

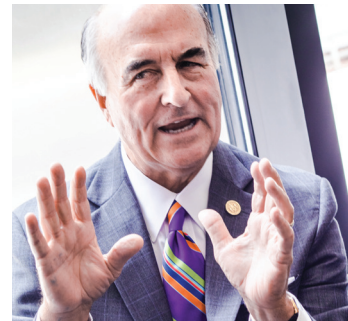
Driving Innovation and Growth: A Conversation with Mike Gill, Secretary, Maryland Department of Commerce



By Michael J. Keegan

Today economic development goes to the core of every U.S. state's ability to be competitive, to grow and retain jobs, and to fuel economic prosperity. The state of Maryland is doing just that through a series of initiatives that increase competitiveness, transform economic development programs, and meet business needs in the 21st century. Maryland's Department of Commerce fosters an economic development culture in a state that seeks to maximize its greatest assets and create quality jobs.

Mike Gill, Secretary of the Maryland Department of Commerce, joined me on *The Business of Government Hour* to discuss the mission of the department he leads. In our interview, he explains how Maryland is attracting and retaining businesses and how his department promotes the state to enhance its economic prosperity. The following is an edited excerpt of our discussion, complemented with updated and additional research.



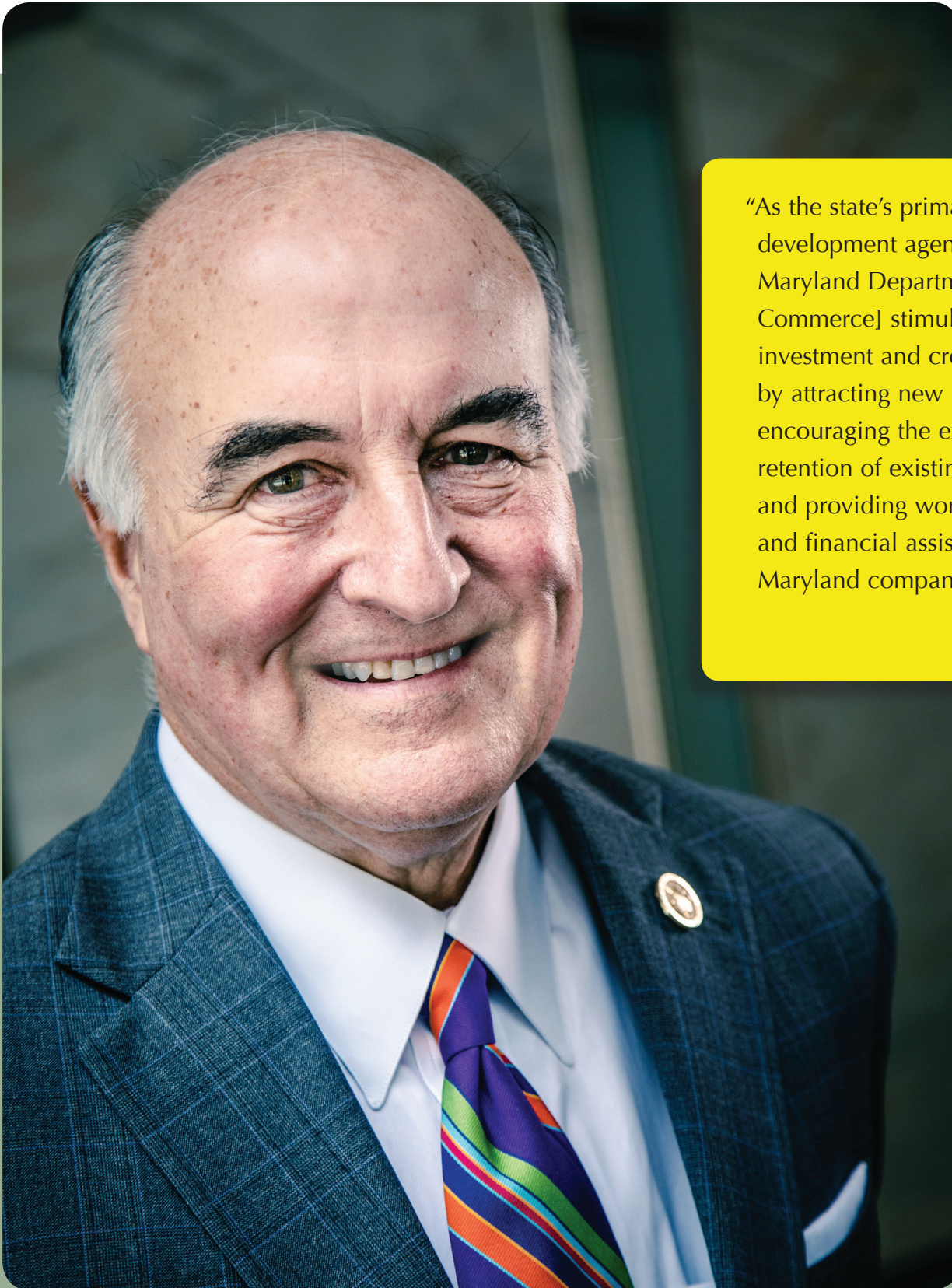
On the History and Mission of the Maryland Department of Commerce

This department has gone through many changes. It began as the Department of Economic and Employment Development and evolved into Department of Business and Economic Development. In 2015, it became the Department of Commerce, as recommended by the Augustine Commission Report. Commerce is a more universally recognized term, which captures a broader range of assets and activities. It also reflects more accurately how I wanted to redirect, reposition, and reprioritize the way Maryland approaches economic development.

As the state's primary economic development agency, we stimulate private investment and create jobs by attracting new businesses, encouraging the expansion and retention of existing companies, and providing workforce training and financial assistance to Maryland companies. The department also promotes the state's many economic advantages, while marketing local products and services at home and abroad. Our mission is to spur economic development and international investment, trade, and tourism.

We're headquartered in downtown Baltimore at the World Trade Center, a city landmark that sits in the Inner Harbor. Some 30 years ago, this building was the vision of former Baltimore Mayor and former Maryland Governor, William Donald Schaefer. Today I lead a department composed of six business units:

- Administration and Technology
- Business and Industry Sector Development
- International Investment and Trade
- Marketing and Communications
- Military and Federal Affairs
- Tourism, Film, and the Arts



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—Mike Gill

With a budget of around \$150 million, the department is a nice mix of complementary functions and services.

On Shaping a Strategic Vision

Maryland has many great assets as well as significant and diverse resources. What we did from the get-go was to rethink and re-appreciate the assets that we do have—from the Port of Baltimore to our incredible industry sectors, be it cyber, life sciences, healthcare, the university system, and aerospace. We inventoried our assets, our industry clients, and every aspect that comprise the economy of Maryland and viewed each from a geographical or regional standpoint. With that information in hand, we work with the 24 counties and local jurisdictions to identify our strengths and leverage resources at the state level.

Maryland has 476,000 businesses that encompass a vast spectrum of industries and a diverse makeup. These businesses range from a two-person ice cream shop in Cumberland to Lockheed Martin, McCormick, and the Marriott Corporation. All of these companies have at least one thing in common to me and my Commerce team—they are our customers. As our customer, we constantly ask them how we can help. This mindset and approach inform and shape the department's strategic vision. It is all about working together to serve our customers and collaborating with local jurisdictions to make sure we're doing our best. Ultimately, our goal is to continue to grow our economy, create jobs, and open up new opportunities in every region of our state.

On the Advantage Maryland Fund

Advantage Maryland, formerly the Maryland Economic Development Assistance Authority and Fund (MEDAAF), is the department's primary direct assistance fund, providing incentives to significant projects that address our mission to attract and retain jobs and stimulate capital investment. Capabilities are broad, including conditional loans and grants and investments. The fund also supports attraction and retention efforts, infrastructure, the arts and entertainment districts, revolving loan funds, and local strategic planning. It was created as a result of a mandated consolidation of a number of department financing programs in FY 2000. MEDAAF is focused on helping companies grow and expand with the support of the government.

The role of government can be one of providing seed capital that support businesses. This fund is focused on job creation and caps at \$2 million. The local jurisdiction where the company resides also has to kick in and be part of the deal. We have close to \$25 million in funds to invest annually. After



20-plus years in place, the program has led to tens of thousands of jobs and tremendous business support. For example, we invest \$2 million that can result in at least another \$22 to \$25 million in economic impact. This program is a serious workhorse for fledgling companies across Maryland.

On the Partnership For Workforce Quality

The Partnership For Workforce Quality (PWQ) is an existing workforce-training program that was around for a number of years—and then it sort of fell off the map. Early in my tenure while visiting companies across the state, the one consistent request I would hear was bring back PWQ. This important program awards funds on a matching basis to businesses that invest in training and upskilling their workforce to maintain a competitive edge. It's a relatively modest program of about \$1 million. The grants can be as low as \$50,000 to a company and can go as high as \$200,000. It is meant to upgrade employee skills. In recent years, PWQ has assisted companies statewide to train employees on more advanced machinery or technology, including Protenergy in Dorchester County, Garrett Container in Garrett County, Knorr Brake in Carroll County, and Berry Plastics in Baltimore City. In addition, an analysis by Commerce's research team shows that PWQ generated a return of more than \$18 in state tax revenues for each dollar of incentive funds expended.

On the Economic Development Opportunities Fund

The Economic Development Opportunities Fund, or Sunny Day, supports extraordinary economic development projects that require financial assistance beyond the capabilities of other state and local funding programs. It has been a vitally important tool for us. I'm a big believer in growth through retention. I think it starts with retention and this fund has enabled us to retain key corporations. This is how we measure success.

Through Sunny Day, Commerce was able to support the expansion of Northrop Grumman, which has more than 10,000 highly skilled, high-paying jobs that are directly responsible for an estimated \$49.2 million in state personal income and sales taxes per year. In total, the aerospace giant supports more than 25,000 jobs in Maryland and contributes about \$81.1 million in state tax receipts.

We've also used this program to keep Marriott Corp. in Maryland, providing assistance in building a new \$600-million headquarters in Montgomery County, securing its presence in Maryland for decades to come. As part of the project, the company will retain 3,500 employees, while projected economic output over the next 21 years is \$31 billion. In total, the project will support 72,000 indirect and induced jobs, generate revenues in area businesses of \$1.2 billion annually, and generate a 20-year projected tax revenue of \$1.7 billion to the state and \$153 million to Montgomery County.



The Sunny Day program is a tool that helps the state retain these firms. When we make these investments, we do it by looking through the lens of the taxpayer.

On Enhancing Business Outreach

We restructured Commerce to give us the best opportunities to work with stakeholders and to partner together. We did that by adding more regional representatives in all corners of the state for the best direct outreach to our customers. Today we have 12 regional reps spread among 24 jurisdictions. Their main mission is to establish a very close working relationship with businesses, business leaders, the respective Chambers of Commerce, and the economic development folks in that particular jurisdiction. We are there to assist business, but we can only do that if we have continuous two-way communication.

For example, we created the Platinum 500 program that identifies Maryland's major private sector employers and schedules regular outreach to them by county. This program falls under the Division of Business and Industry Sector Development—led by a great leader Steve Pennington—which focuses on job development and deals primarily with business assistance, retention, and attraction. Platinum 500 fosters strong relationships with the state's economic development and industry organizations and leaders, making it easier for staff to assist them. We meet every quarter with these businesses. CEOs want to be there because they know we want to help them. In one meeting, for instance, a CEO of a publicly traded, significant company shared some things about the state that he didn't like and expressed his intention to possibly relocate. Not only did that not happen, but the company recommitted to Maryland. They're putting up a new 200,000-square-foot building and doubling down on what they're already doing. The regional rep program and Platinum 500 made a real difference.

In 2016, we launched a program to recognize Maryland companies that celebrate a significant milestone or anniversary. Through this outreach, Commerce was able to honor businesses and thank them for their continued investment in the state. We also have an outreach program that goes outside the borders of Maryland. Here we identify opportunities where companies might find Maryland—and what we have to offer—a better fit for their businesses.



“Solid leadership—combined with a requisite culture of urgency—makes organizations successful. Show me a great organization and I guarantee you they have a sense of urgency about everything they do. My motto that I have sought to instill in the Commerce culture is ‘Dream bigger, go faster.’”

—Mike Gill

On Marketing Maryland and Building its Brand

The Augustine Commission spent a year doing roundtables and hosting town halls around the state, asking the business community what they thought of Maryland and how they were being treated. A consistent finding was that the state could be more business friendly and needed a brand. This prompted the establishment of the Maryland Public-Private Partnership Marketing Corporation, known as the P3, which convened for the first time in April 2016 and has led the rebranding effort. This campaign has positioned Maryland as a hub of innovation and the ideal place to launch, relocate, or grow a business.

We decided to go with “Maryland is Open for Business.” When you make a statement like that, you better deliver. In the last 12 months, we launched an advertising campaign in the BWI Airport, on billboards, in business newspapers, and with targeted digital placements. We also identified 10 to 12 states where we rolled out the campaign to let companies know that Maryland is open for business. Another function of the P3 is fundraising in the private sector, which is being

done to complement the state’s investment. This will include contributions from many private Maryland companies over the next three to five years. All advertising will drive businesses to a newly-designed website—open.maryland.gov.

On the Importance of Interagency Collaboration

The Augustine Commission identified the need and importance of collaboration among Maryland state agencies. To that end, on October 1, 2015, we established the Commerce Cabinet as an interagency effort for quicker and better responses to business issues. It is comprised of the secretaries of the Departments of Commerce; Transportation; Labor; Licensing and Regulation; Environment; Housing and Community Development; Planning; and the Governor’s Office of Small, Minority & Women Business Affairs. We also formed three workgroups focusing on customer service, workforce, and mega projects—tracking and advancing over 110 projects important to local communities. We have initiatives to clarify the roles of state agencies, improve customer service, and support economic vitality and growth.

At our first meeting, I gave the Cabinet secretaries a goody bag containing three items: a copy of my favorite book, *The Little Engine That Could*; a magic wand, because sometimes things get really tricky and it might take a little bit of magic; and a Magic 8-Ball, because sometimes you’re called on to make big decisions and you’ll need an additional tool in your toolbox. Right out of the gate, we decided to focus on customer service inside government. I asked, Why can’t we be Disney? Is there a book that says state agencies are supposed to deliver the worst customer service in the world? The answer is, of course not—so let’s change the game. Now we’re using a statewide initiative that includes customer surveys, training programs, and recognition programs. We have recognition programs. Some 55,000 state employees are engaged in this initiative. We’re just getting started, but I’ll put us as we are today against any state in the country in terms of customer service. Job creation was another category we needed to focus on. We identified 120 major opportunities around the state. We also pushed a “no silos” approach—we must work together. In the old days, when we had a significant project, it took four years to cut the ribbon.



Today we ask why we can't cut the ribbon in 18 months. I really believe the Commerce Cabinet is a true game changer and continues to make a big difference.

On Leadership

In my leadership role, I'm somewhere between the head coach/CEO and offensive coordinator, because at the end of the day our mission is to move the ball on all things economic development, all things business, all things that enhance businesses in Maryland. I am also a cheerleader and talent scout. From my perspective, effective leaders share similar qualities. They are as good at listening as they are at speaking. Successful leaders must have a clear vision, possess the ability to articulate that vision, and do it in simple yet captivating language. Good leaders are rarely great jugglers and that's a good thing because it goes to the importance of laser focus. Leaders focus on a few core elements and then move the needle to that end.

The other critical aspect of leadership focuses on your people, your team. There's a limit to how effective you can be if you don't have the players. From day one, the most positive thing for me was the talent at Commerce. It exceeded my

expectations. The image of a lousy employee born with a bad attitude and average skills is overdone. More often than not, good people who aren't excelling just haven't had good leadership. Solid leadership—combined with a requisite culture of urgency—makes organizations successful. Show me a great organization and I guarantee you they have a sense of urgency about everything they do. My motto that I have sought to instill in the Commerce culture is "Dream bigger, go faster."

To learn more about the Maryland Department of Commerce, go to commerce.maryland.gov.



To hear *The Business of Government Hour* interview with Mike Gill, go to businessofgovernment.org.



To download the show as a podcast, go to PodcastOne, iTunes, and businessofgovernment.org.



To view excerpts of the show, go to youtube.com/businessofgovernment.



To read the full transcript of *The Business of Government Hour* interview with Mike Gill, go to businessofgovernment.org.

