

# MAINE STATE LEGISLATURE

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**CONSTRUCTIVE EVALUATION  
OF THE  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
OF THE  
STATE OF MAINE**

**MAY 1, 1965**

**ERNST & ERNST**

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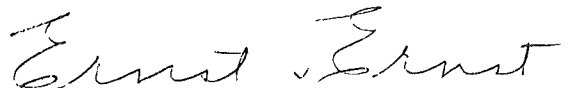
PORTLAND 3, MAINE

The Honorable Floyd L. Harding  
Senate Majority Leader  
State House  
Augusta, Maine

We have completed our review of the Department of Economic Development of the State of Maine as authorized by the Joint Order of the Senate and House SP 464 dated March 12, 1965, and your letter of March 26, 1965.

Our conclusions and recommendations for improving the efficiency and effectiveness of the Department, as well as discussion of various related factors, are presented in this report. A separate letter to be submitted by May 7, 1965, will suggest changes in legislation which may be required to implement the proposed reorganization, and the estimated effect on appropriation requirements.

We appreciate the cooperation we received from your legislative committee, the Department of Economic Development and interested individuals whom we interviewed throughout the State of Maine.

A handwritten signature in cursive script that reads "Ernst Ernst".

Portland, Maine  
May 1, 1965

## I. PURPOSE AND SCOPE

The purpose of the study was to offer constructive recommendations whereby improved effectiveness could be attained by the Department of Economic Development in fulfilling its varied responsibilities and objectives.

To accomplish this, DED's programs and general operating procedures were reviewed and compared with those of other states. In addition, a field survey was conducted in Maine to solicit the opinions and recommendations of knowledgeable private and public officials.

The study began on March 15, 1965 with completion required by May 1. In view of the limited time, efforts were directed toward identifying the more important problem areas which were inhibiting DED's ability to attain maximum effective utilization of its manpower, skills and budgetary monies.

## II. SUMMARY OF FINDINGS

Listed below are the more important points describing actions and changes for improving the effectiveness of the Department of Economic Development. The text of this report covers each of these points in greater detail.

### A. General Observations

1. The Department should be active in all matters which can help the Maine economy grow. For example, DED should spend more time working with industry already located in Maine, with commercial development of natural resources and with legislation that affects industry.

2. Most of DED's attention is now given to "salesmanship". Promotion is only one part of a complete economic development program. Research, planning and

development, which are the steps of an "action" program, should be given more attention.

3. More formal operating practices and the use of certain management methods and procedures would be advisable.

B. Activities - Objectives and Methods

1. The programs of the Department should be written plans, based on facts and figures from research, and should include the objectives, plan of action and method for evaluating results.

2. Civic and business leaders should be asked to work with DED on economic development programs. The efforts of business and technical experts will enable DED to accomplish more than with its staff working alone.

3. Other agencies of the state, the legislature, other New England states and the Federal government have programs which relate to the growth of Maine's economy. The Department should work more closely with these groups.

4. The Department should continually review legislative needs of business and industry, and recommend changes or new legislation when necessary.

5. The new industry program should feature organized campaigns of selected industries suited to Maine's economy; business and technical experts should assist DED with the preparation of these programs and with contacting interested companies. Present efforts include making "cold calls", advertising to industry in general, and lack the specific economic facts and figures to show a company why their locating in Maine would be profitable.

6. The Department's programs for industries located in the State should encourage successful companies to grow in Maine. Present programs are concerned almost entirely with problem situations, such as business failures and companies announcing an intention to leave Maine.

7. The DED promotion of vacation and travel is excellent; however, more emphasis should be given to encouraging private promotion by groups having common interests. Also, action to stimulate development of public and private tourism and recreation facilities should receive more attention.

8. The methods and techniques used for the selection and placement of advertising and other promotion material follow accepted practices. The Master Plan (see item E) will provide a better basis for planning advertising campaigns. A method for comparing promotion costs to benefits received is also needed.

9. While the present geology program for exploration and mapping of mineral resources is satisfactory, emphasis should be placed on commercial exploitation.

10. Annual reports of DED activities should be issued at the same time and in the same format each year. The facts and figures in the report should describe changes in the overall economy of Maine as well as describing DED programs and objectives.

#### C. Organization

1. The present divisions of 1) Exhibits and Displays, 2) Vacation and Travel and 3) Publicity and Public Relations, as well as some advertising functions now performed by the Deputy Commissioner and the Commissioner should be combined into one division to be called "Promotion Division". This division would be responsible for developing a coordinated promotions program to include tourism, industry, and all other important economic interests.

2. The scope of the present Industrial Division should be broadened to include projects of development in all economic areas such as mining, agriculture, recreation, tourism and manufacturing. This division should be called "The



Development Division" and the Director in charge should have the status of Deputy Commissioner.

3. The present efforts of the Research and Planning Division are related to Urban Renewal for the most part. This division should be staffed so that it can provide adequate service to the Development and to the Promotions Divisions.

4. The action arm of DED - The Development Division - should be organized on a regional basis with a coordinator in charge of all programs and projects in his region.

5. Specific state-wide projects such as attracting new industry and exploiting natural resources should be handled by economic development specialists assigned to the Director of Development.

6. Large Regional Economic Development Committees should be formed to assist each Regional Coordinator. These committees should be representative of all parts of the economy, as well as community development professionals.

7. The chairman of each Regional Development Committee should serve on the Advisory Council.

8. The Advisory Council should be a policy-making group to form the objectives and evaluate the activities of DED.

9. The Advisory Council should include 10 members; one member from each Economic Region, one member from each of the major political parties and three others. They should be capable of evaluating the conflicting positions of varied economic interests.

10. The Advisory Council should recommend the Commissioner of Economic Development to be appointed by the Governor. The Commissioner should report to the Advisory Council.

11. Members of the Advisory Council should organize groups of business leaders and professionals into task forces to assist in the planning and execution of DED programs.

12. A position, Assistant to the Commissioner, should be established to provide a stronger working relationship with other departments, agencies, the legislature, other states and the Federal Government.

13. A temporary division should be staffed to get the Master Plan completed by late 1966.

14. New positions in the Research and Planning Division should be filled with recent college graduates with specialized training, such as marketing, business, economics or engineering.

15. It can be expected that the proposed broadening of the present Industrial Promotions Division will require that many positions be staffed with people of higher qualifications. Qualifications for all positions in the Development Division should be rewritten to reflect a higher degree of leadership, business experience, and education. This should permit salary levels which will attract the caliber of men who can effectively represent the State of Maine to business executives.

16. In order to locate a greater number of qualified applicants the residence requirement should be waived and announcements of openings should be made in the normal business recruiting channels.

17. In evaluating applicants' qualifications, knowledge of the economy of the State of Maine should be considered of less importance than basic managerial and leadership ability. Members of the Advisory Council and other business specialists should evaluate applicants after they have been screened by the Personnel Department.

#### D. The DED Budget

1. No substantial change in the DED budget is recommended until the reorganization of the Department is completed and the Master Plan has been developed. When these steps have been taken the needs of the Department should be re-examined.

2. A separate appropriation of approximately \$75,000 per year for two years will be needed to finance development of the Master Plan. The Federal Government might contribute part of these funds through one of its economic development programs.

3. The Department should have a cost accounting system for recording all expenditures according to the program for which they were incurred. To do this it will be necessary for DED to maintain records of how staff men spend their time and for suppliers to submit to DED more detailed invoices identifying each item of goods and services rendered.

#### E. The Master Plan

The preparation of a Master Plan for the long range development of Maine's economy should begin at once, with a completion time of about two years. A separate temporary division should be established to carry out this assignment, and as mentioned above a separate appropriation would be required for this task.

### III. DISCUSSION

#### A. HISTORY OF THE DEPARTMENT

The Department of Economic Development was created by the 97th Maine Legislature under the name "Department of Development of Industry and Commerce" to consolidate and expand the activities of the Maine Development Commission. Since its formation, the duties, powers, and functions of the Department have been amended by the 98th, 99th and 101st Legislatures.

During the ten years of its existence, the scope of operations of the Department has continually expanded and the annual budget has almost doubled. Proportionately more of the expenditures of the Department have been for promoting and advertising the recreational and tourist features of the State of Maine. Expenditures for industrial assistance have also been largely promotional, attempting to attract new industries to Maine. In recent years some attention has been given to assisting manufacturing companies already in the State, but in large, DED features itself as the promotional arm of the State of Maine.

The current position of the Department of Economic Development has not evolved through a course of continuous progress. Advisory Councils have been disbanded, reformed and reformed again. The size of the Advisory Council was at one time 25 members, at another, 19, and now it consists of 7 members. In addition, the Department has not had stable and continuous executive direction. During the past ten years there have been four separate commissioners and a number of acting commissioners for the interim periods. One acting commissioner served for more than six months. The longest tenure that has been experienced was slightly less than four years and the present commissioner has held office for approximately eighteen months.

There have been some elements of stability in the Department notably in the Vacation and Travel Division where some of the present staff can trace their association with the Department back to its early years. By contrast, though, the Industrial Promotion Division has had several staff changes through the years and has undergone various reorganizations. The present staff consists of six Industrial Representatives of which three were appointed in 1964. The Director of the Division was appointed approximately a year ago. At one time, there were separate directors of in-state and out-of-state promotion; at another time efforts were concentrated on community self-help programs; presently the Division is torn between groups which demand assistance to in-state industries and groups which look especially for new industries to come to the State.

In addition to these problems of staffing, the Department has been the subject of repeated studies and inquiries. As a result of these factors, the Department of Economic Development appears today to lack the spirit, the support, and the stability of programming to accomplish its objectives.

### III. DISCUSSION

#### B. SUMMARY PROFILE OF THE MAINE ECONOMY

Although this study was specifically related to a constructive evaluation of the Department of Economic Development, many of the recommendations contained in this report have significance when related to Maine's economic activity and progress.

During the period 1959/1963 economic activity in Maine produced a 14.7 percent increase in personal income. This was higher than the increase experienced by the New England Region but lower than the 21.2 percent increase in total United States personal income. While Maine's total personal income increased by a larger percentage than that of New England, its relative contribution to the region's overall growth declined. In 1959 Maine accounted for 7.0 percent of New England's aggregate personal income, by 1963 this had declined to 6.6 percent.

#### PERSONAL INCOME

(\$ MILLION)

	<u>New England</u>	<u>Maine</u>	<u>% of Total</u>
1963	29,780	1,971	6.6
1962	28,526	1,918	6.7
1961	27,002	1,842	6.8
1960	25,904	1,820	7.0
1959	24,701	1,717	7.0

Source: U. S. Department of Commerce Survey of Current Business 1964.

Per capita income during the period increased by 12 percent in Maine. In the New England Region it was slightly more than the 11.3 percent increase experienced by the United States. However, during the period Maine experienced an increasing differential in per capita income between itself, the rest of New England and the United States. In 1959 Maine's per capita income was 17 percent less than the United States average and 25 percent less than the New England average. By 1963 it was 18 percent less than the United States average and 27 percent less than the New England average.

PER CAPITA INCOME

(\$ DOLLARS)

	<u>United States</u>	<u>New England</u>	<u>Maine</u>	<u>% Differential</u>	
				<u>Maine/US</u>	<u>Maine/NE</u>
1963	2449	2766	2007	-27	-18
1962	2368	2671	1961	-27	-18
1961	2268	2565	1866	-27	-18
1960	2215	2454	1869	-24	-16
1959	2163	2380	1792	-25	-17

Source: U. S. Department of Commerce - Survey of Current Business 1964.

Personal and per capita income while important indicators to results of economic endeavor do not always tell the complete story. Of worthwhile significance is the employment indicator. The following table includes employment figures from 1960 through 1964 according to the Maine Employment Security Commission.

MAINE EMPLOYMENT SECURITY COMMISSION

MAINE LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT 1960-1964, in thousands  
(1964 data, preliminary estimate)

Item	1960	1961	1962	1963	1964
1. ESTIMATED TOTAL LABOR FORCE.....	369.9	371.4	366.4	361.6	360.5
2. UNEMPLOYED: Number.....	26.7	29.6	23.4	22.9	20.3
(Percent of Labor Force).....	7.2	8.0	6.4	6.3	5.6
3. EMPLOYED:	343.2	341.8	343.0	338.7	340.2
a. Non-Farm Wage and Salary (Total)..<	277.5	276.9	279.0	277.5	279.0
1. Total Manufacturing.....	104.5	103.2	104.3	102.4	102.8
Durable Goods.....	29.3	28.7	29.0	26.6	26.3
Lumber and Wood Products..	16.9	15.2	14.6	13.5	13.3
Metals and Machinery.....	4.9	5.7	6.6	6.0	5.8
Other Durable Goods.....	7.5	7.8	7.8	7.1	7.2
Nondurable Goods.....	75.2	74.5	75.3	75.8	76.5
Food and Kindred Products..	11.4	11.2	11.7	11.4	11.3
Textile-Mill Products.....	14.0	12.9	13.0	12.7	12.4
Apparel.....	2.7	2.6	2.7	2.8	2.9
Paper and Allied Products..	18.1	18.0	17.8	17.3	17.1
Leather and Leather Products	24.1	24.3	24.3	25.4	26.2
Footwear (except Rubber)	(21.2)	(21.1)	(21.1)	(22.0)	(22.7)
All Other.....	(2.9)	(3.2)	(3.2)	(3.4)	(3.5)
Other Nondurable Goods....	4.9	5.5	5.8	6.2	6.6
2. Total Nonmanufacturing.....	173.0	173.7	174.7	175.1	176.2
Contract Construction.....	13.6	13.3	13.1	12.5	12.7
Transportation and					
Public Utilities.....	18.1	17.7	17.3	17.0	16.7
Wholesale and Retail Trade..	53.9	53.5	53.0	53.3	53.6
Finance, Insurance,					
Real Estate.....	9.0	9.3	9.6	9.7	9.9
Service and Other Non-					
manufacturing.....	30.2	30.4	31.4	31.6	31.8
Government.....	48.2	49.5	50.3	51.0	51.5
Federal.....	(18.5)	(18.9)	(18.5)	(17.8)	(17.1)
State and Local.....	(29.7)	(30.6)	(31.8)	(33.2)	(34.4)
All Other.....	43.8	44.1	43.5	41.6	41.7
b. Agriculture.....	21.9	20.8	20.5	19.6	19.5
4. MID-MONTH INSURED UNEMPLOYMENT.....	13,642	15,360	10,441	10,822	9,100
a. Insured Unemployment Rate.....	7.2	8.1	5.5	5.6	4.8



From 1960-1964 Maine's total labor force dropped by 2.5 percent or 9,400. In addition, total employment dropped by .08 percent or 3,000 while unemployment decreased by 6,400 or 24 percent. These factors indicate that employables are steadily leaving the State in hopes of employment elsewhere. Of particular interest are the employment shifts which took place in various sectors of the economy.

In the manufacturing sector total unemployment decreased by 1,700 with durable goods employment decreasing by 3,000. This was attributed almost entirely to a decline of 3,300 jobs in the lumber and wood products industry.

While total durable goods employment fell during the period, employment in nondurable goods increased by 1,300. Within this sector there were declines in the food, textile and paper industries which were offset by increases in the apparel, leather and nondurable goods industries.

Similarly while total nonmanufacturing employment increased by 3,200 during the period, there were employment drops in the construction, public utilities, wholesale and retail trade industries which were offset by increased employment in the finance, insurance, real estate and service industries plus increased governmental employment (State and Local). Agricultural employment dropped by 2,400 during the period.

### III. DISCUSSION

#### C. GENERAL COMMENTS ON DED OPERATIONS

The Department of Economic Development is at the beginning of its second decade. Many accomplishments have accrued to its credit. A number of projects and programs have been completed or are underway including the promotion of the tourism and recreation attributes of the State, attracting new industries, projecting a progressive image of Maine, popularizing the cause of economic development within the State, and keeping the name and features of the State before the public inside and outside of Maine through the press, radio, magazines, television, and numerous personal appearances by the DED staff.

The Department has now reached that point in its growth where more formal policies, methods, and procedures are possible and, unquestionably, essential. Good opportunities exist to increase further the effectiveness of the Department's activities.

##### 1. Constructive Review of DED's Overall Operating Policies and Procedures with Comments

The Department of Economic Development does not prepare written statements of programs, maintain analytical records of the manner in which staff men spend their time, charge expenditures to specific programs, or evaluate performance in relation to objectives. It is not possible, therefore, to gain a detailed understanding of the extent and depth of DED participation in the many areas under its jurisdiction. However, from a review of the DED activities, a critical analysis was possible and constructive conclusions are presented in the following paragraphs of this section and in subsequent sections of this report.

The efforts of DED have been largely promotional and are particularly oriented toward the "salesmanship" technique of attracting new industry and of encouraging tourists and sportsmen to visit Maine. Other efforts have included special projects, such as cooperating and assisting in the introduction of sugar beet processing into the State's economy, encouraging a company which has announced an intention to leave the State to change its mind, or preparing a response to an industrial prospect requesting research data. Fundamental programs, such as developing community DED activities have not been sufficiently emphasized. Administration of Federal Government programs, although pursued in part, have not been coordinated as a part of a comprehensive state-wide economic development program. While these efforts are important, they do not cover the full scope of the Maine economy, include all of the functions appropriate to an economic development agency at the state level, or employ certain of the effective methods and approaches available to DED and which are being used successfully by other states. Also, DED's programs are not organized as comprehensive written programs based on facts and figures derived from research with established goals and actions.

Comments on the Scope of DED Activity. Manufacturers already located in Maine, natural resources which have not been exploited, undeveloped recreation areas, agriculture in the broad sense, and extent of public works are examples of important elements of the Maine economy which should have important consideration within the scope of DED concern. In fact, insufficient research has been conducted to identify, quantify and understand what constitutes the Maine economy, the relative contribution of each sector, the long-term probabilities and possibilities for growth and exploitation of these, the future needs of the State in terms of jobs and public and private facilities to maintain a viable economy and other fundamental facts and figures. This research void prevents DED from preparing a comprehensive

statement of its scope of involvement in the State's economic development. Researching these kinds of data will necessitate intelligent re-evaluation of the emphasis to be given to the several segments of DED activities. This can be illustrated by noting that a relatively limited part of the aggregate DED effort is expended on industries already located in Maine, and yet, these companies contribute over 30% of present employment directly and an equal amount indirectly to trades, services, and ancillary activities. The Department cites the addition of approximately 4,000 potential jobs through industrial expansions and new industries established in 1964. During the same period some 2,000 real jobs were lost to the State's economy due to business failures or curtailment, industry relocating out of Maine, and automation. The net change in manufacturing employment was an increase of 400 jobs during 1964, according to preliminary figures of the Maine Employment Security Commission.

Comments on Certain of DED's Functional Procedures. The Department is primarily oriented toward the promotional or sales aspects of economic development as evidenced by proportionate expenditures and utilization of personnel. Other important functions which deserve more attention are research, planning, development, liaison and coordination of efforts with other agencies at all levels and recommending legislative action. Efforts of the Research Division directed toward answering industrial inquiries are negligible. Planning activities are limited essentially to coordinating Federal Government programs with communities. Development activities center about one-time projects and crisis situations. DED participation in broader programs such as helping local communities to organize self-help economic development programs is limited. Liaison and coordination with the various state government agencies, communities, industries, trade associations,

other New England States, etc. is an increasingly important responsibility which deserves more attention than it is currently given. We have been advised that DED does not participate in drafting legislative recommendations on matters relating to economic development whereas it should assume a major responsibility for recommending changes in legislation which is found to inhibit economic expansion, suggest new legislation that would include incentives to encourage growth. DED should take a strong position on such matters and not avoid issues considered to be controversial or unpopular with specific business groups if these are of importance to the overall economy of Maine.

Other sections of this report elaborate upon the kinds of programs and activities that should be included in these functions as well as methods and approaches that can be employed. In general, the methods and approaches of DED should be the focal point of the State's economic development effort, acting as a catalyst, organizer, innovator, technical advisor, coordinator, planner and motivator with the many other groups located in the State. The Department should be responsible also for state-wide programs affecting the overall economy of the State which may be beyond the technical competence of other specialized groups either by accomplishing such programs with their own staff, or better, by spearheading programs manned by those who would benefit. This orientation implies that the DED staff should not ordinarily work alone on programs but should instead organize others to achieve a multiplication of effort.

## 2. Program Organization

The mission of the Department of Economic Development may be described as the successful accomplishment of a series of programs devised to improve the economy of the State by increasing job opportunities and the standard of living.

Some of these programs are a continuing effort while others are one-time projects for a specific purpose. In either case, it would be beneficial for DED programs to be formally prepared in writing and that the purpose, goals, methods, and responsibilities that constitute the programs be well conceived, closely evaluated, and continually reviewed, and adjusted. The formally prepared statement for the continuing programs, such as developing leads of new industry prospects, would be, in effect, the basic systems and procedures manual of the Department of Economic Development. A similar document for special projects would be the action program designed for their accomplishment.

In general, successful accomplishment of specific programs requires four steps: Research, Planning, Implementation and Performance Evaluation.

Research. The purpose of research is to give aim to the activities of the Department. Research identifies targets of opportunities for growth and reveals the obstacles which must be overcome in order to capitalize on these opportunities. Research provides factual information describing the State's economy and resources which can be used for promotional purposes. Achieving optimal economic progress requires answering many questions through research. What kinds of industry would be advantageously located in Maine? What natural resources offer the promise of productive exploitation? What sights of scenic and historic merit would, with public development and promotion, spur the growth of tourism? These are some of the basic questions. Adequate response to inquiries from industrial prospects requires ready answers to questions regarding raw materials supply, transportation, utilities, financing, taxes and other factors. Owners of recreation and lodging facilities should be given ideas for making their services more appealing to vacationers. Advertising and public relations campaigns need to be

tailored to reach the most receptive audience. The Department of Economic Development needs to know, through the data developed by sophisticated research, just where the State stands today, what and where the realistic prospects are for future growth, and what must be done to attain this growth. Only then can logical, efficient programs be planned.

Planning. The program plan describes how to get the job done. The plan specifies the purpose, objectives, methods, responsibilities, priorities and time schedules for program implementation. Planning, like research, can be as limited as a program for an individual industrial prospect or as extensive as a master plan of the long-range economic development for the State. Accordingly, planning provides the written document which formally describes the program to be undertaken and permits an estimate of the staffing and expense requirements.

Implementation. Implementation is the action part of the program and consists of pursuing the plan to its completion. The action required may take many different forms: evaluating legislation to recommend changes to existing laws which inhibit economic development, proposing new laws which encourage growth, reviewing the adequacy of financing available for industrial expansion, preparing the material for promotion of a recreational feature of Maine, involving business leaders throughout the State in programs of economic development, or the like.

Performance Evaluation. The efficiency and effectiveness of the Department's efforts can be strengthened by evaluating the program results. The purpose of a performance evaluation is not to fix blame or give credit but to serve the constructive purpose of identifying the best way to get a job done, of comparing costs with benefits, and of measuring the extent of progress. A performance

evaluation should be a written document for internal use by the Department and the Advisory Council which includes statistical, financial and other data describing the results obtained from a completed program or the extent of progress made within a given time period on a continuing program.

### 3. Multiplication of Effort

Achieving economic expansion is an exceedingly complicated and difficult task. The elements which constitute the economic base of Maine are many and varied. Accordingly, the variety of personnel skills which must be applied to the problems of expanding that base are also numerous. For example, agriculture, industry, recreation and tourism, commerce and various services are important categories and each of these consist of a number of subdivisions. In addition to this specialization according to type of economic entity, a variety of professional skills becomes involved including finance, marketing, economics, law, geology, etc. In some instances highly specialized technical skills are needed such as investment banking. It is neither practical nor necessary for the Department of Economic Development to provide all of these skills on its own staff.

Many businessmen, community leaders and educators have a high level of interest in the well being of the State of Maine. These men constitute a vast body of varied technical expertise which should be frequently drawn upon to contribute to the cause. The personnel of the Department of Economic Development should, as a matter of basic policy, act as the organizers and coordinators of study groups made up of such professional men. By following this leverage principle, one staff man can multiply his accomplishments far beyond that which he could attain by working alone, and at no additional cost to DED.

For example, a panel of bankers, public accountants and corporate treasurers could apply more talent to the problems of financing new industries



than the Department could afford to hire on their own staff. As another example, the economic development department of another state identified, through their research efforts, an industry whose manufacturers could be located advantageously in their state. One member of the staff was appointed to direct the project. He organized a task force of twenty-five men including executives of that industry who were already located in the state, educators, bankers and others who were familiar with that particular industry. This group developed an advertising and promotion campaign, a formal presentation and a selective list of companies and executives to be contacted. Each manufacturer in the industry who expressed an interest in the program upon receiving the promotional material was visited by the staff man and several task force members. One staff man was able to marshall the efforts of this impressive array of abilities at no cost beyond that of the staff man himself.

Several examples of techniques which can be used in multiplying the efforts of the Department of Economic Development are:

Community Development. Each community in the State should participate in a well organized economic development effort. The State can benefit more by helping the communities organize their own efforts toward economic expansion, than by attempting to handle individual situations directly within the Department. For example, the availability of industrial plant sites, utilities, manpower and financing are essential to attract new industry. Organization of this information is usually best accomplished at the local level. Prospects for industrial expansion can be turned over to community representatives if the communities have organized programs rather than be handled by the DED staff. Similarly local programs for the promotion of tourism and recreation can multiply the manpower and money devoted

to the overall state program. DED can use the local representatives as an extension of its staff on state-wide programs. An example might be a program for encouraging existing industry to grow in Maine. There are far too many companies in Maine for personal visits to each by a DED staff man to be practical. Such a program might instead begin with a personal letter from the Governor and be followed up by personal visits from local industrial development representatives acting as personal envoys of the Governor who would follow an interview format developed by DED. Written reports sent from the local representatives to DED would provide valuable information for DED's development of broad scale methods for assisting Maine industry as a whole. Additionally, the manufacturers would be brought to feel a sense of participation and made aware of the State's interest in their well being. The role of DED would be to determine the kind of information that should be gathered, to organize the local representatives to make the calls, to interpret the responses, and to make appropriate recommendations. This approach would have the value of forcing constructive action down to the lowest practical level where eventually most of these problems must be solved between the local businessman and his local community leaders.

Project Task Forces. The two examples cited above illustrate the use of task forces to expand the effectiveness of DED at minimal cost. It is desirable to have bankers, attorneys, corporate executives and other experts who are personally involved study the legislative needs of Maine industry; to have foresters, wood technologists, paper manufacturers and other users of forest products contribute to a program for optimal utilization of Maine's timber resources; and to have farmers, food processors, agricultural professors and other agricultural experts working on problems of farm production. By using this method, each DED staff man can multiply the quantity and quality of talent available for problem solving.

Pool of Experts. The problems of economic development are better characterized by their diversity than by their similarity. DED cannot practically maintain within its own structure all of the necessary skills to deal with these problems in a sophisticated manner. Many individual situations arise which can be best handled by an experienced specialist. The personnel of other agencies of the state government, professors of universities and colleges, business executives, professional businessmen, and many other persons of specialized talents can and should be asked to volunteer their services. No greater impression can be made on a businessman interested in investing in Maine than to have high caliber business executives available for consultation. The Department should maintain a register of such individuals who have volunteered to contribute their services in answering questions within their specialization as they arise. These individuals should be encouraged to serve on the proposed Regional Advisory Committees as outlined in a subsequent section of this report.

Involvement of Universities. Universities and colleges can play a dual role in developing the State's economy. Their staffs include economists, engineers, transportation experts, etc. whose technical and research skills can be of great value when applied to the complex problems of Maine's economic development. In addition, their basic task is the education of the manpower of the State. Co-operative research programs between DED and universities and colleges will help these institutions maintain staff excellence and at the same time will provide DED with valuable research data.

Economic Development Personnel Outside of DED. The Department of Economic Development should take an even more active interest in participating with and encouraging banks, public utilities, railroads, airlines, universities, etc.

to employ full time economic development personnel and to lend other types of assistance that may be useful in attaining the objectives of the Department. DED should continue to use a similar approach in organizing and working through associations of related types of businesses in the industrial and tourism and recreational sectors. These individuals can be used as an extension of the DED staff on those problems which are germane to their special interests.

Advisory Council Members. Currently, the primary function of the Advisory Council is to review the policies and programs of DED. Other states have used their council members individually and in groups as chairmen of task forces or as task force members. Recommendations outlined elsewhere in this report for establishing regional advisory councils would substantially increase the number of persons readily available to serve in these capacities. For example, a program to review legislative needs might consist of a DED staff man as project coordinator, a committee chairman from the State Advisory Council, one committee member from each regional advisory council who would also serve as chairman of a regional subcommittee, and local business leaders to serve as subcommittee members. In this manner, it will be possible for one DED man to handle a more extensive program.

Promotion. Just as the manpower applied to economic development problems can be multiplied by using persons outside of DED, the promotion of Maine can be increased by working with sources throughout the State. This point can, perhaps, be best emphasized with illustrative examples.

Various estimates indicate that over four million dollars are invested annually, by all sources, in promoting Maine tourism and recreation. Less than 10% of this total is contributed by DED. A program to get each source outside

of DED to increase its expenditures by only 10% could increase the state-wide promotional program by an amount equal to the present DED expenditure. If, in addition, DED provided technical and advisory assistance to these groups, and worked out coordinated and cooperative programs among them, and with the State, the impact of these promotional campaigns could be increased substantially.

The Department should continually encourage commercial and industrial firms and associations, as well as communities, to engage in promotional activities. Labor organizations, industries, banks and transportation companies which would benefit greatly by economic growth in Maine may not see the value of their participating in the promotion in Maine, or may not know how they could contribute to this effort. Small businesses with common interests may be encouraged to form associations for the purpose of promoting their businesses and, at the same time, Maine. More benefit will accrue by helping these groups establish public relations programs of their own than by doing their public relations work for them.

Undoubtedly those DED staff members who have long been active in Maine promotional activities could be of valuable assistance in improving the quality and quantity of the advertising, brochures, public relations, shows and exhibits, etc. developed by sources outside of the Department of Economic Development. For example another state pursuing this approach arranged with the outdoor advertising association of the state to post advertisements on vacant billboards, as an alternative to painting out prior advertisements. This was accomplished at no cost to the department beyond the \$4.00 per billboard for the printed material to be posted. This program resulted in an average of 200 billboards carrying the state's economic development message.

#### 4. Coordination and Liaison

Many activities of DED involve coordination among departments and other agencies of the state government, with the state legislature and with other states. There is the need for more consistent handling of this important liaison work. An individual reporting to the Commissioner should have this as his full time responsibility.

#### 5. Quality of DED Performance

Another section of this report includes many detailed observations and recommendations regarding the organization of DED. It is perhaps worth emphasizing here that there is no substitute for a qualified staff who have a clear understanding of their duties and responsibilities. The DED staff must be able to work effectively with corporation presidents, legislators, community leaders, educators and other persons in positions to make basic economic decisions. Their selection, training, motivation and performance are matters of continual importance. A number of recommendations contained in this report would, if implemented, significantly effect the work assignments of many DED staff members. In one sense, their duties would be less difficult since each program would have written goals, methods, procedures and a means of evaluating performance. Conversely, their duties would be significantly more complex since they would be expected to provide leadership, administration, motivation, and technical assistance to task forces, local organizations, and other groups of individuals outside of DED. Accordingly, consideration of the recommendations included herein must necessarily be accompanied by a careful re-evaluation of staff qualifications.

### III. DISCUSSION

#### D. CURRENT OPERATIONS

##### 1. Activities - Objectives and Methods

As previously mentioned, DED needs improved planning. Basic research data from which to formulate adequate general and specific operating programs is required. Until this is accomplished the Department should restrict its activities to a limited number of carefully selected projects rather than attempt a variety of activities both within and outside of the State. The following paragraphs describe some of the more important activities which we recommend for DED attention at the present time.

##### a. Industrial Development

Industrial activity may be increased either by attracting new industry to the State or by the expansion of existing industries. Since industrial employment constitutes over 30% of the job opportunities in Maine, both forms of growth are critically important. This point is further emphasized by noting that each job in basic industry is generally considered to create at least one job in trades and services.

New Industry. Attracting new industry involves developing leads, working with prospects and helping those who decide to locate in Maine get settled. Developing leads has become an increasingly competitive task since many states have organized industrial development efforts, and thousands of communities within these states are also active in this field. Companies, too, are well aware of this interest and of the incentives available to them, and have become increasingly more sophisticated and selective in locating their new plant facilities.

Each state has certain natural economic advantages and disadvantages with respect to raw materials, labor supply, labor skills, transportation, and other manufacturing cost factors. Some states create tax and other financial incentives. Maine's advantages and disadvantages must be thoroughly understood by everyone concerned with the industrial development effort at both the state and local levels. Interested citizens of each area must be made aware of the actual potentials and limitations of their areas, as they relate to the possibility of attracting industry.

Not every industry would be ideally situated in the State of Maine. For example, a manufacturer of products which have a low selling price per pound and which are made of raw materials from outside the State would incur transportation cost penalty compared to competitors who enjoy a less distant location from major markets. On the other hand, the manufacturer of products with a high value to weight ratio might be well situated in Maine since transportation would be a minor cost element compared with labor rates which are generally more favorable in Maine than in the more populous states of the Northeast. Similarly, the agricultural areas of the State might be attractive locations for the food processing industry, and the industrial areas for a metal fabricating company. Suggesting the agricultural area to a metal fabricating prospect could result in the loss of a prospect while suggesting the industrial area to the food processing prospect might be sound advice met with approval. Unrealistic suggestion of possible plant locations can offset an otherwise effective presentation to a prospect. The interested citizens of the various geographical areas of the State must be informed of the limitations of the area, and convinced that agitation for industry that cannot be justifiably settled in the area from a profitability standpoint can only have a detrimental effect on the industrial development effort as a whole.



Certain industries have a vastly greater prospect for long-term growth than other industries. A major effort to attract manufacturers from a declining industry would not be fruitful. A research program to identify those industries which offer the promise of long-term growth and which could be located economically in Maine should be aggressively pursued. A research project of this kind would produce a list of target industries ranked by priority according to the likelihood of their being attracted to Maine. Beginning with the higher priority industries, task forces should be set up for each industry to develop a program for encouraging those manufacturers to accomplish their industrial expansion in Maine.

This program would include promotional material, such as advertising in trade magazines, direct mail literature, personal contact by letters, telephone or visits. It would also include a formal presentation for executives who express an interest in locating in Maine, prepared by specialists intimately familiar with all aspects of that industry. These presentations should be made by industry experts, civic leaders and businessmen accompanying the DED staff man to impress the prospect with the caliber of support and assistance he could anticipate in Maine and to make it possible to answer whatever technical questions might arise during the meeting.

Once a company becomes interested in Maine, the specific location within the State becomes critical and many detailed questions about the alternative locations must be quickly answered with factual data. By this time in the overall DED program of community self-help of attracting new industry, each of the communities in the State should have been sufficiently well organized at the local level to handle the prospect themselves. Although DED will necessarily need to coordinate

this phase, their participation should not have to be extensive. Similarly, when a prospect has selected a location, the community should be in a position to provide major assistance to the management of the new plant in their efforts to start operations.

Another function of DED relating to new industrial development is to identify state-wide problems adversely affecting the business climate of Maine and to recommend action programs for their solutions.

In summary, the steps recommended include conducting research for realistic identification of industries to canvas, carefully selecting potential locations for the prospects, organizing groups to work with DED for developing and presenting their promotional program to attract leads, helping communities to become sufficiently well organized to work directly with industrial prospects, and insuring that necessary state-wide programs are accomplished.

Only a small percentage of companies which indicate an interest in locating a plant in Maine actually will make the move. A follow-up program should be inaugurated to determine precisely the reasons that these companies select another location. Since the objective of the entire program is to get companies to decide to locate in Maine, it is critically important to know why a decision unfavorable to Maine was made.

Existing Industries. Perhaps the most solid base for industrial growth in Maine is from industries already located here. This includes encouraging existing companies to expand their operations in Maine and to assist them through reasonable action within the jurisdiction of the state government to achieve that goal. This also includes taking whatever action is necessary and practical to encourage companies which are planning to add to their capacities outside of

Maine to accomplish their expansion in Maine, and to influence companies planning to move from the State altogether to remain in Maine instead. The total number of companies in the State requiring attention is far too numerous for the DED staff to cover individually. Attempting to deal with this situation by working with the problem situations only is not, however, a constructive alternative since usually, by the time a situation has become a problem, it is too late to take the action which might have influenced the company's management to remain in Maine.

Accordingly, a program for expanding and holding existing industry should be based on identifying those factors which may be inhibiting the expansion of Maine industries and to work toward overcoming these. DED personnel should be sufficiently aware of general economic conditions, and specific problems that may arise as a result thereof, to enable the timely organizing of a qualified committee that could develop a plan of action to prevent the loss of a company or industry.

Those factors affecting the growth or decline of business generally work simultaneously on either similar industries or industries within a common geographical area. By maintaining appropriate statistics and plotting the rate of employment by industry and by geographical area, it will be possible to detect these symptoms of business growth and decline. Programs of assistance can then be started before situations are critical.

Programs to reverse business decline and programs to assist business growth are both necessary. However, it will be found, in general, that it is easier to assist businesses which are already expanding to expand faster, than it is to reverse declining businesses.

b. Tourism and Recreation

The outlook for growth of the tourism and recreational industries is excellent for the United States in general and Maine in particular. Increased leisure, greater prosperity, population growth, and saturation of resort properties to the south of Maine portend a promising future for the Maine tourism and recreation industry. The DED program to promote these has been basically well conceived and successful. Perhaps the greatest deficiency of DED in this respect has been a failure to present to interested individuals outside of the Department a clear picture of the comprehensive scope and measurable benefits of the existing tourism and recreation promotion programs.

Applying more effort on development, as distinguished from promotion, is an important aspect of this program which should receive more attention than at present. Such a program would include the same principles of "multiplication of staff effort" as recommended previously in this report. This would include, for example, helping communities, and tourist and recreational associations to develop their promotional programs, their facilities and the quality of their services. It would also include coordinating state-wide programs too extensive to be handled by local groups. The techniques and methods applied to the development of tourism and recreational facilities are essentially the same as those described for industrial development.

c. Advertising and Promotion

In the course of this study the policies and procedures governing the advertising and promotional function of the Department of Economic Development were reviewed.

Prior to discussing our findings in this regard, it should be pointed out that advertising is only one of a number of tools available to augment basic

selling strategies for promoting or marketing a product, service or industry. Therefore, the effectiveness or worthiness of an advertising program is often difficult to measure since many factors working independently of one another often nullify or compliment the intended result of established campaigns. In the case of Maine, the State has to compete with forty-nine other states, as well as all of the countries of the Western World for the tourist and industrial dollar. As a result, Maine's advertising campaign is subject to countless variables which could substantially affect the attainment of campaign objectives. Based upon this premise our study of the Department's advertising efforts was not concerned with the overall effect of the program, but rather with the way the various advertising programs and promotional campaigns are established and controlled.

Reviewed from this perspective it was found that the Department of Economic Development does follow generally accepted procedures and practices in formulating its yearly tourist and industrial campaigns. Adequate review procedures and controls are in force whereby the appropriateness and value of the various campaigns can be determined for the purpose of refinement or change so that increased effectiveness in future dollar expenditures can be attained.

Promotional and advertising expenditures could be more beneficially spent by the State if they were coordinated with the short and long term economic objectives of a master plan. If this were done the advertising expenditures could be developed to assist particular areas within the State's overall economic endeavor. To do this, DED would have to know more than it does about the internal and external factors affecting its economy. The Department is attempting to follow this procedure to some degree but this selective effort

is limited to the recreational aspects of the State's economy. For example, during the coming year the Department through the use of the State's computer facilities will be able to measure more precisely the economic characteristics of the tourists who have or have not visited Maine as a result of Maine's advertising campaign. This will be done through the use of a conversion sampling procedure commonly used in the advertising industry. From the survey the Department will be able to identify the proportion of the advertising audience actually visiting Maine, their household characteristics, their income levels, expenditures made in the State, actual areas visited, length of stays, home states of the visitors, their means of transportation, etc. From this basic information the Department should then be able to evaluate the effectiveness of the several advertising campaigns in terms of results, and eliminate those campaigns which are least effective. These data should also prove useful to the recreational and tourist industry whereby areas of weakness resulting in lost revenues can be acted upon and improved. For instance, the survey might show that individuals in certain income brackets are vacationing in other areas of the country because facilities are lacking which would appeal to their particular tastes. These market data indicating deficiencies can be beneficial to indicate the opportunity to attract investments which would help to fill this market gap, thus broadening the base of Maine's tourist industry.

From the foregoing, it is clear that the determination of the relative amount of money Maine should spend on advertising for tourism versus industry is a complex problem. The Department does not yet have an adequate means to make this determination. This determination should be made on the basis of the relative importance of the various sectors of the economy to the State's growth.

That is, the amount of funds to be expended on advertising by the State on recreational, industrial or other areas of activity requires that specific yearly objectives in growth be established for each economic activity. Thus, the State should first assess what economic endeavors are most important to its long and short term growth. Then, based upon the relative importance and intended growth rate for each sector funds should be allocated proportionately for the purpose of reaching the established growth objectives.

At the present time Maine's advertising budget for recreation is approximately \$200,000 annually, yet the funds expended for industrial advertising are less than \$50,000 annually. However, according to the U. S. Office of Business Economics (1964), approximately 30% of Maine's personal income is derived from industrial activity, as opposed to somewhat less than half this amount being derived from recreation and tourism. Should the relative proportions in expenditures be reversed, increased, or decreased? The Department of Economic Development must develop the data that will answer this question. As a guide, on the following page is a table indicating expenditures of selected states for industrial and recreational advertising.

1962/63 1/1963/64 1/

	Industrial	Recreational	Industrial	Recreational
Massachusetts	\$100,000	\$ 86,000	\$100,000	\$ 100,000
New Hampshire	*	207,700	13,000	200,291
Rhode Island	90,000	50,000	55,026	57,599
Vermont	9,500	121,132	8,000	127,500
Connecticut	39,000	*	41,000	53,000
Florida	726,000	2,395,000	500,000	1,200,000
Pennsylvania	*	652,000	*	652,000 <u>3</u> /
New York	386,215	535,142	330,215	603,635
New Jersey	95,000	155,000	95,000 <u>3</u> /	155,000 <u>3</u> /
Virginia	*	525,000	*	525,000 <u>3</u> /
Quebec Province <u>2</u> /	N.A.	983,700	N.A.	996,000
New Brunswick <u>2</u> /	N.A.	97,500	N.A.	237,000
Puerto Rico <u>2</u> /	N.A.	226,450	N.A.	N.A.
Jamaica <u>2</u> /	N.A.	781,195	N.A.	1,086,240
Bermuda <u>2</u> /	N.A.	890,672	N.A.	1,469,250

1/ Figures do not include administrative expenses.2/ Funds directed toward U. S. only.3/ 1962/63 expenditures.

\* Not included in data available.

Source: Curtis Publishing Company



The emphasis placed on the State's advertising and promotional expenditures should be based on economic need. From the above sample of governmental expenditures it can be seen that those areas which are heavily dependent upon tourism for economic survival expend large sums attracting tourists. As the need for this activity decreases the monies spent proportionately decrease. Accordingly, Maine needs to know the value of its various economic activities in terms of immediate and long-term growth, and should expend monies accordingly. Additional expenditures cannot be justified until the above basis has been established.

d. Geologist

In other states this position is not included within the department of economic development. Other states, however, do often designate a position within the department for the commercial exploitation of all natural resources and leave to other departments such as forestry and fish and game the matter of regulation and administration of their functions. It would not be possible to designate a position with the broad responsibility of all natural resources within DED for the State of Maine without causing duplication of functions which exist in other departments of the State as they are presently constructed.

For the next few years it would appear that there is ample justification for the position of Geologist with DED. The mineral resources are the least known of all of Maine's natural resources and their systematic exploration could possibly prove to be an important source of economic activity in the years to come. For the present, the activities of this Department should continue to focus largely on basic research and the completion of the state-wide geological mapping program.

As the geological exploration is completed, the role of the Geologist will undergo some changes. It is conceivable that the activity may some day warrant

the establishment of a separate state department or be included in a general re-organization of the departments concerned with the development, exploitation and regulation of all the State's natural resources. At that time DED's natural role would be to assist with the development of commercial exploitation of these mineral resources.

e. Annual Report

The purpose of the year-end annual report of any organization is to present a factual accounting of expenditures of time and money and to describe the status of programs in relation to goals and objectives. The year-end report in addition sets forth the objectives to be attained in the ensuing year and outlines changes in programs. This is the approach that is followed in the President's State of the Union and Budget Messages to Congress, corporate annual reports to stockholders, and the yearly reports issued by economic development departments of other states. Basically, the annual report permits evaluation of the performance of those charged with the duty of reaching prescribed goals and objectives.

During the course of this study it became apparent that much of the criticism levied against the Department of Economic Development was the result of the manner in which the Department has presented its activities and accomplishments.

Although the Department has complied with the legislative requirements of submitting an annual report, much could be done to allay public criticism and gain the necessary public support to overcome problems if the Department were to present a more meaningful and factual accounting of itself in terms of programs undertaken, goals established, problems encountered, objectives reached and future plans.

Since the Department's goal is achieving economic development of Maine, its annual report should present significant changes in the economy and not simply

describe the present promotional programs, activities and expenditures. The annual reports of other states present data covering the condition of the economy, i.e., levels of employment, manufacturing activity, personal income, etc.; significant changes in economic activity, the role played in helping to improve the economic condition of the State, areas of weakness and what is being done to overcome them, the progress of various programs, new programs to be initiated and assistance to be offered various sectors of the economy. Properly prepared, the DED's annual report will not only present a better accounting of the Department's activities and goals, but also serve as a useful guide to the formulation of future legislation, create a better public image of the Department, and provide a source of public information useful to local and out-of-state industry.

The following is a recommended format for the annual report:

1. Statement of the Commissioner and Advisory Council

This section should include a sketch of Maine's economic condition, long-range goals of DED according to the master plan, specific objectives for the past year, an evaluation of efforts to meet these objectives, problems encountered, and objectives for the ensuing year. These objectives should be stated in terms which can be quantitatively identified and thereby effectively measured. The report should include changes in such economic indicators as:

- Industrial production (by sector)

- Employment

- Personal income

- Agricultural production (by sector)

- Capital investment

- Retail trade

- Construction

- Services

These indicators should be portrayed geographically in relation to the various economic areas (geographic) of the State of Maine. Most of these data are available from the Department of Commerce and the Department of Labor and Industry.

## 2. Economic Development

a. Special Projects - A comprehensive review of the economic projects which are state-wide or of major significance, including description of activity, expenditure of time and money, accomplishments, problems encountered, new programs to be undertaken, and objectives for the ensuing year.

b. Area Programs - A comprehensive review of programs which are designed to meet the needs of specific geographical territories within the State. This should also cover a description of the activity, expenditures of time and money, accomplishments, problems, contemplated new programs, and objectives for the next year.

## 3. State-wide Coordination

A review of the activities and programs in which the Department participated with other agencies (Federal, State, and New England regional).

## 4. Research and Planning

a. A comprehensive review of research projects, which are not covered in (2a) and (2b), a listing of new sources of information and reports available from the Department's library, and new projects to be undertaken.

b. A review of the planning projects and programs currently in progress or to be undertaken, including statements relative to the scope and objectives to be attained.

## 5. Promotion

A comprehensive review of the promotional campaigns in progress, results of these (where measurable), expenditures of efforts and funds, new promotional activities to be undertaken and assistance rendered the various private promotional agencies in the State.

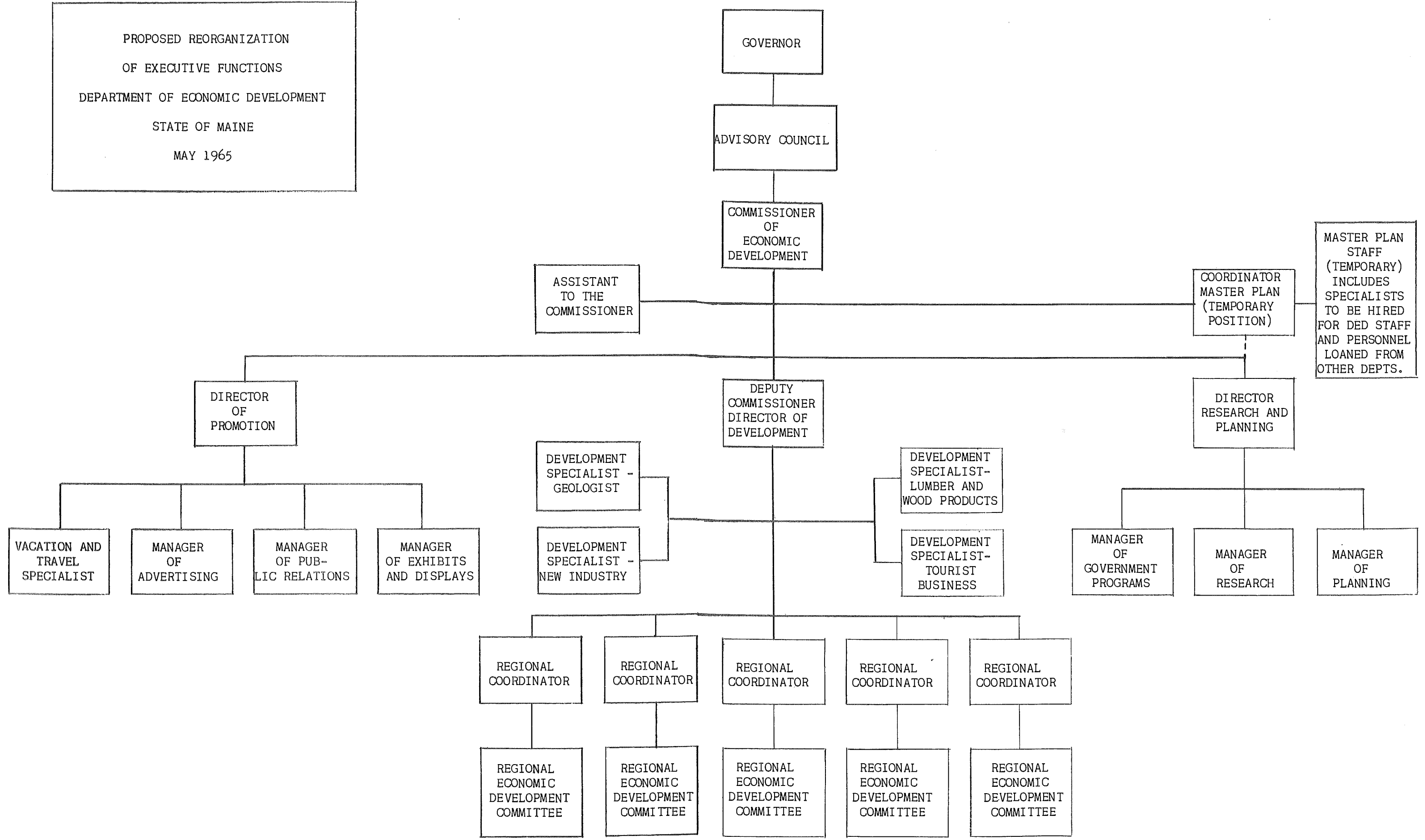
## 2. Organization

In order to accomplish the recommendations made above it will be necessary to reorganize the Department of Economic Development and reorient the responsibilities of several key positions. The revised organization chart is presented below. Two significant changes are fundamental to all of the key positions.

First, the revised organization does away with the categorization of effort as either industrial or recreational. It assumes, instead, a commitment to the growth of the overall economy of Maine whether by tourism, manufacturing, or other economic activity.

Secondly, developmental activities are organized in part on a regional basis. The regions should be specifically defined geographical areas conforming to groupings of political subdivisions and of the economic areas identified by the Department of Labor and Industry. We recommend that there be five regions established. A possible regional organization could be the following county groups: Aroostook, Washington, and Hancock; Somerset, Piscataquis and Penobscot; Franklin, Oxford, and Androscoggin; Kennebec, Waldo, Knox, Lincoln, Sagadahoc; Cumberland and York. Whatever regional organization is established should observe not only the above criteria but also, from a geographical standpoint, be convenient for efficient territorial servicing by the Regional Coordinator. Following the establishment of the regional organization, economic development programs could be directed and coordinated on a state-wide basis and implemented on the basis of regional areas with whatever variations would be necessary due to local economic conditions. By retaining political subdivisions wholly within these regions it will be possible to coordinate state programs with the activities of county, regional, and community groups. By arranging the regions to coincide in

PROPOSED REORGANIZATION  
OF EXECUTIVE FUNCTIONS  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF MAINE  
MAY 1965



general with areas with similar economic interests, programs can be related to the dominant economic forces within each region. Further, the statistics now developed by the Department of Labor and Industry on an economic area basis, valuable in planning and evaluating the programs of the DED, would be directly applicable without modifications caused by differing boundaries.

The suggested divisions within the Department have been established on a functional basis: Promotion, Development, and Research and Planning. The proposed organization also includes a temporary department to be established for the important purpose of preparing the master plan.

The Promotion Department would have as subsections Media Production, Public Relations, and Exhibits and Displays. This division would absorb all the functions except those associated with development now performed by the divisions of Publicity and Public Relations, Vacation and Travel Promotion, and Exhibits and Displays, plus the advertising activities now performed by Industrial Development. Thus the division would be responsible for all promotional activities of DED.

Similarly, the division now referred to as Industrial Development would be broadened to encompass development activities related to all segments of the economy, including vacation and travel and mining. The division would include development specialists and regional coordinators. The development specialists, who would operate on a state-wide basis, would be specialists within fields such as tourism and recreation, geology, agriculture, or a particular group of related manufacturing industries, i.e., paper and wood products. The regional coordinators would be responsible for all DED development activities within a region of the State. They would depend upon DED for staff and technical support, and co-

ordinate programs with community development agencies and civic and business leaders within their region on action and implementation aspects of DED programs.

The Research and Planning Division would have as sections Research, Planning and Federal Program Coordination. Research would be responsible for conducting economic research projects, for overseeing research projects contracted with others, and for coordinating research efforts with other agencies. The Planning section would be responsible for recommending and organizing written programs and evaluating the results attained. Initially this would not include developing the master plan, but would include maintaining it once the one-time two-year task of creating the plan is completed. The Federal Program Coordination Section would handle all matters pertaining to urban renewal community facilities and other federal programs of assistance to community development.

Following is a discussion of the purpose, functions and requisite qualifications for the Advisory Council and for key positions within DED.

a. Advisory Council. Properly constructed the Advisory Council should provide for the broad integration and continuity of DED programs, utilization of the finest executive talents available in the State of Maine, and safeguarding DED from partisan interests.

The functions of the Advisory Council should be as follows:

1. Establish the objectives and operating policies governing the programs of DED.
2. Recommend a chief operating executive (Commissioner) for DED, to be appointed by the Governor.
3. Organize task force assistance throughout the State of Maine.
4. Advise and assist the Commissioner.



5. Evaluate the programs of DED and make periodic reports to the Governor and Legislature.

To be an effective policy-making body, the Advisory Council must be small yet representative of the major segments of the economy. The Advisory Council should be composed of individuals capable of evaluating the oftentimes conflicting positions of varied economic interests.

The Advisory Council should consist of ten members, appointed by the Governor, serving staggered terms of three years as present legislation now provides. These should include a representative from each of the five major economic areas to which a regional coordinator is assigned, and three individuals with state-wide stature and broad understanding of the State's economy. In addition, each of the two major political parties should designate one member of the legislature, possessing the previously described experience for appointment to the Advisory Council.

In order to permit representative industries, communities and other economic segments to contribute to the planning and implementation of DED programs, the Advisory Council should organize an Economic Development Committee in each of the regions to which a DED regional coordinator is assigned. These committees should be large in number and varied in economic interest. All regional committees should include a thorough cross-sectional representation of business and industry, labor, education and finance. The member of the Advisory Council serving as the representative of his economic region would be the organizer, and serve as chairman of the Economic Development Committee of his region.

While the overall policy, program review, and advisory duties are important responsibilities of the Advisory Council, the proposed operating practices

contemplate that a major contribution of council members, in terms of personal time devoted to economic expansion of Maine, would be as chairmen and members of task forces established to study specific problems of Maine and work toward their resolution. This procedure would make available to the DED effort some of the most successful, accomplished and influential men of the State. Similarly, the members of the five Regional Economic Development Committees would be expected to devote time and talent to the resolution of specific problems within their regions.

A procedure of this type will permit all major economic interests to have direct access to the Advisory Council and vice versa, to contribute their ideas, present their needs, and offer their assistance to the Advisory Council. The Advisory Council will be in a position to consider thoroughly and quickly an economic situation of a specific region or to consider state-wide problems through this task force arrangement, utilizing the best executive and technical talent available in Maine.

Such committees as the Elite Corps and the Governor's Committee on Business Financing should be merged into the above organization with the Advisory Council retaining the ultimate program responsibility.

b. Commissioner of Economic Development. Although appointed by the Governor, the Commissioner should report to the Advisory Council in the same manner as the president of a corporation reports to the board of directors. Within the policies outlined by the Advisory Council he should have the freedom to develop and implement programs to meet the scheduled goals and objectives.

A department with an annual expenditure of close to a million dollars, and the accomplishment of these goals and objectives in the manner recommended

above, requires an administrator with considerable breadth of executive experience; one who can organize, direct, and constructively evaluate the activities of other people. Because of the need for DED to exercise leadership in the economic sphere, the Commissioner should be capable of developing strong personal rapport and leadership among other leaders in the State - notably business leaders. He should have a thorough knowledge of business and be able to utilize and evaluate through business judgement the data developed by specialists.

c. Assistant to the Commissioner. To be fully effective DED should participate in the initiation, planning and coordination of those programs developed by other state agencies affecting the economy of Maine. Part of the responsibility of this position is to provide for such coordination and direction, and to act as liaison for DED with other state departments, the Legislature, other New England States and the Federal Government. Because of this type of involvement the Assistant to the Commissioner would be a primary source for recommendations involving participation with other states and federal programs.

To fulfill these responsibilities the Assistant to the Commissioner should be capable of establishing and maintaining effective working relationships with other state agencies and officials of other states, and should also have an understanding of the legal and budgetary mechanisms of state sponsored programs. This position requires an individual familiar with governmental operations at the state level.

d. Deputy Commissioner - Director of Development. This position is the coordinating arm of the Department over all its activities on a state-wide basis and in the five geographic regions, that ultimately relate to the economic growth of the State. It is in this sense that the position warrants the status

of Deputy Commissioner -- a status above that of the other division directors. The normal functioning of this position requires a thorough knowledge of DED programs. The Director of Development should be capable of acting for the Commissioner in his absence.

Fundamentally the Director of Development has the responsibility of implementing a state-wide program through a staff of regional coordinators and development specialists, as well as various task forces established to study various economic problems. This is basically a management function of planning, programming, assigning responsibility, and evaluating results. It requires an individual with considerable executive experience particularly in business activity.

e. Regional Coordinators. The Regional Coordinator is essentially the Commissioner of Economic Development for his region. His office and residence should be located in his assigned region as he is responsible for the economic growth of his region through the implementation of state programs for all segments of the economy: industrial, recreational, agricultural, educational, etc. Working through the Economic Development Committee of his region the Regional Coordinator's job is to help the area and community development groups within his region to do their job more effectively -- helping new groups of common economic interest get organized -- coordinating the programs of separate groups with common interests -- organizing task forces to attack problem situations -- creating a general awareness of the importance of and interest in economic growth within his own region, and most important of all being constantly aware of all economic activity within his region so that he can anticipate and avert problem situations by ascertaining that existing business gets proper assistance on a timely basis.

Of the varied skills required in this position none is perhaps more essential than the ability to promote ideas and stimulate initiative in other people. This position requires skills similar to those demonstrated in government leadership, management consulting, the organization of local fund raising chapters, or the work of professional scout executives.

The matter of relative executive status enters into the consideration of the qualifications for the position of Regional Coordinator. If the State of Maine expects to assume a leadership role among the other states in the field of economic development, then it must employ as regional coordinators the kind of individuals who can command the respect of the area and community economic development leaders; men whose qualifications and personal stature will compare favorably with other business executives throughout the State.

f. Economic Development Specialists. Not all state programs can be accomplished by regional coordinators. Such programs as providing assistance to an entire industry (paper for example) that has major state-wide involvement, and particularly developing and attracting major new industries will be best handled by making project assignments to development specialists. Specific attention can thereby be directed to these important activities without detracting from the continuous programs of the regional coordinators. As appropriate, the economic development specialists should work with regional coordinators.

The qualifications for these positions are similar to those for the regional coordinator. However, each development specialist will be assigned tasks requiring his particular professional skills, or which have state-wide applicability. Duties would include contact with out-of-state industries which will often require personal contact at high corporate level of large companies. Therefore the

criteria for development specialists are equally high as those for regional coordinators.

g. Director of Promotion. This position combines the direction of all the promotional activities of the Department. These include advertising, exhibits and displays, public relations, publicity and booklets, etc. in order to insure a state-wide coordinated promotional program. Although many programs will still be distinctly recreational or industrial in application, much can be gained by integrating these efforts into a single division.

Direction of this department requires a highly imaginative promotion specialist who can think beyond his particular specialty and establish the criteria and the objectives by which to manage and evaluate program effectiveness and the efforts of others. Within the division of promotion there should be established separate budgets for recreation and tourism, industrial development, and general promotion. This will allow for more effective control, analysis and evaluation of these elements of the promotional programs.

h. Director of Research and Planning. One of the eight separate functions ascribed to the Division of Research and Planning in the enabling legislation creating DED can generally be described as assisting in planning and executing public and private projects related to regional planning and urban renewal. This single function is presently utilizing the greater portion of the resources available in the Division at the expense of other functions.

Although a semblance of a research library exists in the Department and some basic economic statistics have been gathered, much greater attention needs to be given to the task of servicing the promotion and development functions of the Department through the accumulation of statistics and other data for the planning and the evaluation of programs.

In order to manage the research, planning, and urban renewal activities within the broad commitment of DED, to assist present in-state business, and to attract new industries, the Director of Research and Planning should be thoroughly experienced in market research and market planning within a business environment. Pure economic data is readily available to DED through other state and federal sources and through the colleges and universities. DED must begin to apply through its Research and Planning Division the management and interpretation of the available data for business purposes. The Director must be broadly educated in research and planning techniques, knowledgeable regarding standard sources of data, and particularly adept at the systematic organization and administration of research projects.

i. Geologist. The present activities of the geologist concerning exploration and geological mapping must necessarily continue. As these tasks are completed the orientation of the geological program within DED should be toward the commercial exploitation of mineral resources. Accordingly, this function should be incorporated within the Development Division by having the state Geologist serve also as a Development Specialist.

### 3. A Program For Reorganization of DED of the State of Maine

First of all, the Advisory Council should be reorganized according to the recommendations made above. This group will play a major role in reorganizing the departmental functions. This should be accomplished by detailing the responsibilities and qualifications of each key position and then evaluating the incumbent personnel against those qualifications so that wherever possible the years of valuable DED experience will not be lost to the Department.

In general, however, it appears that the reorganization of DED will require major restaffing particularly in broadening the functions of what is now the Industrial Promotion Division into overall economic development. There is a general need to improve the quality of DED personnel in order:

1. to compete effectively with other states in attracting new business and promoting tourism.
2. to take a leadership role among business and economic leaders in the State of Maine.
3. to overcome the lack of confidence in and criticism of the DED staff now prevalent throughout the State.

The salaries paid to DED personnel do not compare favorably with executive salaries in business or with the compensation of many economic development specialists employed by regional, county or community groups. Hence DED has not been able to attract the caliber of men who can effectively represent the State of Maine to business executives. Specifications for key DED positions have never been written to express clearly the high degree of responsibility and the necessity to attract capable personnel in competition with executive salaries in business and industry. This is where the Advisory Council must begin the job of reorganization.

It cannot be expected that DED will function effectively along the lines of the above recommendations merely by reassigning present personnel to new positions in the revised organization. In general the degree of responsibility for all the key positions is a level above the present responsibilities just as the enlarged commitment of DED to overall economic growth throughout the entire State of Maine is a level above its present almost exclusive emphasis on promotional



activities. It can be expected that there will be a general need to recruit new talent to the Department. In order to locate applicants of greater competence, the residence requirement should be waived and the position qualifications written to place the emphasis on executive and managerial skills, leadership ability, education, and corporate business experience, rather than familiarity with the economy of the State of Maine.

Efforts should be made to attract youthful applicants with experience in economic development activities in other states as well as throughout Maine -- engineers assigned to assist companies in their plans for relocation, executive directors of fund raising and nonprofit organizations, etc.

In the Research and Planning Department it would be desirable to recruit recent college graduates with majors in statistics, marketing, civil engineering and the like. Hiring rates at this level can be high enough to attract the graduate with sufficient potential to develop into positions of greater responsibility as he gains experience in DED activities. Thus, the Department would be able to draw upon its own resources in future years as openings develop in key positions.

#### 4. The DED Budget

The total departmental expenditures and encumbrances for the year ended June 30, 1964, were approximately \$845,000, of which 41% was expended for the promotion of the recreation and travel industry of the State, 16% was expended for industrial promotion, 8% for administration, and the balance for the conduct of the other functions of the Department. Most of the other functions support and assist the efforts of the recreation and travel promotion and industrial development promotion, the two principal activities of the Department.

A comparison of the expenditures of state government organizations as reported by The Curtis Publishing Company for 1963-1964 indicates that on a per capita basis the State of Maine is making a greater effort to promote the development of its economy than the majority of its competitors. However, such comparisons do not take into consideration the amounts expended by other sectors of the economy, nor do they consider the relative significance of the available resources to be exploited, the magnitude of the existing economic problems to be overcome, or the effectiveness of the expenditures of each state. Until a formal system of programs exists, based on comprehensive planning objectives, and which includes methods of performance evaluation and cost accountability, little meaningful insight can be attained regarding the adequacy or application of the DED budget.

Tables at the end of this report section list DED expenditures and encumbrances for the year ended June 30, 1964; the expenditures, encumbrances and remaining allocations for the year ended June 30, 1965 and the proposed allocation of Part I appropriation requests for the years ended June 30, 1966 and 1967.

a. Adequacy of the Operating Budget. Until the master plan is completed and, from this, long-range and short-range objectives for economic development are converted into documented action programs, any significant increase in the DED budget above present levels is inadvisable. In any event, annual appropriations should not exceed one million dollars at the present time; this level would provide a modest increase to accomplish, at least in part, the recommended changes in organization structure. The proposed organization calls for expanding the scope of several functions, principally in the Development Division and the Research and Planning Division, as well as upgrading the qualifications for a number of positions. These actions would necessitate increasing the size of the DED staff somewhat to

incorporate the added duties and increasing salary levels to attract individuals possessing the necessary qualifications. To the extent that these increases cannot be contained within the personal services portion of the DED allocation, funds should be reallocated from the recreational and travel promotion part of the general operating expenses.

b. Financing the Master Plan. Development of the master plan should be considered as a task separate from the regular operations of DED. Accordingly, a separate appropriation for developing the master plan would be necessary. The cost of developing the master plan is estimated at approximately \$75,000 per year for two years. A portion of the funds required for the master plan might be obtained from the Federal Government under its "701" planning assistance program or the Public Works and Economic Development Bill of 1965, presently before Congress.

c. Accounting for Program Costs. The expenditures of DED are identified by operating division and by type of expenditure, i.e., office supplies, but are not recorded according to program. Assigning costs to programs is essential for planning purposes and for measuring performance. The cost of a program should bear a close relationship to the anticipated and actual benefits that accrue.

In order to develop this cost data, a system is needed for accumulating time and expenses to carry out each project and task of the Department. This system would require assigning an order number to each project or staff function and accumulating expenses by order number. Also, each employee would submit a periodic time report accounting for his hours by order number to permit charging personnel costs to specific projects.

This procedure would permit accumulation of all DED expenditures against specified programs and staff functions. Further, the cost accounting system should

also detail the type of expenditure, i.e., salaries and wages, advertising material, travel and entertainment, etc. This may necessitate requiring suppliers to DED of goods and services to more specifically identify the nature of charges included on their invoices.

EXHIBIT A

EXPENDITURES AND ENCUMBRANCES

Year ended June 30, 1964

	<u>ADMINISTRATION</u>	<u>RECREATION AND TRAVEL</u>	<u>SHOWS AND EXHIBITS</u>	<u>PUBLICITY AND PUBLIC RELATIONS</u>	<u>INDUSTRIAL PROMOTION</u>	<u>RESEARCH AND PLANNING</u>	<u>URBAN RENEWAL</u>	<u>GEOLOGY</u>	<u>OTHER ACTIVITIES</u>	<u>TOTAL</u>
Personal services	\$38,956	\$ 38,268	\$ 7,905	\$52,832	\$ 52,344	\$36,196	\$ 4,145	\$18,307	\$ 480	\$249,433
Professional fees		8,840	2,420		9,254		14,891	33,494	759	69,658
Travel	4,073	10,231	5,141	7,609	16,132	2,388	1,099	11,033	2,333	60,039
Utilities, rents, repairs and insurance	10,614	62	179	239	3,679			918	1,345	17,036
Advertising		204,486			42,808					247,294
Special promotions	1,552	15,016	772	8,942	2,912	787		215		30,196
Motion picture		16,483								16,483
Booklets and envelopes		48,221			8,788				3,971	60,980
Other office expenses			24,477							24,477
Shows and exhibits			28,593						4,955	33,548
Postage	293	5,564	1,860	3,416	1,304	234		66	275	13,012
Office supplies and other expenses	5,776	1,964	5,679	4,320	972	1,613	663	407		21,394
Capital outlay	<u>2,263</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>2,263</u>
Total	<u>\$63,527</u>	<u>\$349,135</u>	<u>\$77,026</u>	<u>\$77,358</u>	<u>\$138,193</u>	<u>\$41,218</u>	<u>\$20,798</u>	<u>\$64,440</u>	<u>\$14,118</u>	<u>\$845,813</u>

Source: Maine Department of Economic Development

EXHIBIT A-CONTINUED

EXPENDITURES AND ENCUMBRANCES

Year ended June 30, 1965

(Represents 9 months actual expenditures and encumbrances and allocation for the 4th quarter)

	<u>ADMINISTRATION</u>	<u>RECREATION AND TRAVEL</u>	<u>SHOWS AND EXHIBITS</u>	<u>PUBLICITY AND PUBLIC RELATIONS</u>	<u>INDUSTRIAL PROMOTION</u>	<u>RESEARCH AND PLANNING</u>	<u>URBAN RENEWAL</u>	<u>GEOLOGY</u>	<u>OTHER ACTIVITIES</u>	<u>TOTAL</u>
Personal services	\$44,232	\$ 44,578	\$18,616	\$53,940	\$ 68,550	\$41,015	\$ 2,583	\$21,403		\$294,917
Professional fees		9,694	6,770	1,789	7,742		15,763	31,792	\$ 1,022	74,572
Travel	4,477	11,763	8,437	5,691	25,000	4,000	1,500	5,194	1,215	67,277
Utilities, rents, repairs and insurance	12,202	3	210	366	3,660	62		2,242	1,460	20,205
Advertising		165,602			43,000					208,602
Special promotions	15,997	4,914	729	9,923	15,662	3,312		1,641		52,178
Motion picture		8,461								8,461
Booklets and envelopes		37,015			10,000	276			4,123	51,414
Other office expenses			22,365							22,365
Shows and exhibits			31,920						5,726	37,646
Postage	542	10,451	3,747	2,226	2,000	800		181	363	20,310
Office supplies and other expenses	6,292	3,099	1,196	5,777	1,220	1,000	504	908	45	20,041
Capital outlay	<u>698</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>698</u>
Total	<u>\$84,440</u>	<u>\$295,580</u>	<u>\$93,990</u>	<u>\$79,712</u>	<u>\$176,834</u>	<u>\$50,465</u>	<u>\$20,350</u>	<u>\$63,361</u>	<u>\$13,954</u>	<u>\$878,686</u>

Source: Maine Department of Economic Development

EXHIBIT A-CONTINUED

PROPOSED ALLOCATION OF PART I APPROPRIATION REQUEST

Year ended June 30, 1966

	<u>ADMINISTRATION</u>	<u>RECREATION AND TRAVEL</u>	<u>SHOWS AND EXHIBITS</u>	<u>PUBLICITY AND PUBLIC RELATIONS</u>	<u>INDUSTRIAL PROMOTION</u>	<u>RESEARCH AND PLANNING</u>	<u>URBAN RENEWAL</u>	<u>GEOLOGY</u>	<u>OTHER ACTIVITIES</u>	<u>TOTAL</u>
Personal services	\$ 44,695	\$ 40,336	\$17,890	\$53,274	\$ 73,710	\$42,501		\$21,220		\$293,626
Professional fees		10,000	5,000	300	7,800		\$18,780	28,100	\$ 2,700	72,680
Travel	5,500	11,200	7,200	8,000	23,400	2,600	1,500	8,800	1,000	69,200
Utilities, rents, repairs and insurance	12,425	350		250	3,670	40	20	2,520	2,400	21,675
Advertising		180,000			50,000					230,000
Special promotions	40,000	25,000		10,000	2,500	1,000	500	1,000		80,000
Motion picture		15,000								15,000
Booklets and envelopes		40,000			8,500	1,000			2,270	51,770
Other office expenses			16,200							16,200
Shows and exhibits			30,000		2,000				2,400	34,400
Postage	3,000	5,000	2,000	2,000	2,000	1,000	100	250	300	15,650
Office supplies and other expenses	5,700	700	4,700	4,900	1,300	1,600	100	400	290	19,690
Capital outlay	<u>3,900</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>3,900</u>
Total	<u>\$115,220</u>	<u>\$327,586</u>	<u>\$82,990</u>	<u>\$78,724</u>	<u>\$174,880</u>	<u>\$49,741</u>	<u>\$21,000</u>	<u>\$62,290</u>	<u>\$11,360</u>	<u>\$923,791</u>

Source: Maine Department of Economic Development

EXHIBIT A-CONTINUED

PROPOSED ALLOCATION OF PART I APPROPRIATION REQUEST

Year ended June 30, 1967

	<u>ADMINISTRATION</u>	<u>RECREATION AND TRAVEL</u>	<u>SHOWS AND EXHIBITS</u>	<u>PUBLICITY AND PUBLIC RELATIONS</u>	<u>INDUSTRIAL PROMOTION</u>	<u>RESEARCH AND PLANNING</u>	<u>URBAN RENEWAL</u>	<u>GEOLOGY</u>	<u>OTHER ACTIVITIES</u>	<u>TOTAL</u>
Personal services	\$ 45,952	\$ 40,784	\$18,018	\$54,584	\$ 76,409	\$43,456		\$21,394		\$300,597
Professional fees		10,000	5,000	300	8,800	2,600	\$18,780	32,100	\$ 2,700	79,680
Travel	5,500	11,200	7,200	8,000	23,400		1,500	8,800	1,000	66,600
Utilities, rents, repairs and insurance	12,425	350		250	3,670	40	20	2,520	2,400	21,675
Advertising		180,000			50,000					230,000
Special promotions	40,000	15,000		10,000	2,500	1,000	500	1,000		70,000
Motion picture		12,000								12,000
Booklets and envelopes		37,000			8,500	1,000			2,270	48,770
Other office expenses			16,200							16,200
Shows and exhibits			30,000		2,000				2,400	34,400
Postage	3,000	5,000	2,000	2,000	2,000	1,000	100	250	300	15,650
Office supplies and other expenses	5,700	700	4,700	4,900	1,300	1,600	100	400	290	19,690
Capital outlay	<u>1,000</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>1,000</u>
Total	<u>\$113,577</u>	<u>\$312,034</u>	<u>\$83,118</u>	<u>\$80,034</u>	<u>\$177,979</u>	<u>\$50,696</u>	<u>\$21,000</u>	<u>\$66,464</u>	<u>\$11,360</u>	<u>\$916,262</u>

Source: Maine Department of Economic Development



### III. DISCUSSION

#### E. MASTER PLAN

The Department of Economic Development is charged with the responsibility of promoting, stimulating, and developing Maine's economic resources to insure orderly and effective state-wide growth. The meaning and interpretation of economic growth will vary widely among knowledgeable individuals. The methods proposed for attaining growth will also vary among individuals and interest groups.

During this study, individuals interviewed representing various sectors of the economy presented many interpretations of the Department's responsibilities and a variety of recommendations as to how Maine could best achieve growth. These quite naturally followed the respondent's own sphere of interest. Some individuals suggested that the only way to achieve growth was through the development of Maine's natural resources for recreational and tourist purposes. Others suggested that without strong emphasis on industrial development Maine could not hope to achieve a balanced economy and sustained growth beneficial to all interests. By attempting to start a course of action somewhere between these two extreme positions without a specific plan or policy, the administrative leadership of DED has incurred criticism from both directions.

This is the obvious result of failure to develop a long-range master plan for the economic development of the State as authorized by law and recommended in previous studies. The preparation and continuous maintenance and revision of a master plan for overall economic development is essential to gaining maximum long-range benefits from dollars expended through DED programs.

Such a master plan could provide the Department with:

1. a comprehensive evaluation of Maine's assets and liabilities against which specific programs could be developed to capitalize on assets and alleviate liabilities.
2. a set of long-range economic goals which would be the basis for program development to attain such goals and a basis for periodic internal analysis and evaluation of the effectiveness of such programs.
3. a basis for continuity in objectives and policy least subject to radical alteration or loss of program momentum as a result of changes in governmental political leadership.
4. a balanced program with reasonable stability against which the Department could more effectively develop its manpower resources.

Further, a department operating within the guidelines of a long-range master plan which has been carefully constructed is in a much better position for measurement of its effectiveness by both the legislature and the public.

The preparation of the master plan is a complex task of considerable magnitude requiring careful policy decisions based upon information developed through skilled staff work.

Responsibility for policy determination should be vested within a commission, committee or council which is a continuous body with membership broadly representative of all facets of the State's economy. The Advisory Council of DED may be the appropriate group.

A full time staff director should be vested with the responsibility of development of the master plan. He should be directly responsible to the Council.

To the maximum extent possible, the staff director should draw upon special staff skills available in the various departments of state government for staff studies and assistance. For special studies or skills not available "in-house", retention of qualified consultant service should be authorized.

The development of the master plan should be completed by the end of 1966. At that time the organizational structure and reporting responsibility of the staff assembled to develop the master plan should be reevaluated.