

Business Environment Working Group

September 24, 2:30 - 3:30pm

Zoom Conference

Minutes

In attendance: Julie Chen, Arlene Parquette, Emily Reichert, Paul Fortier, Carolyn Kirk, Brad MacDougall, Steven Pike, Megan Marzalek, Farhad Vazehgoo, Helena Fruscio-Altman, Scott Martin, Meghan Abella-Bowen, and Michael Ferguson. Guests: Pat Larkin, William Fuqua

Welcome and Introduction: Helena Fruscio Altman

Helena welcomed the attendees and a roll call was taken.

Approval of minutes: Helena Fruscio Altman

August meeting minutes approved unanimously.

Summary of existing manufacturing/business environment reports: Farhad Vazehgoo

Farhad reviewed 11 existing reports that have been commissioned over the past ten years. The reports generally focus on the point of view of the author and not from the impact on Massachusetts. Only five reports were done within the last 5 years and each with a narrow focus (Energy grid, medical devices, and general business expansion in MA). The 2015 MIT IPC report was the most closely related, focusing on strengthen the innovation ecosystem for advanced manufacturing. The MIT IPC report formed the basis for the original work of the AMC.

The question was posed: What currently exists and how can we leverage it and move forward with a more comprehensive study?

- MassCEC will be launching a needs and capabilities assessment on the supply chain for the offshore wind industry. This could be a subset of data on supply chains.
- As we look at issues around supply chain, should we include the OEMs in the process?
- What are the barriers to companies getting connected?

Shifts in Commercial Supply Chains – East West Exchange Presentation by Harvard Business School Professor Willy Shih: Carolyn Kirk

Shih's research/report focused on important pivot points in the supply chain (e.g. labor, specialization, tiering of supplies, etc.). As you look at Western MA – This area has an enduring heritage in manufacturing, but now new processes in technology, suppliers are changing. The drive to hyper optimize has made them hyper susceptible. But these disruptions create opportunities.

- Movements and shifts in supply chain.
- Connectivity gap – process innovation to displace the incumbent
- Challenge – someone to lead the competitive advantage
- Additive manufacturing is ripe.
- Shift from lower cost to higher cost technology

- What does lead mean? A company takes the lead and others will follow if successful?
- Start with large OEM to drive the supply chain in front with suppliers.

Supply chain consistently been a challenge for SMEs, Startups and OEMs.

- Disruption of supply chain due to the current pandemic has been profound and exposed the challenges many manufacturers especially SMEs face
- Lessons learned from our pivoting manufacturers in the MERT program and supply chain issues they faced

There is a real deficit of insight at what is available. Is there a tool that the state could stand up, like a clearing house? No.

MassCEC – clearing house for off shore wind, has a directory of 400 companies. Could this be used as an example? OEMS off shore wind who want supply chain in MA – Pilot a project in MA

Ideas for conducting an assessment:

- Develop a strawman heat map across the state. Identify the issues for each region.
- Actions must be aligned with the Economic Development Plan.
- What makes us competitive and where can we make investments that have the greatest impact?
- Supply chains, workforce, Capex, innovation, etc.

Next Steps:

- To answer question on competitiveness may need to commission a study on competitiveness of the state by region and sector.
- Commission a study to analyze current environment and develop a strategic framework and action agenda to support manufacturing growth:
 - Massachusetts statistics & SWOT
 - Comparison & Benchmark against other states
 - Describe Manufacturing Landscape & Ecosystem
 - Policy and regulatory initiatives, Capital, investment trends, labor cost, workforce training, infrastructure availability (i.e. real estate, transportation and logistics, telecommunications etc.)
 - Recommendations & Opportunities

Materials and Exhibits Used at this Meeting:

1. Draft Minutes – August 18, 2020 Business Environment meeting minutes
2. Presentation – Business Environment Meeting, September 24, 2020