

Summary of ESD'S Proposal for the NIST's New York MEP Designation

The NY MEP Center hopes to continue providing manufacturing extension services to enhance the productivity and technological performance of New York State (NYS) manufacturers, particularly those that are small and medium-sized. The NY MEP will utilize numerous statewide initiatives and partnerships to fully serve its clients.

Needs Identification and Product/Service Offerings

To ensure that the needs are thoroughly identified and the product/service offerings fulfill said needs, the NY MEP has garnered relationships with a network of grassroots/on-the-ground organizations that will conduct periodic reviews of service offerings in light of evolving local needs and state and federal priorities. Our state is huge in promise, stature and the complexity of our size calls for a strategic plan to make sure that this initiative leaves no business in the shadows.

This process will involve identification of services and competencies readily available in the marketplace, and the development of new programs and new services to fill any identified gaps in services to our existing and prospective clients. This network will be a significant actor in the outreach and service delivery portion of this program.

Additionally, the industry clusters prioritized by each of the ten REDCs will receive manufacturing support and other appropriate resources to aid in support of the identified cluster through this program.

Program Management will be handled by the ESD Division of Science, Technology and Innovation. ESD and the Division are responsible for overall program management, oversight of program execution and centralized administration of NY MEP. This will be done in concert with the Division's other innovation- and technology-focused programs, such that relevant NYS assets and resources are integrated into the NY MEP network. Through this model, the Division ensures that NY MEP is supplied with best-in-class capabilities throughout NYS to be leveraged by regional sub-recipients for client delivery. NY MEP will maintain accountability to directly manage and execute all functions necessary to the successful operation of the MEP center.

Responsibilities held by NY MEP, to be conducted with guidance from the NY MEP Center Oversight Board, include: determining and executing strategy, budget policy and guidance; determination of program priorities and associated budget or funding requests; responsibility for determining the content and implementation of relevant financial and program policies and procedures; responsibility for selecting and contracting with sub-recipients and approving the hiring of key sub-recipient personnel; responsibility for the direction, control and performance management of sub-recipients; NY MEP strategic planning functions; and management functions such as submission of required financial and technical reports and maintenance of a functioning financial management system that satisfies MEP program requirements.

The primary service providers will be the ten regional sub-recipients covering each of New York's ten economic development regions and one statewide sub-recipient providing marketing, referral and other assistance to the system.

The ten regional sub-recipients will work closely with their REDCs and bring local manufacturing interests to the table in the Councils' annual strategic planning process. All the sub-recipients currently have some relationship with their regions' Councils, including two directors who are Council members. The regional sub-recipients will develop strengths and expertise in serving manufacturers associated with their REDCs' priority manufacturing cluster, while still supplying a range of manufacturing extension services in demand in their regions.

Identifying, reaching and providing services to key targets.

ESD will identify and reach key targets through the following strategies:

- The statewide center will conduct marketing and outreach efforts on behalf of the statewide NY MEP system. This center will raise NY MEP brand awareness and attract new clients and productive partnerships. The center will conduct statewide campaigns highlighting the NY MEP resource network; providing outreach and coordination for Solutions Forums that bring local manufacturers into contact with NY MEP and other Division resources; seek co-promotion, marketing and industry event participation with business associations and other strategic partners; promote NY MEP success stories; coordinate with business association and other partners to promote NY MEP to their memberships and networks; and otherwise use its marketing channels to promote NY MEP.
- Sub-recipients will consistently use a standardized acknowledgement of NY MEP's role in the promotion and delivery of their services, and in engaging with the manufacturing community at events and in communications (e.g. newsletters, websites).
- Sub-recipients will regularly update strategic plans, including marketing and outreach strategies tailored to SMEs and, in particular, tailored to areas where market penetration is weak.
- Greater integration with the REDC, providing visibility of sub-recipients to manufacturers in respective regions and also triggering closer alignment of sub-recipient service offerings with regional manufacturing needs and priorities.
- ESD will encourage the engagement of very small manufacturers by scaling best practices of sub-recipients with strong records of servicing this market.
- The statewide center will coordinate Solutions Forums in regions around the state to reach prospective new clients, learn about their problems and needs, and introduce them to NY MEP and related, appropriate resources.
- The statewide center will utilize the following partnerships for lead generation, as examples: START-UP NY, SUNY, Small Business Development Centers, Global NY, NYS Economic Development Council and membership of local industrial development agencies, ESD's Small Business Division and its related initiatives, ESD's Minority & Women-Owned Businesses program, multiple regional manufacturers' associations.
- The reduced match requirements established in the competition will allow for greater flexibility for the sub-recipients in delivering to under-served and less profitable market segments, especially manufacturers in rural areas and those with under 20 employees.

- Sub-recipients will use a customer relationship management (CRM) system, for example Salesforce, that feeds a statewide database of information about clients and their history with the NY MEP system, to better enable strategic marketing and engagement of repeat and prospective clients.

Leveraging past successful experience

ESD, operating as the NIST MEP designated center for over 20 years, has a proven record of strong performance and increasing impacts since the implementation of the current sCORE system in 2012. Its most recent annual review report notes a steady increase in impact measurements. This application builds on this record of success while proposing changes, informed by our past experience, to strengthen operations and impacts. For example, the business model will still be characterized by a network of ten regional sub-recipients, but the addition of the statewide sub-recipient is designed to penetrate more of the market and to help solve more manufacturers’ needs, through system-wide marketing, referral and tracking. The specialization of the ten regional sub-recipients to focus on regional economic cluster priorities, combined with the referral role of the statewide center, will result in higher penetration and impacts and help ensure that clients reach the service and provider most suited to their needs. ESD will also leverage the client and partnership network that has been built in the course of its operation as the designated NY MEP center.

Table C.2. NY MEP Impacts 2012-2014.

NY MEP IMPACTS	2012	2013	2014	TOTAL
Economic Impact	\$683 million	\$723 million	\$798 million	\$2, 204 million
Jobs Created or Saved	3,875	4,351	4,065	12,291

Goals, tasks, measurable milestones and outcomes

In Year 1, ESD will participate in the NIST MEP kickoff meeting; renew and execute sub-recipient contracts; and align sub-recipient services to meet Regional Economic Cluster Program priorities. In Years 1, 3, and 5, ESD and its sub-recipients will conduct assessments of service offerings in the context of evolving manufacturer needs. In Years 1 and 3, sub-recipients will also complete three-year strategic plans. Each year, sub-recipients will deliver quality services to clients in accordance with their approved strategic plans and agreements with ESD; hire, train and maintain personnel necessary for quality program delivery; provide quarterly reports and conduct quarterly client surveys; attend statewide staff and partner meetings; and participate in the REDC strategic planning seasons. ESD each year will attend NIST MEP regional meetings and national conferences; collect data including sub-recipient metrics financial reporting; evaluate sub-recipient performance; and implement corrective measures where appropriate. Throughout the five years, the statewide center will perform statewide marketing, lead generation and referral functions.

Performance Measurement

In addition to NIST MEP's Score Card, ESD will measure its performance by establishing quantitative metrics for key outcomes as illustrated in the following table.

Table D.1. NY MEP Quantitative Outcomes / Goals

	Year 1	Year 2	Year 3	Year 4	Year 5
New Sales	\$160 million	\$170 million	\$185 million	\$200 million	\$220 million
Retained Sales	\$320 million	\$345 million	\$375 million	\$395 million	\$425 million
Cost Savings	\$ 27 million	\$ 30 million	\$ 33 million	\$ 35 million	\$ 40 million
Investments	\$210 million	\$230 million	\$250 million	\$270 million	\$300 million
Jobs Created	920	965	1,000	1,100	1,250
Jobs Retained	3,200	3,360	3,500	3,700	4,000
Solutions Forums	5	5	6	7	10
Solutions Forums attendees	150	175	220	275	500
Divisional asset meetings	2	2	3	3	4
New very small and rural clients (<20)	75	125	200	300	400
# of referrals through system	300	390	450	525	600
Statewide newsletter circulation (2x monthly)	5,000	6,000	7,200	8,640	10,300

Each regional sub-recipient will also continue to use and modify its own operational metrics which will include leads, conversion rates, backlog and other measures necessary to successfully deliver services while ensuring ongoing financial viability.

Program management and internal evaluation: Use of client-based business results in understanding program impact

ESD will manage the sub-recipient agreements and provide strategic direction to sub-recipients in the areas of partnership development and leveraging; development of capabilities; and approaches to increased market penetration and impact. ESD will monitor and drive sub-recipient performance against the benchmarks outlined in the previous table. ESD will require sub-recipients to submit quarterly progress and financial reports; three-year strategic plans (in January 2016 and December 2019); assessments of service offerings every 18 months; and surveys of clients served. ESD will monitor the quarterly reports and the results of client satisfaction surveys. ESD will require its regional sub-recipients to perform self-evaluations of the performance diagnostics and develop action plans for attaining higher ratings. ESD will communicate and vet those reports, plans and ratings with NIST MEP.

If ESD finds a sub-recipient's performance to be unsatisfactory, that sub-recipient agreement and designation may be terminated. In addition, consistent with NIST MEP's key personnel

authority, ESD has sub-recipient agreement authority over the replacement of sub-recipient directors.

ESD will provide the detailed technical and financial reports required by the NIST cooperative agreement and participate in the program reviews. On a statewide basis, ESD will perform internal evaluations consistent with the NIST MEP performance measurement system, which clearly defines the expectations for measuring performance both quantitatively and qualitatively.

ESD will exercise oversight of the sub-recipients through the following additional methods:

- Perform system-wide and center-specific evaluations and monitoring to ensure that sub-recipient directors are focused on NIST and ESD sub-recipient agreement requirements and programmatic expectations;
- Bi-monthly conference calls with sub-recipient directors;
- A minimum of one annual site visit to each sub-recipient;
- Participation in at least one board meeting of each recipient per year (each of the sub-recipients are responsible to fiduciary boards of directors), and participation in others via conference call;
- Meetings with the regional partners and clients of sub-recipients to solicit feedback on performance;
- Requirement of time card systems for sub-recipients that are housed in larger organizations whose mission extends beyond the provision of manufacturing extension services; and
- Requirement for such sub-recipients to maintain distinct financial and organizational identities from the organizations with which they are co-located.

NY MEP System and Sub-recipient Boards

Empire State Development is creating a **NY MEP Center Oversight Board** that will be functioning and in compliance with MEP guidelines by the beginning of the contract period. The Board's will be advisory in nature, and its responsibilities will be to advise the ESD program director on strategic planning and project execution and management functions. The Board will also be a key mechanism by which the NY MEP system maintains accountability to its primary stakeholder group—SMEs throughout New York State—and aligns itself with NIST MEP strategic objectives. The Board will have 11 members, with at least one representative from each of New York's ten economic development regions, drawn from a cross-section of manufacturing industries and stages of company growth and maturity. At a minimum, it will be required that at least six of the eleven Board members at any given time be employed by a manufacturer on a full time basis. The Board will undergo a one-day orientation in which they are familiarized with NY MEP and the range of NYS resources and assets relevant to MEP service delivery. The Board will meet quarterly, with additional meetings as necessary. Meetings will include presentations from sub-recipients and other resources and assets, as a method of scaling best practices and increasing the visibility of the full spectrum of available resources.

Each sub-recipient will have its own independent board, composed in majority of manufacturing representatives. ESD will require that the boards of directors of these sub-recipients not include individuals concurrently serving on another sub-recipient board. ESD requires that sub-recipient boards not include in their membership any staff or any contractors or service providers receiving business through the NY MEP program. Sub-recipients that are part of broader organizations (e.g. regional economic development organization) will be required to maintain a board distinctly from the board governing the larger organization, and to be accountable to the MEP-specific board.