



## YEARLY ACTIVITY PLAN (YAP) - FY '08

**Division/Attached Agency:** Strategic Marketing & Support Division

**Program Name:** Global Links

**Program ID:** BED 100

### I. PROGRAM PLANNING

**Problem, issue or opportunity statement:** Describe the problem(s), issue(s) and/or opportunity(ies) your program is attempting to respond to. Identify the participants (individuals, companies, industry sectors, etc.) engaged in this problem, issue and/or opportunity.

Globalization is the integration of economies and societies around the world. Driven by fundamental changes in computational and communications technology, it has set in motion the means by which goods, services, ideas, people and capital can flow relatively freely across national borders. Capital, financial and human, ideas and intellectual property, are now mobile and less tied to places. Globalization has not only enabled new types of activities, but it has also empowered individuals and small businesses to undertake economic activities that previously were reserved for the larger firms. While globalization has increased a whole range of opportunities, it has also created major challenges for those unprepared or unwilling to rise to the challenge.

For many small businesses, this has meant that their competition, instead of being located down the street, now could be located half way across the world. For young people graduating from high school or college, this has meant that they now have to compete for jobs globally. For those already in the workforce, it means that unless they constantly upgrade their skills and remain adaptable, they could become victims of global integration. Local economies must align themselves with regional economies—to be competitive, to grow and be part of the broader, global economic scheme.

For those in economic development, the old idea of “trade development” that considered only manufacturing and agriculture must be expanded to include today’s high promising opportunities in services, specialized knowledge and high technology.

“Economic Development” in a “flat world” means understanding and addressing fundamental issues related to the building blocks of the new economy. These issues include serious shortcomings in the skills of incumbent and future workforces to meet the challenges of the global economy.

**Need and partners:** Specify the need for government intervention. Provide supporting evidence. Identify any partners you will be working with to address the problem, issue and/or opportunity.

While Hawaii is geographically, ethnically and culturally, in the center of the Pacific Rim, (between the world’s two largest economies, and the world’s fastest growing economy) to develop Hawaii into a center of what will be called “the Pacific Century”, depends on our development of global long-term relationships, expert marketing efforts and joint ventures more than ever before. In other words, we need to be innovative in our ability to link to innovative and creative centers, business and individuals throughout the Asia Pacific Region.

Our mission to **encourage the development of state relationships with regions in Asia-Pacific to promote and foster economic, political, educational and cultural opportunities for Hawaii** requires strong government support and leadership.

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### Why Government?

Government has access to resources such as networks, contacts and relationships that have been built up over the years that can connect Hawaii businesses, organizations and individuals with the help to meet their export and “connections” needs. Government also has the ability to coalesce groups that may have common interests and synergies—in other words, government can be effective leader in bringing people together. Government sponsored, subsidized and collective marketing efforts also help to level playing fields for Hawaii that are competing against larger well financed out of state firms. Because government is held in regard by overseas markets, government can lend its credibility and respectability and prestige in overseas markets to open doors for Hawaii organizations and firms. Through government, opportunities and accessibility to decision makers can be facilitated, especially in dealing with overseas government agencies and in finding overseas partners.

In a globally interdependent and competitive economy, only those communities who engage global markets for goods and services will achieve an ever-increasing standard of living. Located in the middle of the Pacific Ocean, the State of Hawaii is the ideal locale for businesses to participate in international markets. Geographical and time-zone advantages enable same-day communications with the Mainland U.S. and Asia. Moreover, Hawaii has a multi-cultural workforce and other resources to facilitate viable and productive trade between the U.S. and the various countries within the Pacific region.

In carrying out our mission, Global Links seeks to address the challenges faced by our primary constituency:

- local small- and medium-sized businesses seeking to compete in world markets. Our objective: increase the dollar value of exports of products and services
- our future workforce--students who will have to compete with others worldwide for jobs, as well as teachers who are training our future workforce. Our objective: increase the number of links that connect students and teachers to international experiences.

In the process, we also seek to address the needs of our secondary constituencies:

- foreign firms who wish to enter the Hawaii market. Our objective: increase the dollar value of investments into Hawaii.
- our current workforce by providing opportunities for work and upgrading of skills through international activities. Our objective: increase the dollar value of international activities taking place in Hawaii.

Our partners to address this problem include federal agencies (DOC, FCS, Embassies and Consulates, SBA), other state agencies (DOA, HTA), economic development boards, ethnic chambers of commerce, trade and professional associations, overseas governmental offices and agencies.

Why State government vs. Federal or private sector organizations? DBEDT/SMSD utilizes the Federal government both locally, through the one-man Dept. of Commerce office, and overseas through the Foreign Commercial Service offices, to supplement and assist in the implementation of its program activities. The Federal government is a strong partner in practically all of the DBEDT/SMSD Marketing Program's activities, however, the lead is with the State and assistance, if available, is obtained on an a la carte basis with the Federal government. Similarly, the private sector, through trade associations and chambers, are also engaged to supplement DBEDT/SMSD marketing activities, but the lead rests with DBEDT. Reason is that both the Federal government and the private sector do not have the resources to undertake the detail of work necessary in marketing activities, A combined State and Federal effort, along with the private sector, is more effective in capturing attention in the overseas market. With the

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State lead, there is also a more responsive and dedicated service to the Hawaii constituents that are not necessarily available through the Federal government who also serve the rest of the U.S.

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**Desired results (outputs, outcomes and impacts):** Identify desired results, what success will look like, by describing what you expect to achieve near (0-2 years) and long-term (2-6 years).

Near term vision:

- Support a minimum of 15 firms new to export
- Support a minimum of 30 firms to increase their export sales
- Engage 200 students to participate in overseas exchange programs.
- Engage 50 teachers with their classes to participate in international activities here in Hawaii and overseas.
- Attract 250 overseas students, business executives, government officials to enroll in education & training programs in Hawaii.
- Attract 10 international visits to Hawaii focusing on targeted industries.

Long term vision:

- Increase service exports by Hawaii companies by 1% or \$16 million. (Estimate for 2005 services exports is \$1.62 billion, excluding visitor spending).
- Increase international focus of local companies by developing clusters in three targeted industry sectors: Life Sciences, Defense Contracting/Dual Use and Diversified Agriculture.

Given the amount of resources available to the Program, and following the strategic approach of the activities to be implemented, the foregoing numbers were identified as realistic and achievable during the time frames specified.

**Influential Factors:** List the factors you believe will influence your ability to impact the problem or opportunity. (Things that support success and barriers to success.)

Supporting factors:

- Legislative funding and Executive Branch support\*
- Stakeholders commitment to partner and participate\*
- Support (financial and human resources) from other state and federal and international partners\*
- Political and currency stability in overseas markets

Barriers:

- Lack of access to potentially suitable and necessary partner(s) overseas\*
- Strong U.S. dollar
- Disasters/epidemics/terrorism in domestic and overseas markets
- Shipping costs; unfavorable freight rates and schedules
- High costs of local production
- Lack of capacity to meet demand

Note: \* Indicates those factors which we can, to some extent, control. Upon these factors we are basing our strategies.

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**Strategies:** List the general successful strategies or “best practices” that have helped other programs achieve the kind of results your program promises.

The Global Links strategy involves a four-step process

- Coalition building (to increase capacity for sustained efforts)
- Facilitation (supporting SMEs, NGOs, schools, international organizations) process
- Political and leadership support
- Education (for leadership, business and workforce).

### 1. Coalition building

Intense competition for funding and disparate accountability requirements has created more of a truce than true joint efforts between DBEDT and some of its “partners”. Nevertheless, it is important to recognize those with whom we share interests, and allow them to assume the leadership role. Our strength is in bringing key stakeholders together to establish priorities and identify obstacles within the plan. Our goal is to institutionalize the practice of collaboration, which requires joint tasks, and to creating an environment in which participants get to know one another, and thereby build trust.

- EDB joint meetings
- Hawaii Sister State Committee
- Hawaii International Advisory Council
- Office of International Affairs

### 2. Facilitation (support to SMEs and NGOs)

DBEDT can bring disparate parties, albeit with common interests, together to maximize resources and ease entry.

- Industry Consortiums: Tourism Consulting, Environmental, Education and Training
- Overseas Offices
- Center for Chinese Studies/Confucius Center

### 3. Build Political and Leadership Support

Because of the time lapse – often several years – between SMSD’s trade and investment efforts and successful outcomes, or the difficulty ascribing success to those efforts, SMSD’s marketing programs and out of state offices face, among other things, tough budget battles.

Trade missions, while hardly an innovative idea, is increasingly being questioned. While contacts and contracts are made, trade missions still face a bad rap. There is little question, however, that in a global economy, overseas contacts are critical to the prosperity of Hawaii.

The need for government to build these contacts is clear—government can open doors, especially in the Asia-Pacific, that would remain closed to individuals and private businesses operating alone.

- Legislators’ Trade Missions
- Reverse Missions
- International Conferences

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### 4. Education

“Global Links” education has two primary audiences: leadership and small businesses. Education for the leadership audience-elected and private sector – should focus on the challenges of globalization, the value of trade and innovation initiatives to bring us competitive.

Trade education for small businesses requires outreach that allows those businesses to ask face-to-face questions of credible and knowledgeable local experts who can answer the “whys” and “hows” of expanding internationally. Small firms need help to understand their growth potential in foreign markets and the basics of how to explore and enter those markets.

**Assumptions:** State the assumptions behind *how* and *why* the change strategies you have identified will work.

Government can help reduce the risk for small firms to engage in global trade. For example, government has access to resources such as networks, contacts and relationships that have been built up over the years that can connect Hawaii businesses with the help to meet their initial export needs. Government also has the ability to coalesce groups that may have common interests and synergies and that are targeting a specific industry sector, thereby building credibility and a “critical mass”. Collectively, these groups are able to generate more attention and credibility that they could as an individual entity. Government sponsored, subsidized and collective marketing efforts also help to level playing fields for Hawaii that are competing against larger well financed out of state firms. Government, on behalf of coalitions of exporters, can also be in a position to negotiate better rates for shipping, and other costs associated with exporting or entering into a new market. Government can also lend its credibility and respectability in overseas markets to open doors for Hawaii firms. Through government, opportunities and accessibility to decision makers can be facilitated, especially in dealing with overseas government agencies and in finding overseas partners.

Global Links broadens our programs’ trade and investment attraction strategy by adding an education and training component into the mix. We recognize that in order to compete in the global marketplace, we must first train our students and our workforce to be conscious of how other countries or regions have a direct effect on our lifestyle and economy. Armed with a broader focus, our students and workforce will be better prepared to handle change created by global forces.

DBEDT would partner with the DOE and the HAIS to identify, develop and coordinate an array of international activities including a study abroad program for students and teachers. Students and teachers armed with these experiences will have a broader outlook of the worldwide possibilities that contribute toward developing globally sophisticated youth entering the workforce.

Conversely, attracting international students, business executives and government officials to enroll in education and training programs in Hawaii allows these individuals to obtain a better understanding of Hawaii and to develop mutual relationships that may one day turn into business prospects.



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### II. PROGRAM IMPLEMENTATION

**Resources:** Describe the resources or influential factors available to support your program.

Internal Resources: 7 staff members of Investment and Business Attraction Branch and Services Trade Branch; 2 Overseas Offices (Taiwan, Beijing), collaboration with other DBEDT Divisions (SID, CID) and attached agencies (HTDC, NELHA).

Marketing Budget: \$150,000. Since HB1659 was vetoed, we are still able to leverage our funds with private and public sources.

External Resources: Team Hawaii--economic development boards, county economic development agencies, UH and other universities, other state agencies (DOA, HTA), select ethnic chambers of commerce; U.S Embassies, Consulates, FCS offices, and other federal agencies (DOC, SBA, Homeland Security, USDA), trade and professional organizations, international governmental and quasi departments and agencies, and international/overseas trade and professional organizations (PAAC, EWC).

**Activities:** Describe each of the activities you plan to conduct within your program.

1. Coalesce groups/consortia in specific targeted industries or geographic regions to pursue contracts or investment partnerships. (a) Continue to support Hawaii environmental companies under the newly created Environmental Development Group banner. The EDG's mission is to increase exports of environmental services and products overseas, with China as its first geographic target and to prepare companies new to the export market to be able to compete overseas.
2. Plan, organize and implement trade missions and participate in trade shows to market Hawaii's products or services.
3. Direct PAAC, the contractor chosen to administer the Office of International Affairs, to take advantage of trade and investment opportunities that may arise from sister state relationships.
4. Conduct industry specific reverse missions and produce industry targeted in-state conferences to provide Hawaii firms opportunities to market their products/services and seek partnership investments.
5. Find new projects which fit within the EB-5 project criteria; work with project and fund managers to identify and source EB-5 investment projects into the State; work with city and State to find and qualify public investment projects for EB-5.

**Outputs:** For each program activity, identify what outputs you aim to produce

Within the next 12 months:

1. Three (3) targeted industry consortia (tourism consulting, education & training and environmental), involving 35-50 firms, are established to pursue contracts and/or investment partnerships in Japan and Greater China (e.g. An environmental trade mission to Shandong Province is scheduled for October 2007, planned and organized by DBEDT and its overseas offices, with support from the U.S. Embassy in Beijing and the U.S. Foreign & Commercial Service). (a) Accelerate follow-up on existing tourism development project, as well as education/training projects. (b) Seek new partnerships to extend reach

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and ability to get contracts. e.g. (i) IDG's partnership with the World Trade Center in China. (ii) Partnerships with China National Tourism Administration.

(c) Education & Training Consortium, which currently includes UH, HPU, BYUH and JAISMS will be expanded to include private sector training organizations. The expanded consortium will identify specific opportunities to pursue, jointly, in China and other markets.

2. Three (3) international trade missions (China, Japan, Korea) organized and taken (Environmental mission to China, Legislative mission to Japan).

3. Four (4) trade shows (BIO, BIO Taiwan, Taiwan International EnPEC & Water Show and SPIE) participated in.

4. Establish export academy to training and prepare companies to sell their products and services overseas.

5. Two (2) industry, investment or product promotion events under the banner of DBEDT's new Office of International Affairs produced with sister states Ehime and Hiroshima Prefecture.

**Outcomes:** Identify the short-term (0-2 years) and long-term (2-6 years) outcomes you expect to achieve.

**Near term vision:**

--Support a minimum of 15 new to export firms

--Support a minimum of 30 firms to increase their export sales by 10%.

-- Engage 200 students to participate in overseas exchange programs.

-- Engage 50 teachers with their classes to participate in international activities here in Hawaii and overseas.

-- Attract 250 overseas students, business executives, government officials to enroll in education/training programs in Hawaii.

-- Attract 10 international visits to Hawaii focusing on targeted industries.

**Long term vision:**

-- Increase service exports by 1%, or \$16 million.

-- Increase international focus of local companies in targeted industry sectors (i.e. Life Sciences, Defense Contracting/Dual-Use and Diversified Agriculture)

**Impact:** Describe the lasting impact you anticipate.

Fluid and dynamic infrastructure (partnership cooperatives, marketing consortia) and models (trade missions leveraging resources) to assist firms desiring to export or expand exports, or seeking investments.

**III. PROGRAM EVALUATION**

**Focus Area:** From your program logic model, list the components of the most important aspects of your program.

See matrix below.

**Audience:** Identify the key audiences for each focus area. Who has an interest in your program?

See matrix below.

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**Questions:** For each focus area and audience, list the questions they may have about your program.

See matrix below.

**Information Use:** For each audience and question you have identified, identify the ways you will use the evaluation information.

See matrix below.

**Indicators:** Describe what information can be collected that would convey the status of your program.

See matrix below.



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Focus Area	Audience	Question	Information Use	Indicators
Partnerships/ relationships	Financial and resource supporters and co-sponsors	Is the program/project worth contributing monies to? Lending our name to?	Solicit additional partners, co- sponsors. Identify supports, sponsors and partners that are a better fit	Surveys and interviews of supporters, partners and co-sponsors
		What is my return for investing in the project (ROI)?		
	Participants	Will I receive quality service in return for my participation expenses?	Evaluate project/event/activity	Surveys of participants. Individual participant interviews
		Will my objectives/expectations be met?	Recruit participants for subsequent similar events/activities	
		Are the costs to participate reasonable?	Plan for future projects/events/activities	
		What is the ROI for my participation? Qualitative returns?		
	Overseas agencies/organizations	Will the project benefit our constituents needs?	Evaluate benefits of relationship	Interviews
		Will the project/event/activity further international relationships or satisfy our commitments?		
		Have I met the expectations or needs of DBEDT and its constituents?		
	Influential factors	Legislators	Should we increase funding for this program?	Request additional funding support
Staff		Did the process work for us? Was the end result what we desired?	Support, motivate, and improve the quality of what we deliver	Project debriefing sessions, "post mortems"
Media		Is the program/project worth convening?	Fund public awareness and increase participation	Articles/media coverage

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**IV. ALIGNMENT**

How is your program linked to DBEDT's six strategic objectives?		
1.		Workforce Housing
2.	<b>X</b>	Workforce Development
3.		"Energy For Tomorrow"
4.	<b>X</b>	"Global Links"
5.	<b>X</b>	The Creation Of An "Innovation Infrastructure"
6.	<b>X</b>	Improve Hawaii's Small Business Environment

If your program is not linked to any of the six objectives, explain why it is still important.