

<p>Maryland Advisory Commission on Manufacturing Competitiveness</p>
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Maryland Advisory Commission on Manufacturing Competitiveness Annual Report

In July 2012, Governor Martin O'Malley reconstituted the Maryland Advisory Commission on Manufacturing Competitiveness (MACMC). The Commission's inaugural meeting was held at MarquipWardUnited, a capital equipment manufacturer located in Cockeysville, where Governor O'Malley addressed the Commission and swore in 16 new members. Following the swearing-in ceremony, the Governor joined Jerry Solomon, Vice President of Operations at MarquipWardUnited and a member of the Commission, and State officials for a tour of the company's Cockeysville facility.

Chaired by Jeff Fuchs, the MACMC is charged with advising the Secretary of the Maryland Department of Business and Economic Development (DBED) on ways to encourage new and expanding manufacturing enterprises in Maryland. The Commission also recommends ways in which to retrain and educate Maryland workers for manufacturing jobs, support research, and foster the growth and viability of manufacturing enterprises in the State.

The Commission comprises 25 members, representing manufacturers, the General Assembly, labor and industry organizations, and State government. Members are appointed by the Secretary of Business and Economic Development and the General Assembly to three-year terms (see Appendix A). The Commission reports to Governor Martin O'Malley and the Maryland General Assembly according to five directives, as outlined in statute:

- (1) Encouraging the development of new manufacturing enterprises and the expansion and retention of existing manufacturing enterprises;
- (2) Encouraging and facilitating training and education of individuals for manufacturing jobs;
- (3) Producing a climate conducive to the growth and viability of manufacturing enterprises;
- (4) Supporting research necessary to evaluate, plan, and execute effective promotion of manufacturing enterprises; and
- (5) Encouraging, assisting, and coordinating the activities of local, regional, and national public or private organizations that promote manufacturing.

Over the last 18 months, the Commission held a series of meetings at DBED's World Trade Center offices in Baltimore, at Maryland manufacturers, and at partner organizations:

July 17, 2012	MarquipWardUnited, Cockeysville
November 16, 2012	World Trade Center, Baltimore
December 13, 2012	Frito Lay, Aberdeen
March 12, 2013	Maryland State & Washington, D.C. AFL-CIO
May 23, 2013	Community College of Baltimore County, Catonsville
September 3, 2013	World Trade Center, Baltimore
December 5, 2013	MedImmune/AstraZeneca, Frederick

Commission members also met with the leaders of the newly-established Maryland Manufacturing Extension Partnership (MEP) and other organizations supporting manufacturers. These discussions were critical to helping commission members – with diverse backgrounds and

perspectives – to establish a common framework for understanding the State’s manufacturing economy.

Through these meetings and discussions, as well as subcommittee meetings and tours of Maryland manufacturers, the Commission developed initial recommendations to advance Maryland’s manufacturing industry:

(1) Support the development of a State Manufacturing Association that performs several functions beneficial to the development of a strong state manufacturing economy.

As envisioned by the Commission, this Manufacturing Association could build upon the strengths of existing organizations with demonstrated capabilities to support manufacturing in the state like the Regional Manufacturing Institute of Maryland and other organizations with similar capabilities. The association’s functions could include:

- Advocate for programs and initiatives to strengthen Maryland’s business environment, and to provide greater representation for small- and medium-sized manufacturing businesses that have unique views and needs, and that may find organized representation out of reach.
- Support Next Generation Manufacturing efforts as a strategic and tactical advantage for Maryland manufacturing. This leverages the innovative strengths of Maryland and substantially differentiates Maryland’s manufacturing association from similar organizations across the country.
- Support the effort to retain, grow and recruit companies to Maryland. Act as a proponent partner for State economic development efforts.
- Support the education and training of Maryland’s manufacturing workforce. Define training needs, articulate manufacturing curricula to secondary and adult educators, connect needs with service providers, aggregate demand across companies to create greater buying power. Consolidate training and workforce development needs and connect companies with financial training support resources, such as *Employment Advancement Right Now (EARN)*, *Partnership for Workforce Quality* and other programs in the future.
- Present a coherent, realistic and attractive image of 21st century manufacturing.

The Commission recommends that the State provide \$1 million to fund the establishment of the Statewide manufacturing organization to further strengthen Maryland manufacturing.

(2) Stimulate manufacturing entrepreneurship.

Maryland offers a very hospitable environment for entrepreneurship and innovation, ranked first in the nation by the U.S. Chamber of Commerce in its *Enterprising States* report. However, few entrepreneurs launch manufacturing businesses. According to *On Entrepreneurism: A Statewide Survey of Business Owners* prepared by the Greater Baltimore Tech Council and DBED in 2011, just one percent of businesses started in

Maryland were manufacturing businesses. To stimulate manufacturing entrepreneurship, MACMC recommends the following:

- **Assess the feasibility of an a incubator-type model for manufacturing.**

Maryland's network of business incubators supports early-stage companies in bio and life sciences, cybersecurity, information technology, and other industries. Emerging manufacturing companies would greatly benefit from manufacturing-optimized incubator space with the accompanying business and technology services and support.

(3) Further streamline government processes for Maryland manufacturers.

With *Maryland Made Easy*, *Fast Track*, and other initiatives, the State has streamlined permitting, regulatory and other State processes to make it easier for businesses to do business in Maryland. More than 160 regulations have been repealed, revised, or streamlined. While progress has been great, we need to continue to do better. The Commission recommends exploring and implementing relevant techniques and practices such as Lean Government to further streamline State processes.

Maryland Made Easy (MME) has been a step in the right direction, and the program has achieved some admirable goals since it was launched in early 2011. MME succeeds in aligning and incentivizing government employees toward process improvement goals Maryland Made Easy helps identify where and why to improve, but does not help people understand any better how to improve. Because this component is missing, Maryland Made Easy runs the risk of frustrating well-meaning government workers and preventing realization of their full potential in making Maryland an easier state to start and grow business. State employees often lack the tools, resources and systematic approaches employees in other states have learned and are applying to fundamentally and dramatically streamline government processes, leading to breakthrough performance.

(4) Fund the State's Partnership for Workforce Quality (PWQ) program or another mechanism that will allow DBED to match training expenditures made by individual companies. Funding is recommended at \$2 million.

Advances in technologies and innovations in equipment have increased the demand for workforce training and for skilled workers. The Partnership for Workforce Quality, which provides a 50 percent reimbursement to companies for training, and other similar programs help ensure that Maryland manufacturers have the skilled workers they need to compete globally. The Commission recommends funding PWQ or another similar program to assist manufacturers in training employees, including non-production workers, so as to remain competitive in the global marketplace.

(5) Increase the amount of credits allowed annually for the State's Research & Development (R&D) tax credit to \$10 million.

According to the Manufacturing Institute's report, *The Facts about Modern Manufacturing*, two-thirds of R&D capacity in the U.S. is concentrated in manufacturing. Thus, further increasing the R&D Tax Credit will help to promote the development and

production of new products in Maryland, bolstering the manufacturing sector and the State's innovation economy, position Maryland as the go-to destination for advanced manufacturers, and enable the State to be more competitive with neighboring states.

In this, its inaugural year, the Maryland Advisory Commission on Manufacturing Competitiveness focused on recommendations that commission members believe are most likely to generate near-term results and around which there was broad consensus for action. Through the course of its first 18 months, Commission members explored a broad range of ideas and suggestions. The recommendations put forth in this report are those which the MACMC believes will provide a needed boost to the State's manufacturing industry.

Looking forward to 2014, the Commission expects to conclude its deliberations on these points and will present additional recommendations that build upon and expand this initial guidance.

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Appendix A: MACMC Member List

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- Jeff B. Fuchs, MACMC Chair and Director, Maryland World Class Consortia
- Jose Boluda, Director of Legislative Affairs, Northrup Grumman
- Barbara Buchanan, Regional Operations Vice President, Frito Lay
- Elsie Dare, Plant Manager, Crown Cork and Seal
- Mike Galiazzo, Ph.D., Executive Director, Regional Manufacturing Institute
- Drew Greenblatt, President, Marlin Steel Wire
- Jason L. Groves, Executive Vice President & General Counsel, Medifast
- John Higginbotham, President, PRS Guitars
- Richard M. "Mike" Hutson, Manager of Business Development, Triton Metals, Inc.
- Greg Liposky, Vice President & General Manager, MedImmune Frederick Plant
- Kathy Menasche, Senior Director of Workforce and Business Development, Carroll County Community College
- Daniel L. Pheil, President, Cinetic Landis Corporation
- James Radin, Vice President of Global Supply Chain, McCormick
- Jerry Solomon, Vice President of Operations, MarquipWardUnited
- Jim Strong, Sub-District Director, United Steel Workers
- Frederick V. Swanner, President, UAW Local 239, GM Transmissions

Ex officio members include:

- Dominick E. Murray, Secretary, Maryland Department of Business & Economic Development
- Robert M. Summers, Ph.D., Secretary, Maryland Department of the Environment
- Leonard Howie, Secretary, Maryland Department of Labor, Licensing, & Regulation
- Lillian M. Lowery, Ed.D., State Superintendent of Schools
- Danette Gerald Howard, Ph.D., Secretary, Maryland Higher Education Commission

General Assembly members include:

- Senator David R. Brinkley
- Senator Katherine A. Klausmeier
- Delegate John Olszewski Jr.