



Position Maryland for Growth

Accelerate efforts to sustain a knowledge-dependent, innovation-based and technology-driven entrepreneurial economy.

Human capital is the key driver of growth and innovation. People are not only the beneficiaries, but also the providers of the key inputs to the ever-changing process of technology-based economic growth: making discoveries, creating companies, improving productivity and profitability, and creating attractive, high quality-of-life environments where people want to live.²

Positioning the state for growth in an innovation-based economy includes seven building blocks:

1. Discovery & Innovation Sources

- Hold on to federal and military market share in R&D.
- Support excellence in and collaboration among research universities.
- Improve incentives for firms conducting commercial R&D.

2. Commercialization of Knowledge

- Reinvigorate Maryland's commercialization resources and invest in existing vehicles aligned with state and federal initiatives.
- Develop innovation clusters by integrating, cross-fertilizing and accelerating commercialization at incubators and research parks and leveraging federal laboratory presence.
- Encourage small and mid-sized firms to expand into domestic and global markets and take advantage of broader networks of customers, suppliers and partners.
- Provide aggressive support to Maryland bidders on federal contracts.

3. Entrepreneurship

- Recruit and retain researchers and academics whose work generates significant business creation potential.
- Build a culture that celebrates entrepreneurship, understands failure and embeds promising start-ups in an ecosystem needed to grow from small to mid or larger.

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Build on Existing Strengths

Invest in life sciences, information technology and federal and military-related economic activity.

High performing companies (1%) generate roughly 40% of all new jobs in any given year and the fastest growing young firms account for less than 1% of all companies, yet generate 10% of new jobs each year.³

Life Sciences & Cybersecurity

Maryland is known for preeminence in life sciences and cybersecurity, two economic development priorities. While concentrated in the central corridor, these sectors are growing in every region. Each requires ongoing focus and investment in order to maintain primacy among growing ranks of competitors nationally and around the world. These custom strategies were outlined in BioMaryland 2020 and CyberMaryland and specific recommendations from those reports are included in the comprehensive plan.

Military, Scientific & Technical Services

Maryland holds a strong and growing competitive edge in the scientific and technical services sector that includes R&D, engineering, computer systems design and consulting services. Over one-quarter of the sales of companies that provide these services are made to the federal government. The burgeoning Fort Meade and Aberdeen areas are the most visible representations of the BRAC-related market. The special characteristics of these contractors' markets and competition warrants focused attention.

Emerging Sectors: Space, Earth and Green Technologies

Space and climate change research in the State represents significant potential for commercialization and business formation. A second emerging area of growth opportunities includes research and development and commercialization of renewable energy technologies and generation, water and energy conservation and sustainable agriculture.

Embrace Regional and Economic Diversity

Support innovation and investment in industries critical to specific regions such as agriculture, manufacturing and tourism.

Economic benefit accrues to the locations where commercialization of the innovations generated by new knowledge takes place. This is the central challenge facing states in a global economy fueled by innovation.⁴

State policy and investments need to be aligned with the specific needs of diverse regions. Technology and innovation can generate transformative results on the Eastern Shore or western Maryland to the same degree as in more populous areas. Stronger efforts to link Maryland's federal assets with its rural areas could result in greater competitiveness for landing federal facilities, increased private investment and R&D in emerging areas such as sustainable agriculture, biofuels and water quality.

General Regional Diversity

- Ensure that local economic development concerns, priorities and plans are known to State officials and legislators and considered in strategic and legislative initiatives.
- Make meaningful connections among state innovation field staff and their local partners and specialist knowledge in other parts of the state.
- Give top priority to expansion of broadband in Maryland.

Manufacturing

- Accelerate manufacturing partnerships that link high value-added small manufacturers across supply chains and encourage next generation manufacturing.
- Position Maryland to be a center of research, development, testing and engineering.

Agriculture & Seafood

- Seize the opportunity for innovation linking agriculture with technology.
- Encourage agricultural diversity and increase the share of value-added products.

Travel & Leisure

- Expand the reach of marketing efforts to enhance Maryland's perception.

Make it Easy to Do Business in Maryland

Through predictability, transparency and automation.

Innovation depends on harvesting knowledge from a range of disciplines besides science and technology. Innovation flows from shifts in mindset that can generate new business models, recognize new opportunities and weave innovations through the fabric of society. It is as much about new ways of doing and seeing things as it is about the breakthrough idea.⁵

The extent to which government gets in the way of business is inherently difficult to quantify, yet the topic is very real to the business community. Lack of certainty and clarity in policy and regulatory spheres hold back growth and innovation. The Commission concentrated on permitting and regulatory issues to make it easier to do business in the State.

Technology can vastly improve coordination and introduce increased efficiencies. Agencies that are responsive and flexible play an equally critical role in providing an environment that encourages business growth and success.

- Instill a powerful culture of customer service in State and local agencies handling business permitting and regulatory reviews.
- Standardize and streamline State licensing and permit applications.
- Establish mechanisms that regularly coordinate complex reviews among relevant State and local entities.
- Liberalize criteria governing MBE businesses to reflect market realities and growth of mid-sized firms. Review rules that limit the ability of Maryland firms to do business with the State.

Innovation occurs at the intersection of invention and insight. It's about the application of invention – the fusion of new developments and new approaches to solve problems.⁶

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4. Human Capital

- Create a workforce prepared for employment in growing sectors.
- Increase access to community colleges for 2-year programs and for re-tooling worker skills.

5. Financial Capital

- Create financing mechanisms that target high potential Maryland companies.
- Bring early-stage equity capital to start-up and very young companies.
- Protect and enhance the most effective State financing tools.

6. Physical Capital

- Provide robust broadband access to and utilization in every corner of state. Increase Maryland's energy generation and transmission capacity.

7. Quality of Life

- Enhance and promote Maryland's desirability as a place to live.
- Assure efficient car and transit mobility.

Further Information

Discovery, Diversity & Opportunity: Maryland's Economic Development Plan available at www.choosemaryland.org

The full report includes background information, state economic profile and competitive standing, and detailed recommendations. It summarizes and incorporates the sector strategies of *BioMaryland* and *CyberMaryland* and highlights the economic analysis that led to including new focus sectors. The plan profiles traditional industries, incorporating existing state strategies, as well as the state's regions, summarizing various strategic plans, identifying common themes and recommending actions to support regional prosperity. Lastly, the plan summarizes issues raised by stakeholders and includes recommendations to help make doing business in the state easier and more profitable.

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Charting Maryland's Economic Path

Discovery, Diversity & Opportunity A Five Year Strategic Plan

To succeed in the 21st century, state economies must be knowledge dependent, global, entrepreneurial, rooted in information technology and driven by innovation.¹

Introduction

Over the past 18 months, the Maryland Economic Development Commission (MEDC) actively engaged the state's business community to outline a long-term economic development strategy focused on the core mission of creating jobs, saving jobs and improving the conditions that support job creation – by businesses large and small – by building on inherent strengths in innovation, science and discovery.

Vision

Maryland supports an economic development environment where knowledge is transformed into products, processes, systems and services; technology-creating and technology-using companies are born and expand; all companies employ technology to improve productivity and profitability; and citizens thrive and build wealth.

Principles

The MEDC was guided by the following principles:

- Technology-driven economies bring benefits across all sectors and regions and connect new and traditional businesses.
- Robust private investment is a necessary and key ingredient to growth.
- Skillful execution is as important as soundness of strategy, and doesn't necessarily mean creating expensive new public programs.
- Meaningful collaboration between industries, academic institutions, government and investors is critical.
- True competition is global.



Economic Development Strategies

With input from 250+ business owners at four regional roundtables and a thorough analysis of key data, the Commission designed *Discovery, Diversity & Opportunity: Maryland's Economic Development Plan* based on four core strategies:

- I. **Position Maryland for Growth.** Accelerate efforts to sustain a knowledge-dependent, global, entrepreneurial economy.
- II. **Build on Leading Drivers of Economic Growth.** Continue investing in life sciences, information technology and federal and military-related economic activity
- III. **Embrace Regional & Economic Diversity.** Invest and transform agriculture, manufacturing and tourism.
- IV. **Make it Easy to do Business in Maryland.** Ensure transparency, predictability and automation.

¹ Information Technology and Innovation Foundation and Kauffman Foundation, State New Economy Index ² State Science and Technology Institute ³ Diane Stangler, Ewing Marion Kauffman Foundation, 2010 ⁴ State Science and Technology Institute ⁵ John Kao, Innovation Nation (2007) ⁶ Sam Palmisano, Chairman & CEO, IBM