

TEXAS QUARTERLY UPDATE

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New course series features basics of development work

TEDC's Business Development Department is designing a series of informational training courses as a continued effort to provide community leaders with a working knowledge of economic development.

The program is a proposed extension of the department's Texas Industrial Planning Seminar (TIPS) and was developed in cooperation with Craig Rovzar, economic development officer with the City of Austin. Its purpose is to inform and educate political leaders, administrators and government policy makers with an overall view of economic development.

The first presentation of the course series has been tailored for the professional and administrative staff of the City of Austin's Housing and Community Services Department. "Our goal is to show groups, such as the City of Austin, how the public and private sector can work together in economic development," said Chloe Johnson, TEDC community development coordinator.

"We plan to evaluate this initial presentation of the course and further develop the series so that it may be applied among other communities in the future," said Larry Lucero, manager, Business Development Department.

The series of presentations designed for the City of Austin will be held every other week through July. Leaders from finance, private development and other private industry that have been invited to participate as instructors
(Continued on page 4)

Texas salutes small businesses

In a recently signed proclamation Governor Mark White gave recognition to the more than 280,000 small businesses throughout Texas by declaring May 6-12 "Small Business Week."

Texas' small businesses have created more than 66 percent of the state's new jobs and employ over half of the state's labor force. "The willingness and initiative small business owners have shown in accepting the risk of competition continues to make small businesses the backbone of our state's economy," said Larry Lucero, manager, TEDC's Business Development Department.

Acknowledgement of small firms within Texas coincided with a proclamation signed by President

Reagan declaring May 6-12 a time to salute all American small businesses. Nationwide, emerging businesses have shown an ability to adapt and grow in times of economic stress and prosperity. According to the U.S. Small Business Administration (SBA) small

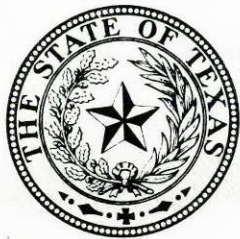
companies generated all of the 984,000 net new jobs in the United States between 1980 and 1982. Service industries continued to be the fastest growing job generator with small firms accounting for 89.6 percent of this growth.

The SBA also reported that small businesses contribute 42 percent of all sales in the country and are responsible for 38 percent of the gross national product.



Joe Marez (left), small business advocate, Small Business Administration - Austin, and Larry Lucero, manager, TEDC Business Development Department, look on as Governor Mark White signs the Small Business Week proclamation.

Texas Quarterly Update



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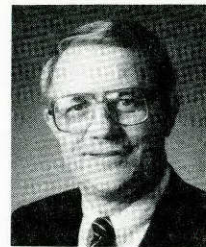
ASSISTANT EDITOR

Maria Baker

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Personally Speaking



Today, as never before, the economic health and vitality of the State of Texas is a primary concern to everyone living here. The recent economic recession has shown us that Texas is not impervious to the forces of economic change in the national economy. It has become obvious that there is a need to diversify and strengthen the state's economic base so that all areas of the state will share in the economic recovery.

To meet those needs, the Texas Economic Development Commission has initiated several programs to marshal together the vast public and private resources within the State of Texas. We intend to help strengthen the state-wide network of public and private professionals that will effectively and efficiently promote economic growth.

There have been three commissioners' task forces appointed in an effort to streamline the existing TEDC programs for greater effectiveness. They include Industrial Locations & Services and Business Development headed by Hugh Robinson, International Trade and Programs headed by Barbara Chaney, and Bonds, Loans and Incentives headed by Narciso O. Cano. Through these task forces, the Commissioners will have means for department review and policy guidance.

Next, we asked Bill Claggett, a business consultant formerly with the University of Texas at Dallas, to analyze the internal organization of the Commission. A report containing recommendations and suggestions for improving the agency's effectiveness and organization will be issued for consideration by the Commission.

We have also enlisted the support of Jay Stanford, Executive Director, and the staff of the Texas Advisory Commission on Intergovernmental Relations. They have agreed to help structure our network of working relationships to include state, regional, county and municipal government officials. Since all levels of government have people actively working in economic development, we want and need their cooperation, support and assistance.

To add the higher education community to our network, we are working with the John E. Gray Institute of Lamar University in Beaumont. Dr. Bernard Weinstein, Director of Research and Policy for the Institute, is heading a task force on improving communications and sharing expertise between the Commission and the business and university communities on issues of economic development.

Within the Commission itself, two new programs are helping to expand our network. The INTOP, International Trade-Texas Outreach Program, matches trade leads from foreign buyers with Texas companies who export their products. Trade leads come through the Department of Commerce from embassies, consulates and other sources and are matched by computer with the Texas exporters listed in the INTOP computer bank. The Commission's INTOP program is now referring more than 1,500 trade leads per month to the 650 Texas firms participating in the program.

The new Business Regulations Assistance Center (BRAC) is now helping businesses and industries expedite getting licenses, permits and information from state agencies. The questions raised by our clients range from how to license a boiler manufacturer to trying to obtain an air control permit in an area of non-attainment. Through BRAC, TEDC has established contacts and information from twenty-two state agencies which are directly involved in economic development. The good working relationship we are trying to create with these state agencies will benefit the entire business community through better understanding of the private sector needs and concerns by our state agencies.

The TEDC is actively working to improve the statewide network of economic development professionals. By drawing upon the resources of the private sector, the university, community, municipal and regional organizations and the many state agencies involved in economic development, we can fulfill our commitment to the economic prosperity of the State of Texas.

Sincerely,

Dan S. Petty
Chairman

Brownsville

Valley community unites to promote economic recovery

By Catherine A. Glover

Through the creation of the Brownsville Economic Development Foundation (EDF), the City of Brownsville is working to diversify what was once a stagnant economic base.

At one time, 90 percent of Brownsville's commerce depended upon international trade with Mexico. This dependence led to serious problems when the peso devaluated and all trade with Mexico completely stopped. In addition, the area crops damaged during the 1983 winter freeze and the overall national recession led to a significant decrease in general business activity.

The EDF was established to offset the combined effects of the slowing economy. "In February, 1983, approximately ten people began weekly meetings in their homes to discuss what could be done to overcome the problems that our community faced," said John Drennan, chairman, EDF. The organization was chartered by the state the following August as a non-profit corporation to encourage economic growth in Brownsville. Today it has become a 200-member organization which is expanding daily.

"The EDF is a partnership between the private and public sector which enables the foundation to use all of the community's assets," Drennan said. "The central attitude of the participants is not to waste time discussing how bad things were, but rather to focus on how to make these things better."

"The Foundation represents the most powerful force capable of improving the community's future," said Irving Downing, EDF executive director. "We are an active volunteer force working for the good of the community and it's just plain exciting to see what has been accomplished thus far." The



Commissioner Henry Cisneros addressed over 400 people in attendance at the Brownsville Economic Development Foundation (EDF) Banquet in November. The gathering marked the EDF's first public solicitation for membership. Now eleven months since it was first chartered, the organization has grown to include over 200 members.

EDF plans to shift the economic base from purely retail trade into a diversified base.

Brownsville is attempting to achieve this through an international trade program offered by the Texas Economic Development Commission (TEDC). The International Trade-Texas Outreach Program (INTOP), provides international trade leads to participating firms on a weekly basis. "Through INTOP, local industries have already diversified trade to various ports," Drennan said.

One of the EDF's first projects began through their involvement with the TEDC's Texas Industrial Planning Seminar (TIPS). Drennan met with Chloe Johnson, community development coordinator, TEDC, who informed him that the all-day seminar addresses five areas of economic development; research, industrial financing, sites,

prospecting and community development. A large Brownsville delegation participated in the TIPS program in Austin and utilized the information as a role model for Brownsville.

In addition, Brownsville became one of the TEDC's 14 "pilot" communities. Pilot communities participate in the Community Industrial Development Program (CID), which assists existing businesses and industries in retention and expansion. "CID is a cooperative effort between the TEDC, utility and industrial development departments, community leaders and industry itself," Johnson said.

As part of the CID program, Brownsville participated in a computerized industry cross match survey with the help of the EDF's Industrial Task Force and Brownsville's Junior Service League. The

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Brownsville ●●●

participation of the Junior League was an innovative way to get the community involved as well as conduct the survey that provided a data base from which information could be drawn.

In addition to these programs, the EDF has created several task forces to focus on the development of specific areas.

The Industrial Task Force has developed an industrial promotions campaign which began this month. The campaign focuses on marketing Brownsville as an attractive location for industry. It features full-page advertising in key industrial periodicals, a targeted direct mail program to manufacturers as well as printed information about the community. The task force is seeking to stimulate private investment and expand employment opportunities in Brownsville by generating inquiries and ultimately, plant development from companies looking for new facility locations.

The Trade and Business Task Force is presently working with the government of Mexico to bring trade and industry to the Brownsville Northern Tamaulipas area by working on an international marketing program. They are also in the process of implementing a downtown revitalization program.

The Tourism Task Force's goal is to promote Brownsville as "the place to go, both in winter and in summer," which will be accomplished through a national advertising campaign," Drennan said.

The summer tourism campaign first appeared in several Texas magazines and newspapers in mid-April. People from the targeted Texas metropolitan markets - Houston, Dallas/Fort Worth and Austin are responding. The EDF is averaging more than seven requests for information a day.

Community members have been very cooperative with the

EDF, but several groups have made considerable contributions. The educational institutions of Texas Southmost College and Pan American College, along with the EDF, have created a tri-lateral agreement to begin an international business college which will increase the marketability of the area. Also being created is a business research institute, assisted by faculties at both universities, to research international business activities.

"It is important to have skilled individuals locally in order to expand our industrial base," Drennan said. "Through these programs, we will have the ability to place local talent in mid-level management positions."

Brownsville's success in the past 11 months is exemplary of what an economically depressed community can do. Recently, Senator Tower announced the opening of Universal Canvas, a tent manufacturer for government entities. Since the beginning of the revitalization, three industries have

located in Brownsville, creating a total of 400 jobs.

"We, as a community, must not look back, but rather stand together, step forward and grasp new opportunities which are available to us," Drennan said. "Our goal at the Brownsville Economic Development Foundation is to make sure that Brownsville is first in many other areas of activity in the future."

(Continued from page 1)

include Robert B. Seal, CID, senior vice president, RepublicBank Dallas; George R. McVay, CID, vice president, Real Estate, Hunt Oil Company; Dr. Victor Arnold, director, Bureau of Business Research, University of Texas at Austin; and Dan Petty, chairman, Board of Commissioners, TEDC.

The course will cover topics including: "Basic Economic Geography," "Industrial Development Financing," and "The Role of Government in Community Development."

Council coordinates state's economic development efforts

TEDC is one of nine state agencies currently participating in an interagency council created to facilitate economic development efforts within the state.

The Interagency Council on Economic Development was established by Governor Mark White who also chairs the council. By coordinating programs and sharing expertise, it is hoped that council members can have a greater impact collectively on economic development in Texas.

The Council's policy group includes the board chairman of TEDC and six other statutory agencies.

The Administrator's Coordinating Council is the operating or

implementing level and consists of the executive directors of the seven agencies as well as the directors of the Texas Film Commission and the Texas Department of Community Affairs.

The Coordinating Council is charged with overseeing the three working groups which include representatives of numerous state agencies that affect economic development.

Topics given priority by the working groups include simplification or streamlining of the state regulatory process for new business permits and licenses; targeting of state programs to increase job creation in high unemployment areas; and further development of state marketing activities.

New businesses provide increase in jobs and services

Results of a survey initiated by the Office of Secretary of State indicate most new business ventures in Texas account for 73.2 percent of newly incorporated businesses - evidence of the state's conducive business climate for entrepreneurs.

A questionnaire was sent to each newly formed Texas corporation and every out-of-state firm that had received a certificate of

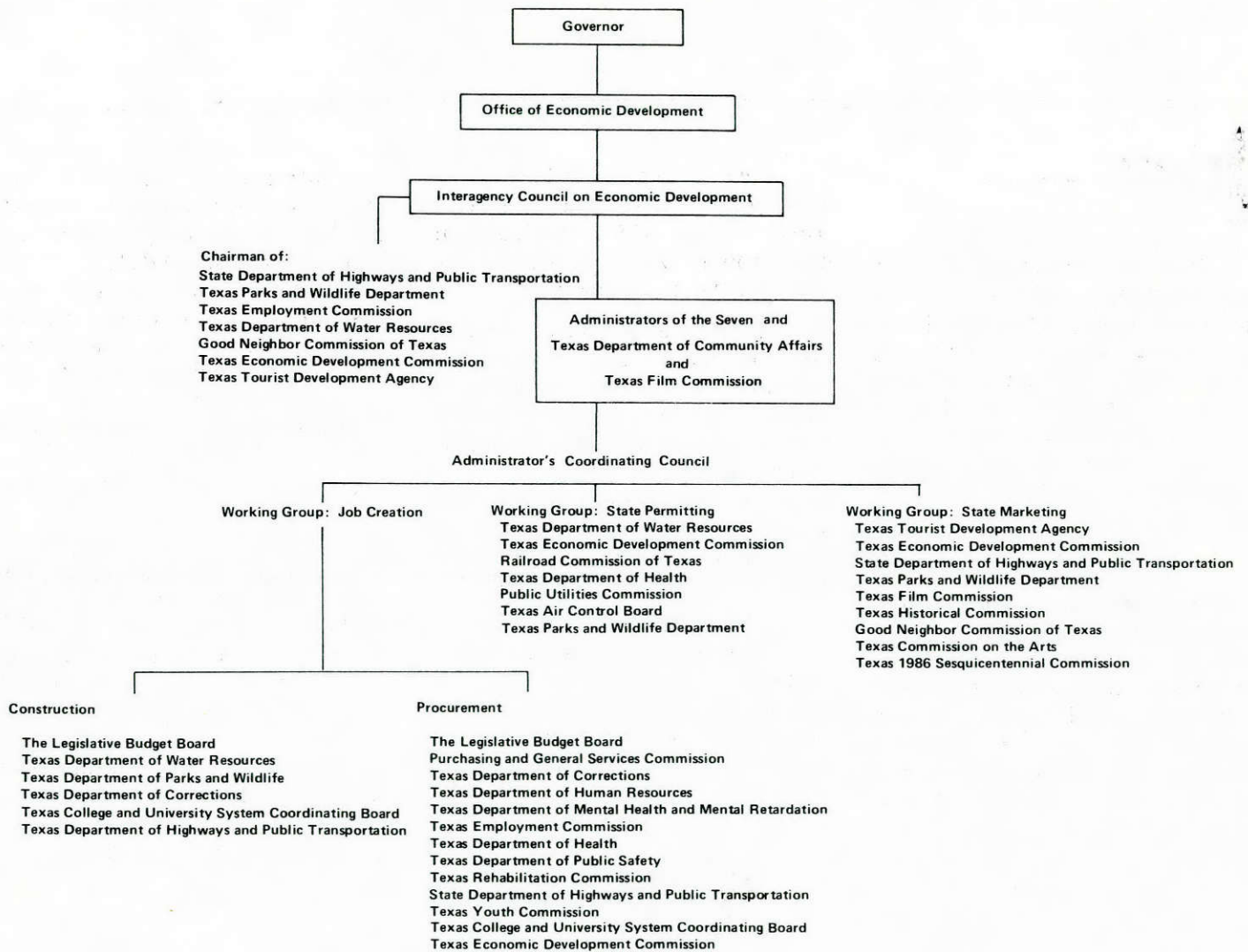
authority for business transactions in Texas. Out of 3,283 Texas corporations, 551 responded and 93 of 327 out-of-state businesses responded.

According to survey analysts, most of the new business enterprises are predominantly service and real estate corporations. The service sector will provide the largest increase in employment, with an anticipated 28.7 growth in

business services and a 32.9 percent increase in other services.

Data from the survey also indicates 67 percent of new Texas corporations and 57.7 percent of the out-of-state firms estimate employing one to five persons in the first year. Only 2 percent of the new in-state and 2.8 percent of the out-of-state businesses expect more than 50 employees in their first year of operation.

Organizational Chart of the Interagency Council



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Briefs.....

James W. Harris, III, director, Administrative Division, was appointed Acting Executive Director during the May Quarterly Commission meeting following Charles B. Wood's resignation as Executive Director on May 1.

Applications are being accepted for individuals with education and experience in management, finance, planning, economic development, public speaking and legislative relations. Administrative and managerial background in local, regional and state programs of business and industrial development is desirable. The Executive Director position pays \$45,200 annually. Send resumes to TEDC, P.O. Box 12728, Capitol Station, Austin, Texas 78711.

Plants Sites & Parks September-October issue will include a Texas section which will highlight the growth potential within the state for the upcoming year.

TEDC has compiled materials for the special section including information on the number of announced industrial expansions within the past year, capital expenditure and employment for each new and expanding project, and published studies or commentaries on recent industrial statewide growth trends.

Plants Sites & Parks reaches more than 30,000 top-level decision makers in national markets. To submit editorial comments and/or advertising, contact *Plants Sites & Parks*, 305/753-2660 collect.

Information on new and competitive technology is available through a monthly publication entitled *University R&D*.

The publication contains brief descriptions of research projects seeking initial or additional funding, technology patents and software available for purchase and/or license, as well as additional articles of interest to both university researchers and corporate executives.

Project and technology descriptions are provided by researchers and administrators in a broad spectrum of scientific disciplines. Descriptions include details on the status of the project, rights available and potential applications.

For further information contact, David B. Farris, *University R&D*, P.O. Box 9802-677, Austin, Texas 78766, 512/346-2372.

