

**Southern Legislative Conference (SLC) Panel Discussion**

Economic Development, Transportation & Cultural Affairs Committee

Sunday, July 13; 3 to 5 p.m. (20 minutes and Q&A)

Oklahoma City Cox Convention Center

**Remarks:**

I appreciate the opportunity to take part in this panel discussion, and I want to also welcome all of our out-of-state guests to Oklahoma. I hope you'll spend a little time exploring Oklahoma City and the area before you return home.

Oklahoma has participated in the Southern Legislative Conference since the beginning. We were one of the 7 states attending the first meeting in 1947 of the then Southern Regional Conference of the Council of State Governments.

I'd like to talk today about our strengths; the economic development challenges we're facing; the steps we're taking to meet those challenges, focusing on workforce recruitment, image, and business development, which includes our global efforts and our initiatives to support our entrepreneurs; and finally, where we think we're headed in the future.

**Oklahoma's Strengths**

Despite tight budgets here at home and tough economic times across the country, Oklahoma continues to offer a strong housing market, competitive business costs, affordable living, and one of the lowest tax burdens in the nation. We are continuing to move forward while others struggle.

While the nation struggles in certain quarters, our natural resources – enhanced by diversification and matched by hard work – all Oklahoma to continue to move forward.

We may not yet have reached the apex of an integrated economic development strategy, it is in the momentum of partnership that we find our greatest successes.

Two recent examples of partnership:

- OKC and Tulsa – attracting an NBA team to Oklahoma.
- OU and OSU – fierce competitors on the field joined together to support the newly reconstituted Oklahoma Aeronautics Institute.

Varying interests that once competed (well, actually, that still compete from time to time) have the vision and the courage to sit side-by-side to accomplish mutually beneficial goals with respect to workforce recruitment and training, image, and business development.

Communities across the state are forming regional partnerships, recognizing that together they are much stronger than they are individually.

This spirit of cooperation is giving us quite a reputation among company executives and their site location consultants.

Our people and our willingness to partner: that is our strength, our power, and our sales edge. So knowing and understanding that – what do we need to do to close the deal? How do we continue to develop our economy in tough economic times?

### **The Challenges**

Oklahoma must be clear about its economic development goals. Those goals must be (1) straightforward and (2) they must be prioritized.

As the lead economic development agency in the state, Commerce has taken the reins in developing a comprehensive strategy in the areas of workforce, image, and business development.

In the process of developing this strategy, we realized that, with finite state dollars, Oklahoma can't be everything to everybody; we must make a strong push in a few areas and excel.

### **Workforce Recruitment**

Today, and into the foreseeable future, the key to economic development in Oklahoma is workforce recruitment and training.

In looking at our current situation, we see that the unemployment rate for Oklahoma is running a good two to three percentage points below the national average, dipping as low as 2.9% in April. Almost every person in Oklahoma who can and who will do a job is employed.

To help alleviate our current worker shortage and to expand for the future, we need new blood. And where do we get that fresh talent? It is simple - we need to bring our expatriate talent home.

Commerce recently came up with an initiative called Project Boomerang. Through this effort, we target select, skilled talent with ties to Oklahoma but who live out of state. We call them "Elsewhere Oklahomans." And, we want them back.

Targets include engineers, nurses and various healthcare professionals, aviation mechanics, accountants, management executives, and others.

We are recruiting young professionals, entrepreneurs, innovators -- those people who can move our state forward.

We are using a variety of media -- such as direct-mail pieces, websites, and social networking -- to remind them what Oklahoma offers. We've created a specific web site by discipline that lists current open jobs and salaries, a calculator to compare salaries in

LA, Chicago, or Dallas with what they are in Oklahoma, and a few more interesting items. And, we're actually getting a strong response to this effort.

We have also recently mapped our outward migration and our next step is hosting alumni association receptions in the cities where we find a high concentration of Elsewhere Oklahomans.

## **Image**

However, as you know through your own efforts to recruit talent, you can't attract people to a city or state on life support.

In today's world, especially in terms of the young professional or "creative class," people want a superior quality of life. People often look for a place to live first and then, they find work.

People want places where they and their families can thrive; they want communities that offer tolerance and whatever they need to reach their personal and professional goals. We believe Oklahoma and its communities can meet those needs.

Research conducted by the Tourism Department consistently shows that Oklahoma doesn't have a bad image. Unfortunately, we don't have an image at all. People around the country lack a perception of Oklahoma and what it can offer. They just don't know. So, we have to tell them.

Establishing an image becomes crucial to ensuring that our Boomerangers return and that our trained and educated workers stay.

Here again, Commerce is taking the lead. We have retained a PR firm and a marketing firm to help us sell this state and the benefits of living and working here. The campaign is just in its formative stages, but we've already taken some big steps.

This May, Commerce, the Governor's Economic Development Team, and business, education, and civic leaders traveled to New York City to promote Oklahoma and launch a national media campaign.

The team met with a variety of media outlets. Editorial board meetings included the *New York Times*, *CNN*, *NBC, Inc.*, and *Business Week*. We also met with trade journals including *Fast Company* and *Business Facilities*.

Commerce also hosted a networking event for investors and members of the East Coast financial community at the historic 21 Club in Midtown Manhattan.

Besides unveiling Oklahoma's new media campaign in New York City, Commerce reps and other state and local officials promote Oklahoma on the national stage through their involvement in key economic development conferences and industry trade shows.

This fall, Commerce will host the semi-annual Industry Asset Management Council (IAMC) conference in Oklahoma City, September 13-17. IAMC will bring more than 300 global real estate professionals to Oklahoma.

All these efforts are part of a larger strategic plan to promote Oklahoma, and we are constantly looking for ways to keep this state on the national stage.

### **Business Development**

In talking with Site Selection consultants from around the world, Oklahoma is now considered a top-tier state. Their clients no longer have to specifically ask for us to be considered before we make the list.

With a strong incentive program, a nationally recognized pro-business attitude, and a spirit of cooperation and coordination, Oklahoma is ready to do business. And, the world knows it.

We must be both aspirational and targeted to get the job done. The mission of Commerce now and for the foreseeable future – even in an uncertain economy—is not just quantity of jobs, but quality of jobs.

Commerce has long had a sector strategy, and it's worked quite well. But we are now refining and focusing it – narrowing it down so we can be more strategic with fewer resources.

For example, advanced manufacturing, energy, and aerospace have long been vital sectors. Let's look at aerospace, which is one of the important workhorses of our state's economy:

- Currently, more than one in 10 Oklahomans get their incomes from the aerospace industry.
- And, the average annual salary in aerospace is 89% above the state average.

In just one example of the strategic, targeted efforts for this industry, Governor Henry recently signed the Aerospace Industry Engineer Work Force Bill. This bill establishes tax credits for engineers going to work for Oklahoma companies and for companies that hire Oklahoma engineering graduates – demonstrating our continued commitment to this vital industry.

But what's the next big thing for us? Where are we headed?

### **Business Development – Wind**

Commerce believes Oklahoma has a tremendous opportunity to lead the nation as we embark on another exciting chapter of our energy story – wind.

The National Renewable Energy Laboratory (NREL) predicts that Oklahoma will be the second-largest generator of wind power in the nation by 2030. The U.S. Department of Energy estimates that we could generate 9% of the nation's electricity needs.

We're already ranked among the top 10 wind energy producers in the nation.

This represents tremendous economic development potential, and Commerce is committing significant resources from business recruitment and workforce development efforts to Oklahoma's emerging wind industry.

Commerce and its statewide network of partners are developing a complete vertical and horizontal strategy around our emerging wind industry.

- We are recruiting tower, turbine, nacelle, and blade manufacturers; we are recruiting maintenance and repair operations.
  
- We are working with *CareerTech*, our system of technology centers, to develop curriculums for certified wind energy technicians.
- We are working with our universities to develop R&D capabilities.
- We are looking for synergies with our aerospace industry and finding that many of the skill sets needed for one field transfer to the next.

In other words, this is a fully developed, fully integrated strategy to take us to the top.

### **Business Development – Global**

As Oklahoma takes its place in the new economy, reaching across the globe and developing our entrepreneurs become two more key parts of our overall ED strategy.

According to the U.S. Chamber of Commerce, the global demand for \$4.3 billion in Oklahoma-manufactured goods generates 53,100 jobs.

On average, about 2 in 5 jobs across the state are supported by exporting.

Oklahoma maintains trade offices in Mexico, Vietnam, China, and Israel. Through these offices, we provide free services to help Oklahoma companies connect with partners, suppliers, agents, and distributors throughout the world.

Commerce-sponsored delegations of business, community, and education leaders travel regularly to other nations to establish ties and recruit foreign direct investment.

For example in September, 10 Oklahoma companies will travel to Brazil to attend the Rio Oil & Gas 2008 trade show. The mission: help Oklahoma companies access the world's 6th largest oil and gas market, develop strategies for operating in Brazil, and meet directly with Petrobras and other energy companies throughout the region.

Another example: As the only state in America with representation in Vietnam, Oklahoma's involvement with this nation is unrivaled. Over the past decade, the U.S. and Vietnam have developed meaningful commercial, diplomatic, educational, and cultural connections. Oklahoma has either led or been significantly involved with many of these efforts.

Trade between Oklahoma and Vietnam has grown steadily over the last several years, and educational initiatives have established Oklahoma as a leading source of technology and good governance training for Vietnam. Vietnamese students attending Oklahoma colleges and universities pump \$6 million a year in tuition and living expenses into our economy.

When Oklahoma businessmen meet with potential Vietnamese partners or customers, it is quite common for there to be two or more Oklahoma university graduates on either side of the table. When that happens, there's a connection established almost immediately.

### **Business Development – Entrepreneurs**

Making connections and establishing beneficial partnerships also remains crucial for helping our state's innovative entrepreneurs.

As head of Commerce, I serve on the board of the Oklahoma Development Finance Authority, a statewide trust authority that provides any qualified entity an avenue to issue revenue bonds.

We recently partnered with others to develop an \$8 million venture fund to provide money to existing businesses for expansion. We hope to attract angel investors, who will provide matching funds to pump more money into Oklahoma's growing companies.

Other ways Oklahoma helps its entrepreneurs take ideas from concept to commercialization include:

[www.OKstartup.com](http://www.OKstartup.com) - provides the information and connection to resources entrepreneurs and small business owners need.

Customized, One-to-One Assistance - The Commerce Business Solutions Division helps entrepreneurs and small business owners navigate the business licensing process, become certified as women-owned or minority-owned businesses, find the right combination of business incentives and tax credits, connect with health insurance programs, find a facility at one of the state's business incubators, and much more.

OCAST - The Oklahoma Center for the Advancement of Science & Technology, a state agency focused solely on technology -- its development, transfer, and commercialization. OCAST uses state appropriations and partners with others to provide support services and money for our state's technology entrepreneur.

**Looking to the Future**

As I said earlier, just like our aspiring entrepreneurs and our small companies venturing out into the global market, Oklahoma must have an aspirational economic development strategy.

Oklahoma's competitive future depends on building a knowledge-based economy anchored by high-tech and service industries.

We have made good progress over the years, but we are far from finished. And, we certainly can not afford to take any steps back.

Commerce is forging ahead with innovative, yet realistic programs. We enthusiastically accept our charge to increase the quantity and quality of jobs in Oklahoma.

We believe that within that goal is a call to raise the quality of life for all Oklahomans, and I think we are well on our way. Thank you.