violation incidents ▪ Tax policy ▪ Climate and energy costs ▪ Property taxes |
| <p>Opportunities:</p> <ul style="list-style-type: none"> ▪ Healthcare ▪ Low cost of labor and minimal labor ▪ Recruitment assistance ▪ Montana is unique ▪ Pockets of high unemployment (i.e. an available labor pool) ▪ Large pool of undereducated who could be trained ▪ Domestic energy ▪ Wealth of natural resources ▪ This very session- MSMP ▪ Export assistance ▪ Networking ▪ Opportunity to work with Education ▪ Tax Incentives ▪ Networking with MMEC ▪ Post-processing of natural resources | <p>Threats:</p> <ul style="list-style-type: none"> ▪ The unexpected ▪ Outgrowing the available skilled workforce ▪ Competing labor forces ▪ Lack of access to capital ▪ Access to highly technical skills ▪ Available debt-to-capital balance ▪ Interest rates ▪ Costs of energy ▪ Taxation of internet sales ▪ Fraudulent labor claims <ul style="list-style-type: none"> ○ Costs of work compensation ▪ High insurance costs ▪ Housing costs ▪ Healthcare ▪ Not knowing |

Pillar 1: Train and Educate Tomorrow's Workforce

#1. Expand Apprenticeship programs and usage by manufacturers and jobseekers/students

- Apprenticeships
 - Best Practices
 - Look to other states who are doing the same
 - Expanded locations for vocational training
 - Get the program out there
 - Inconsistency across types of apprentice programs
 - Increase opportunities for women
- Spread the word on: WIIFM
- ROI- Understand and market the real costs and real benefits
 - Understand the conundrum: why not just hire skilled grads vs. take on an apprentice?
 - Need better understanding overall of where skilled grads are so companies can hire; need connections
 - Tax incentives can make a difference in uptake by manufacturers

Mike Robbins
Bryan Wood
Jim Wright
Casey Malmquist
Doug Hein
Shawn Humble

#2. Create a Manufacturing Image and Career Awareness Campaign

- Expand vocational training opportunities and exposure
- Lose the stigma
- Promote a new definition of going to college that values the skilled trades
- More BBQs for youth!
- Take your kid to work day

Bryan Wood
Neal Blossom

#3. Expand and Promote MMEC

- Under-utilized and under-capitalized
- Want to expand
- Need capital and feet on the ground
- Expand initiatives like:
 - Existing workforce retention (life skills, supports, look to Job Corps as a model)
 - Job fairs/ads for Montanans and for skilled workers outside MT
 - More precise info to students about wages and benefits
 - More company networking opportunities

Ken Johnson
Sara Bren
Jim Haider

- Wage competition real and unavoidable
- Life skills across the board for existing workers and jobseekers

Pillar 2: Attract, Retain, & Grow Business

#4. Design Competitive Tax Policies

- Heritage Hangover; not keeping pace with other states
- High corporate tax
- Personal property tax increased by 50%
 - Better than it was; not enough
- Investment tax credit
 - Apprentice tax credit
 - Other training tax credits
 - New technology and upgrade credits
 - Special focus on: small, emerging companies

Casey Malmquist
KC Walsh
Ken Johnson
Bert Robbins
Shawn Humble
Tracy Lofstrom

#5. Increase Access to Capital

- Debt/equity balance mechanisms
- Access to equity capital
- Gap: \$ 1M- 10M

Pat Miller
Jim Haider

- Need more basic networking
 - Discover new markets, new products, suppliers, shared customers
- Need collective impact on shared transportation issues
- Increase awareness of MT Manufacturing Tradeshow
 - Every two years by MMEC
- State- level manufacturing-specific recruitment package

Pillar 3: Build Upon Montana's Economic Foundation

#6. Find new markets and products in Post-Processing of Natural resources

- Specialized equipment and technology needed to explore and extract (new products and markets here)
- Increase and improve supply of timber and energy

Tracy Lofstrom
Jim Haider

- Help the Governor be the CEO of MT
 - Find the silly regulations
 - Cut through the noise
 - Align with North Dakota
 - Accept that regulations are important but need to be modern and logical
 - Balance with MT's Quality of Life
 - Don't throw away our state
 - Use Stewardship of the government

#7 : Find Transportation Solutions

- Net export
- Can get it out, nothing coming back in
- Find creative solution
- Transportation co-op for shipping costs reduction
- Connect with Transportation/Logistics KIN
- Understand weight and limit options

Tracy Lofstrom
Bryan Wood
Neal Blossom

Pillar 4: Market Montana

#8 . Re-think and upgrade the "Made in Montana" brand

- Make it work for everyone
 - Made in MT works for some
 - Hinders others
 - Market goes down for some products with the Made in MT label

Steve Mueller
KC Walsh

- Market-specific and product-specific

#9 . Leverage Big Box Buyers interested in Buy America

- Invite them in
- Bring them in
- Look to DoD/ SBIR model

Gary Byrd
Steve Mueller

- Market MT broadly
 - Pure Michigan
 - Great place to do Business
 - Target the UK (they love us)

Pillar 5: Nurture Emerging Industries and encourage Innovation

#10. Increase and improve access to Entrepreneurship classes

- E-ship class at MSU
 - You must be a full-time student to take the class – not feasible for most
- Need flexibility
- Need online components
- Early E-ship education

Neal Blossom
Jim Haider

- Need a “How to navigate” for start-ups
- SBA curriculum out-dated and intimidating
- Find ways to increase transition between ideas and production
- Incentives bringing new technologies and upgrading