

TESTIMONY OF

Jennifer Owens

Vice President, Business Development

Ann Arbor Spark

On

“Commerce Department Program to Support Job Creation and Innovation at Small- and
Medium-Size Manufacturers”

Before the

Subcommittee on Technology and Innovation, House Committee on Science and Technology

January 21, 2010 at 10 am

Rayburn Office Building, Washington DC

Good afternoon Mr. Chairman and distinguished Members of Congress. My name is Jennifer and I am the Vice President for Business Development at Ann Arbor Spark. I sincerely appreciate the opportunity to testify today on this very important subject.

The Ann Arbor region, that I represent, is uniquely positioned with an array of assets. Our community is home to a world class university -- the University of Michigan, hundreds of emerging high-tech entrepreneurial ventures and established technology leaders like Toyota, Google, Terumo Cardiovascular and Thomson Reuters. Ann Arbor was recently deemed by a PBS segment as “the life preserver of Michigan.” Even with Michigan’s massive economic struggles, our region has still remained relatively strong.

Yet, one of our greatest strengths is still very much at risk – our manufacturing base. These firms are critical to the success of innovation-based start-ups that need an established partner to turn their ideas into reality. Our manufacturers can produce the new prosthetic limb, sonar device or medical sensor that our entrepreneurs design. Over the past three years, we have seen roughly 4,000 automotive manufacturing jobs lost in our region. The remaining manufacturers are some of the strongest and smartest in the world. These businesses are at their absolute leanest with only critical employees remaining.

I have visited with hundreds of these companies over the past two years in my economic development role with the State of Michigan and Ann Arbor SPARK. The theme is all too common. Banks are often unwilling to extend credit. The remaining employees are taking on the responsibility of three full time positions. They all are living paycheck to paycheck.

This is why programs like Commerce Connect are so critical. Manufacturers in crisis mode do not have the time or capacity to seek out federal opportunities. They desperately need someone to hold their hand through the process, open doors for them and to essentially be an additional resource. Commerce Connect offers some of that support. I commend the department for quickly recognizing the need and developing the program.

However, I implore the Department of Commerce to utilize the network of economic developers throughout the country to take their message to manufacturers. They should not create a new team of outreach professionals. Rather, educate the local economic developers, provide them with funding to grow their ranks and allow them to use their existing relationships to take the programs directly to manufacturers. Ideally, Commerce Connect should be integrated into the economic development “tool kit” which each regional economic development organization deploys for the retention and growth of companies.

The current programs offered by Commerce are very helpful for manufacturers. Firms that use Manufacturing Extension Partnership or the Michigan Manufacturing Technology Center in our state have seen dramatic results. Our MEP center has been a critical partner in helping manufacturers throughout the state in landing roughly \$300 million in new contract work.

However, Commerce cannot ignore that what these firms need most is missing – access to capital. Michigan manufacturers, throughout the state, are being tossed aside by their existing banks and being forced into loans with double digit interest rates to keep their business afloat. Unless new programs are designed to address the access to capital crisis, our manufacturing base will likely be dramatically reduced.

The time to act is now. Commerce and Congress cannot study and research new options. Commerce Connect as well as new manufacturing capital programs must be put in place early in 2010. Commerce must partner with economic development organizations, like Ann Arbor SPARK, to develop new programs and take their existing tools directly to the manufacturing community. Only through a true partnership among the federal, state and local agencies can our manufacturing base be saved.

Again, thank you for the opportunity to address you today and for your consideration.