

#### Let's make a deal

"There are four things we do," says Mickey Maurer, president of the Indiana Economic Development Corp., the quasi-government agency that runs "more like a for-profit."

## Tightening the state's focus on economic development. Indiana Department of Commerce is gone.

by Steve Kaelble

**HEADING TO DOWNTOWN** Indianapolis to find the Indiana Department of Commerce? You won't find it.

"It doesn't exist," says Michael S. "Mickey" Maurer, the man in charge of Indiana's economic development. Indeed, GOV Mitch Daniels had only been in office for a few days when he began a major restructuring of the state's economic-development operation. Topping the to-do list was the replacement of the Indiana Department of Commerce with a new public-private agency known as the Indiana Economic Development Corp. For

the role of IEDC president, Daniels picked Maurer, an Indianapolis businessman who among other things chairs The National Bank of Indianapolis and IEJ Corp., publisher of the *Indianapolis Business Journal*.

The transition toward the public-private partnership actually began with 2003 legislation that set up the corporation. For a time the IEDC operated alongside the Department of Commerce, but the original legislation called for the Department of Commerce's sun to set as of this month. When Daniels came to power, he accelerated that transition by several

months and sparked a reorganization that streamlines the new economic-development agency: For example, several operations that had been part of the Department of Commerce were left out of the IEDC and instead put under the direction of Lt. Gov. Becky Skillman, including the Office of Community Assistance and the Office of Tourism.

"The IEDC is much more narrow in focus," Maurer says. "There are four things we do. We try to lure businesses to locate in Indiana. We try to keep our businesses from being lured away: We try to assist our businesses in growth. And we help small business people to go from the idea stage to startup."

Establishing a quasi-government corporation "gives the entity the opportunity to do things it couldn't do otherwise," Maurer continues, "more like a for-profit corporation. It can negotiate in confidence without the Open Door Law. It can pay employees on a more flexible schedule. It can be more flexible in raising money:" While the bulk of its budget still comes from the state, the IEDC also can raise funds from such partners as utilities, he points out.

**Who's in the crosshairs?** Much has been made in recent years about the industry clusters that Indiana hopes to grow, including the life sciences, advanced manufacturing, information technology and "21st century logistics." Though that game plan is not being discarded, Maurer describes a somewhat different targeting approach now in place.

"We've determined that the best prospects for attraction to Indiana fall in three categories," he says. "The first is folks with connections to Indiana. If the CEO was educated at Notre Dame, that's a connection."

The second category: "If a company is doing something that we do very well in Indiana," Maurer continues. This is where the previously determined target clusters come into play, as sectors that currently thrive in Indiana are likely to attract additional players.

"The third line of attack," says Maurer, is "if a company is doing a lot of business with one of our Indiana-based companies and can do even more business if located nearby"

Maurer claims the state's economic development philosophy is a great deal more proactive than it used to be, and a lot more like the way a for-profit business operates. In the past, he observes, nobody was out making cold calls. There was almost none of that. Today, we're the opposite."

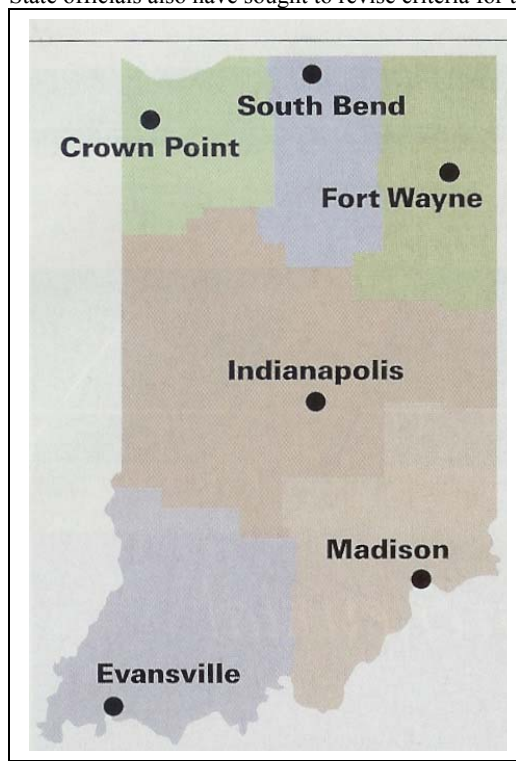
**The regional approach redefined.** Three years ago, the Indiana Department of Commerce announced a reorganization into a regional delivery system, pushing some of its functions from Indianapolis out into a statewide network of a dozen regional offices.

While the new team at the IEDC also believes that its operations cannot exist solely in the capital city, the 12-region approach was quickly deemed too inefficient. "I didn't like it," Maurer says. "I felt like for anyplace that I could get to within an hour, I didn't need to waste money on an office and equipment."

So the system was reorganized once again into a six-location network, based in Indianapolis with additional offices in Crown Point, South Bend, Fort Wayne, Evansville and Madison. "We've saved a couple million bucks a year and we're better," he claims.

The new approach also tweaks; some other existing ideas. Maurer says the new leadership found the state's certified technology park designation to be a bit too loose, too much of a rubber stamp that lacked the strict standards necessary to make the designation meaningful. Current state officials believe only about a third of the 15 certified technology parks designated, before this year were really worthy: "We, now have criteria that we can enforce," Maurer says, including a business plan, high-tech tenant already in place, local financial participation and a relationship with a higher-education institution willing to plug personnel and money into the park.

State officials also have sought to revise criteria for the Indiana 21st Century Research and Technology Fund. The hope is to aim more money toward entrepreneurs, not just those with strong university ties (of the last round of grants, half of the funding went to Purdue-connected projects). Maurer and others also hope to see projects that yield faster results, and they believe the state will be better served if the scientific panel picking worthy projects is based in Indiana. Previously, the fund used an out-of-state panel in order to keep local politics out of the process.



**From 12 regional offices to six** "I felt like for anyplace that I could get to within an hour, I didn't need to waste money," says IEDC president Mickey Maurer.

**Local connections.** As the IEDC refines its role in economic development, local organizations around the state are making sure they fit well into the new game plan. "We want to make sure we're

aligned with the new IEDC," says Bill Henderson, executive director of Montgomery County Economic Development Inc. in Crawfordsville. "Everything starts locally, and we have a strategic plan. As they develop their strategic plan, we'll be aligning ours."

Henderson's group has been dealing with the new IDEC quite a bit already, and hopes to generate some significant headlines before long. "We're working directly with them on some major possibilities—a couple hundred million dollars in capital projects," he says. "We're working with them on incentives and strategies to get these companies in. They've been good to work with."

In Fort Wayne, Indiana Northeast Development director Lincoln Schrock likes what he sees from the IEDC. Response time is better, and the state is able to address economic-development and incentive needs with greater flexibility, he says. "It's going to make a big difference in terms of increasing the capacity to attract and expand industry" The push for change in economic development practices was one of the Imminent themes hammered out on the gubernatorial campaign trail last fall. The fact that economic development got so much discussion was a major plus, says Greg Schenkel, president and CEO of The Indy Partnership, which handles development tasks for 11 central Indiana counties.

"Regardless of who would have won the election, the campaign was serving as a wake-up call to everybody. We really focused on how important this type of activity is, and how it needs to be ongoing," he says. "It captured the attention of the state legislature. And 15 years ago universities didn't talk about economic development; now it is a priority for them."

Ken Robinson—executive director of Vision-e, an Evansville economic-development organization that represents Vanderburgh and its neighboring Indiana counties—is pleased that the IEDC retains a regional approach, even if the regions were tweaked. His region kept the same state contact it had before under the Indiana Department of Commerce, and "that person is a valuable conduit for us to share information with the IEDC and to receive information. I get the feeling that there's going to be a stronger reliance on regional directors."

**Partnerships.** Henderson believes that partnering with the state on business attraction makes good sense, as it allows Montgomery County economic development personnel to pay a lot of attention to businesses already there. "Our main focus here is retention. We want to spend most of our time taking care of our companies here," Henderson says. Among successful local programs are an industry-training consortium, a school-to-work program and efforts to help future workers improve what Henderson calls their "business soft skills," including work ethic and interpersonal relationships.

Economic-development partnership, in fact, is a growing theme across the state, on a variety of levels. "We work closely with the chamber and Noblesville Main Street to provide retention and expansion services," says Chris Hamm, director of economic development for the city of Noblesville. The Hamilton County Alliance and The Indy Partnership also are key players in the cooperative effort.

"Each county still has its own local organization, and our primary mission as a partnership is to try to market the entire 11-county region and attract new business," Schenkel says of The Indy Partnership. "For the county-level folks, their first priority is to retain what they've got and help them expand,"

Henderson also sees growing interest in partnerships in his part of the state, noting that communities surrounding Lafayette have been discussing ways they can ally with one another in their development efforts. "Doing a lot more of the same is not going to get us different results," he says. "Everyone in Indiana understands that we are in a new era of economic development and workforce development. Our local government has become more responsive and the state has become more responsive. Everyone has kicked it up notch."