



## **Addendum to the 2016 Strategic Plan for the Maryland Department of Commerce December, 2019**

### **I. Taking Operational Excellence a Step Further**

In 2016, the Maryland Economic Development Commission adopted a Strategic Plan for accelerating economic development which has serving as the handbook for Department of Commerce. With this plan, titled *Best is the Standard*, the Department began to rebuild morale and relevance in conjunction with the Maryland Economic Development Commission, which effectively serves as the Department's board of advisors.

The strategy embodies six goals. These are:

1. Achieve Operational Excellence
2. Foster a Competitive Business Environment
3. Advance Innovation & Entrepreneurship
4. Expand Targeted Growth Clusters & Industries
5. Create One Maryland & Enhance Community Development
6. Improve Brand & Attract Talent

These goals, which support the advancement of Maryland's existing business community, serve as the focus of the Department's efforts in retaining, expanding and attracting meaningful jobs that can lead to in-demand careers.

Much of the energy during the initial years of economic development reform in Maryland focused inward on Department operations. This addendum to the 2016 Strategic Plan is intended to ensure strategy continuity and team alignment in addition to broadening the Department's focus without departing from the ongoing focus on operational excellence, which has helped expand contacts with Maryland's businesses, generate a larger pipeline of businesses seeking to expand in or relocate to Maryland, and to enlarge the Department's economic impact.

As of late 2019, Maryland has been a national leader in job growth for several months, supports an unemployment rate in the mid-threes, and is experiencing robust development and redevelopment activity in many locations, including at Tradepoint Atlantic, downtown Towson, downtown Columbia, Baltimore City, Hanover, College Park, Bethesda, Frederick, Oakland, Salisbury, Ocean City, and in numerous other communities.

Still, the work of economic development in Maryland remains far from complete. There remains massive economic inequality within and between communities, high unemployment in a number of

rural communities, an unsatisfactory level of commercialization given Maryland's leadership position in global research and development, and an apparent lack of understanding or concern regarding the needs of businesses among elected officials across the state, including the General Assembly in Annapolis.

Under Commerce Secretary Kelly M. Schulz, who succeeded Mike Gill in early 2019, the guiding principle of the Department of Commerce is "Prosperity with a Purpose." In essence, this means that while the state uses the tools of economic development to create and support prosperity, job creation and business growth in Maryland, the ultimate goal is to empower the people who work in the state to build better lives for themselves and their families.

The formation of the Commerce Subcabinet in 2015, chaired by Secretary Schulz, which has grown to ten (10) State Agencies and five (5) work groups under her leadership, has been an effective tool in coordinating statewide economic strategies in support of the business community. Secretary Schulz initiated the successful Regional Resources and Small Business Workgroups in 2019, advancing interagency coordination, collaborations and creative solutions in addition to identifying increased support to Maryland's business community and future businesses. Continuation of the work of these Workgroups and encouragement to local partner organizations to model such formations will further enhance support to Maryland businesses.

The Department of Commerce must help rally economic development stakeholders, including economic development offices located in each of Maryland's 24 major jurisdictions, in order to accelerate commercialization, accelerate the alleviation of poverty and joblessness, and educate legislators of the challenges businesses face and the community benefits they could otherwise deliver.

## **II. Unifying Maryland's Economic Development Community**

The membership of the Maryland Economic Development Association includes several dozen communities across Maryland, including county-level economic development agencies. This economic development coalition stretches from Garrett County in the west to Worcester County in the east, and from the counties that border Pennsylvania in the north to Somerset County, the southernmost major jurisdiction in Maryland.

The Maryland Economic Development Commission, working alongside the Department, recommends that the current and future Secretaries of Commerce strive to position the Department of Commerce at the vanguard of statewide economic development by:

- 1) Creating a statewide innovation and commercialization ecosystem, perhaps by better understanding dynamics in Silicon Valley, in and around Boston, in Austin, and in the Research Triangle;
- 2) Supporting advocacy in Annapolis and county seats across the state regarding the economic development climate and the need for Maryland to be competitive with Virginia, Pennsylvania, Delaware and other commonwealths/states in terms of tax rates, regulatory environment, human capital development, and infrastructure; and

- 3) Maximizing coordination in terms of identifying key industries, making appeals to expanding businesses, and addressing community needs in the wake of business closures and/or layoffs.

To a certain extent, the Department of Commerce is already fulfilling this role, and the success of the Commerce Subcabinet collaborations can serve as a blueprint for uniting economic development partners throughout the state. It is clear that much work remains to be done, including stronger advocacy on behalf of the state's business community and entrepreneurs.

The Secretary of Commerce's listening tours represent a positive start. Much information has been gleaned regarding the aspirations of communities as well as their numerous challenges such as workforce, broadband access, transportation, and other issues.

These sessions have revealed Talbot County's desire to spawn an aquaculture industry, Carroll County's desire to build upon its already impressive manufacturing base, Washington County's intense competition with communities in West Virginia, and the fragility of the Eastern Shore's agrarian sector.

The goal must be to broaden this information into a comprehensive effort to act coherently on behalf of the state's citizenry both locally and statewide. It will only be through concerted action led by the Department of Commerce that the State of Maryland will achieve its full economic development potential, which will be manifested in the form of more patents awarded, greater venture capital investment, more initial public offerings, lower unemployment, more jobs with clear career pathways, a larger middle class, profitable farms, thriving cities, and higher median household incomes.

### **III. Recommendations**

In light of these considerations, the members of the Maryland Economic Development Commission, working alongside the Department of Commerce, recommend that:

- 1) The Department of Commerce organize a series of discussions featuring all of the state's economic development agencies to fashion comprehensive strategies focused on innovation and commercialization ecosystem development and business climate advocacy;
- 2) Regular outreach be established that allows heads of economic development agencies discuss specific opportunities and subjects of interest or to voice their concerns to the Department of Commerce regarding emerging challenges; and
- 3) The Department of Commerce initiate a process to gather ideas and information from each economic development agency in Maryland regarding a strategy for each upcoming General Assembly session, establishing advocacy roles for each agency in the process.
- 4) Promote the impact of Commerce programs through outreach to local economic development partners and businesses and encouraging business and partners to advocate for economic development tools and programs.

## **Conclusion**

Since 2016, Maryland has taken large steps toward becoming a state that welcomes and supports business. Governor Hogan's goal of making Maryland "Open for Business" has led to reductions in tolls and fees, the elimination of hundreds of burdensome regulations, and the creation of tens of thousands of new jobs.

Despite that, the state's full potential is far from being realized. To create the entrepreneurial ecosystem that Maryland requires to generate more broad-based prosperity and to accelerate tax base formation that will allow for greater investment in education, infrastructure, and quality of life generally, the Department of Commerce must be more than internally excellent.

It must also be at the vanguard of economic development in Maryland, which means serving as a potent coordinating mechanism uniting each of the state's economic development agencies along the dimensions of ecosystem development, advocacy for entrepreneurs, information sharing, and strategic implementation.