

A close-up, profile photograph of Lt. Gov. Kathy Davis, looking towards the right. The lighting is dramatic, highlighting her features against a dark background.

Economic Development

Lt. Gov. Kathy Davis Takes Charge



By Tom Schuman

An advertisement for a popular media outlet once stated, “Miss a day and you miss a lot.” A modern Indiana-based twist could be, “Spend 20 minutes with Lt. Gov. Kathy Davis and you learn a lot.”

Davis, an unexpected but popular choice as the state’s first female lieutenant governor after the September death of Gov. Frank O’Bannon, has been on the job since October 20, 2003. What began as a 15-month position became a run for four more years when her boss, Gov. Joe Kernan, reconsidered and decided to enter the 2004 election.

No matter the length of the term in office, Davis faced an extensive learning curve. The lieutenant governor’s wide-ranging duties include serving as president of the Senate and overseeing the commerce, agriculture and tourism departments. Unlike some other states in which the second-in-command is more of a ceremonial position, Indiana’s lieutenant governor is the leader in the critical economic development efforts.

After six weeks on the job, Davis says, “I would say there has not been a lot of time for reflection yet. The events of the day come on quickly – over and over. It’s been learning and interacting rather than reflecting.”

But that’s where the contrast comes in. Whether it’s traveling the state, making speeches or attending meetings, Davis is on the go. But sit across the table from her in her Statehouse office and ask a few questions, and Davis’ “go” slows considerably into thoughtful, considerate responses.

The outside view

Davis’ third day on the job in late October included a visit to the Indiana Chamber’s fall board of directors meeting. She enjoyed a front row seat and was an active note taker as a site selection panel analyzed Indiana’s national standing in the area of business attraction.

“The thing I heard was that we have a lot of good things going on in Indiana that other people don’t know enough about,” she reflects. “We’ve got excellent assets in this state upon which to build. We have to be good at telling our story.”

The evidence suggests that storytelling is not a Hoosier strength. A similar 1999 site panel characterized Indiana as having “little or no image” on the national stage. Despite major 2002 tax restructuring and a strong economic development package passing the General Assembly a year later, the outside view has changed little. It’s not an indictment of what the state is doing, but often a lack of knowledge about the positive initiatives.

Asked whether it was difficult for the traditionally slow-moving government structure to “tell its story,” Davis countered with a different thought.

“Perhaps it’s not the first thing in the nature of Hoosiers. We’re known for hospitality, hard work, willingness to embrace people of all colors and walks of life,” she theorizes. “We also tend toward humility. Collectively, all of us need to do a better job.”

Part of the strategy in delivering the message about Indiana’s economic climate is to point out success stories or in Davis’ words “use business leaders to help sell the state.” She says there have been a number of conversations on that topic at the Indiana Department of Commerce (DOC).

Partnership plan

The future of the DOC is somewhat uncertain. A key initiative in the 2003 economic development package was creation of the Indiana Economic Development Corporation. Intended as a public-private partnership to guide economic development efforts, legislators are still debating details of the implementation scheduled for July 2005.

Davis believes the DOC is on the right track through its 12-office regionalization effort that began in late 2002. One of the yet-to-be-fully-implemented programs in the 12 regions is establishing advisory councils of business leaders to work with the regional staff.

As part of the learning phase, Davis says she has interacted with



Press secretary Ronnetta Slaughter is among the staff members coordinating a busy schedule for the lieutenant governor.



Davis, the first female lieutenant governor in Indiana, pauses thoughtfully before answering questions.

about half of the regional managers and is impressed with their work. The goals include bringing DOC services closer to the business community and speeding up the pace of government.

“That’s exactly what the site selection (panel) suggested,” Davis recalls, “having people know business and know their communities. There is the recognition that making deals with a (prospective) company happen fast. The state needs to support local economic developers and local government officials. We have to bring the tools of the Department of Commerce to those discussions quickly.”

Quick responses require a number of attributes – including funding. Mac Holladay, the architect of the DOC-initiated Market Street Services study that recommended the regional strategy, told the Chamber board of directors in the spring of 2003 that the Department of Commerce is “horribly understaffed and underfunded.”

The lowest percentage increases in the last six state budgets have been in the areas of economic development and education. Commerce has often failed to even seek substantial budget increases.

Asked whether the DOC had the funds necessary to meet the state’s economic development challenges, Davis offered an extensive pause before admitting, “I don’t know the answer to that yet.”

Old and new mix

The response comes quicker when identifying the keys to success.

“Having an environment that is innovative and energetic,” Davis begins. “Having a partnership between business, education, government and labor – at all levels in all parts of the state. What is most important is how well each element in that equation is involved.”

Adding to the task is Indiana’s well-documented reliance on manufacturing. The job losses in recent years have been staggering, with many the result of plant closings. Advanced manufacturing is one of the four clusters the state has identified, but no one seems able to define exactly what it means or how Indiana can be a leader.

Life sciences is another area of focus – in Indiana and nearly every other state. Again, the concept is broad with success dependent on establishing a niche.

“Part of the challenge,” according to Davis, “is we need to build on all our strengths in agriculture and manufacturing. While people may think of the life sciences jobs as being analytical, the Indiana Health Industry Forum says half the jobs will be in manufacturing. Certainly making tissue is different than making machinery” but proper training will allow the adjustments to be completed.

Traditional manufacturing is not going away either, the lieutenant governor states. She talks about a recent opportunity to participate in the expansion announcement for Coachmen Industries in Elkhart County.

“The RV industry is really growing. Sales have gone up considerably since 9/11,” Davis reports. “The only thing

Davis presides over the Senate on November 18, the first official day of the 2004 session.





limiting Coachmen was the availability of parts. Transportation equipment is an area in which we want to expand and bring suppliers in here too. If suppliers can't keep up, we'll see if we can help them expand too."

Davis considers the four identified clusters – 21st century logistics and information technology in addition to advanced manufacturing and life sciences – simply as areas in which the state already has "natural, innate strengths."

"Those aren't intended to be exclusive," she cautions. "Any idea or technology has the opportunity to take root in the state. I've started to include agriculture in that sector. As I visit Indiana farms, I'm so impressed with the application of technology."

University enthusiasm

Probably least known among Davis' prior public sector experience was her role in managing the start-up of the 21st Century Research and Technology Fund in 1999. (At the state level, she was deputy commissioner of the Indiana Department of Transportation, state budget director and secretary of the Indiana Family and Social Services Administration).

Despite the budget woes that froze 21st Century funding for nearly a year, Davis is impressed with the progress that has been made in growing and funding innovation economy companies and jobs.

"I see a lot of enthusiasm ... in encouraging faculty members to be involved in licensing technology from the research coming out of universities. There is a real emphasis on faculty moving ideas to the marketplace."

Next steps

Looking ahead, Davis declares that the Indiana Economic Development Council, dormant for an extended period after Graham Toft left as president in 2001, is working on a new state strategic plan that will be "broadly participatory." Although the most recent plan, *Break Away Growth* in 1999, received little publicity, Davis says a number of the initiatives recommended by Toft have been met, primarily through the 2002 tax restructuring.

In the short term, however, it's more of a focus on marketing than strategizing.

"The next thing we have to do is build on what we have done. We have to tell the story about Indiana's

tax structure and how competitive it is. We have to communicate about our investments in economic development."

As Davis herself says, moving forward requires a coordinated effort. Davis is the conductor. All eyes will be on her throughout 2004 to see if the tune is music to the ears of the business community.

INFORMATION LINK

Resources: Lt. Gov. Kathy Davis at www.in.gov/lgov