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# Table of Contents

Overview.......................................................................................................................................... 1

*Results Washington Goals* ........................................................................................................... 1

Commerce Mission and Values ....................................................................................................... 1

Who We Are, What We Do.............................................................................................................. 2

Commerce Organizational Structure ............................................................................................... 3

Challenges and Opportunities.......................................................................................................... 3

Increased Demand for Services, Decreased Funding ................................................................. 3

Internal Capacity............................................................................................................................. 4

How Commerce is Improving Performance................................................................................... 4

Lean ............................................................................................................................................. 4

*Results Commerce* ....................................................................................................................... 4

Operating Processes......................................................................................................................... 6

Supporting Processes....................................................................................................................... 7

*Results Commerce Fundamentals Map* ....................................................................................... 8

Strategic Approaches....................................................................................................................... 9

Supporting and Assisting Businesses – *Healthy Economic Climate*........................................... 9

Key Strategic Approaches.............................................................................................................. 9

Supporting and Assisting Local Governments – *Reliable and Sustainable Infrastructure*........9

Key Strategic Approaches.............................................................................................................. 9

Supporting and Assisting Communities – *Vibrant Communities*................................................ 10

Key Strategic Approaches.............................................................................................................. 10

Alignment of Strategic Approaches with *Results Washington* Goals....................................... 10
Overview

The Department of Commerce is an agency with diverse responsibilities that have expanded and contracted over the past 25 years to meet the needs and priorities of state government and the people it serves. Beginning with a merger of the community development and trade departments in the late 1980s, and continuing with name changes, realignments, and the addition and removal of other statewide programs, Commerce has developed broad programmatic expertise in supporting businesses, communities, and local governments. Commerce is nothing if not flexible, responsive, and efficient.

This diversity of programs means Commerce plays a unique role in Governor Inslee’s performance management initiative *Results Washington*. This systematic approach to management uses specific goals, values, and missions to frame outcomes and develop measures to evaluate progress. Creating and supporting a culture of continuous improvement is central to *Results Washington* and to Commerce.

**Results Washington Goals**

1. World Class Education
2. Prosperous Economy
3. Sustainable Energy and a Clean Environment
4. Healthy and Safe Communities
5. Efficient, Effective, and Accountable Government

Commerce programs directly affect all goal areas except World Class Education. Commerce subject matter and management experts have helped develop objectives and evaluation metrics for each of the other areas. In particular, Commerce Director Brian Bonlender co-leads the development and implementation of the Governor’s second goal area, Prosperous Economy.

**Commerce Mission and Values**

**MISSION**
The Department of Commerce grows and improves jobs in Washington State by championing thriving communities, a prosperous economy and a sustainable infrastructure.

**SHARED VISION**

**VALUES**
Collaboration, Quality, Leadership, Meaningful Results, Passion
Who We Are, What We Do

Commerce’s diverse responsibilities – the department administers more than 100 distinct programs – require providing a variety of services to a broad group of customers, which can be segregated into three main categories:

- Businesses
- Local governments
- Communities

Services include direct and indirect funding, technical assistance, and planning and policy assistance, all of which have a far-reaching impact on Washington businesses, local governments and communities. Commerce distributes funding through more than 6,000 grants, loans, or contracts each year. More than 300 employees in the main office in Olympia and satellite offices in Spokane and Seattle deliver Commerce services.

Commerce’s diverse programs and responsibilities also create an array of stakeholders who have a financial, policy, operational, or combination of interests. Examples of Commerce stakeholders include:

- Washington State Association of Counties
- Association of Washington Cities
- Association of Washington Businesses
- Washington State Community Action Partnership
- Public and investor-owned utilities
- Building Industry of Washington
- Washington Association of Prosecuting Attorneys

One of Director Bonlender’s first steps in early 2013 was to reorganize the department to better align Commerce with its priority activities – including achieving the Governor’s goal of a Prosperous Economy. These changes included the creation of a new Office of External Relations, expanded management responsibilities for the Deputy Director, and the development of a sector-based approach to economic development and job creation. The new sector leads plan and implement strategies to enhance the state’s economic status in the following industry sectors.

- Aerospace
- Agriculture
- Clean Technology
- Information and Communication Technology
- Life Sciences
- Maritime
- Military
- Tourism
Challenges and Opportunities

Increased Demand for Services, Decreased Funding

For Commerce and state government in general, the recent recession resulted in increased demand for services – particularly those affecting low-income residents of communities statewide – combined with decreases in state funding for programs and administration. Although Washington is recovering from the lingering recession, state resources lag behind the economic growth, and individuals and communities still suffer from elimination or reduction of Commerce programs.

A strong recovery is characterized by job growth, which is a major priority of the Governor. Commerce’s depth of experience and entrepreneurial culture has enabled the agency to maintain assistance for new and expanding businesses in the state. However, insufficient resources limit reaching full potential for job creation.
Internal Capacity

Commerce’s internal capacity is related to the increased demand for services and decreased funding. Commerce has responded to the current budget environment through administrative consolidation and efficiency improvements, development of leveraged partnerships, and consolidation and expansion of staff duties. When those efforts are not sufficient, direct cuts to programs and personnel are the remaining options. Commerce makes every effort to minimize program cuts, and further budget reduction will stress program administration infrastructure.

Since Commerce is largely a “pass-through” agency, its programs are also affected by fluctuations in federal funding. The downward trend in federal funding, particularly since the expiration of the 2009 American Recovery and Reinvestment Act, exacerbates Commerce’s ability to provide the services that businesses, local governments, and communities need to grow and prosper.

How Commerce is Improving Performance

Lean

Commerce introduced Lean management principles into its work culture in the mid-2000s and has realized the performance benefits ever since. When Governor Inslee incorporated Lean principles into Results Washington, Commerce was ready to apply Lean thinking and tools, report regularly on progress on the Governor’s five goal areas, and make improvements to deliver results for the citizens of Washington.

Lean principles help Washington State:
- Create a culture that encourages respect, creativity and innovative problem solving.
- Continuously improve and eliminate waste from government processes.
- Align efforts across state agencies.
- Deliver results that matter to Washingtonians.

Results Commerce

Once the Inslee administration established Results Washington as its performance management system, Commerce quickly took the lead among state agencies in developing a performance structure that directly corresponded to both the Governor’s new system and its goals.

Through a consultant-led process that directly or indirectly involved the entire agency, Commerce developed and is continually expanding and improving Results Commerce.
The *Results Commerce goals* are an expression of the mission and purpose of the agency.

- **Entrepreneurial Agency Culture**
  - Commerce will encourage and develop staff to be subject-matter experts and leaders in state government – creating a culture that takes data-driven, measured risks, and advances innovative and creative solutions that maximize taxpayer dollars and improve efficiencies for the agency and partners.

- **Conscientious Stewardship**
  - Commerce will show great care, attention, and industriousness in the responsible planning and management of valuable taxpayer resources.

- **Strong Partnerships**
  - Commerce will meet or exceed expectations of our stakeholders, partners, and citizens by advancing clear, timely, and effective communications and services. We will inform and empower them to be agents for change – helping identify and remove road-blocks to success, and achieve goals.

- **Reliable and Sustainable Infrastructure**
  - Commerce will maximize Washington’s ability to provide affordable, ecologically sound, safe, and sustainable transportation and public infrastructure.

- **Vibrant Communities**
  - Commerce will expand opportunities for low- and moderate-income households by advancing policies and programs that enable prosperity and success – as well as empowering local communities to build and maintain the capacity to meet the social, educational, health, economic, and quality of life needs of all residents.

- **Growing Economies**
  - Commerce will pursue policies and initiatives to encourage sustainable economic growth that helps support living-wage jobs, builds diversified, cutting-edge businesses, workers and leaders that excel on a local, national and global scale.

*Results Commerce outcomes* align to the goals and are indicators of progress in achieving the goals.

- **Engaged Employees**
  - Employees who are proactive, offer ideas for improvement, take initiative, and demonstrate a willingness to work across program lines. Employees who bring his or her “best self” to work, are fully present and enthusiastic about their work, AND take positive action to further Commerce’s reputation and interests.

- **Optimized Operations**
  - Optimized operations are cost effective, include innovative approaches, demonstrate Lean attributes, and achieve the planned results.

- **Engaged Stakeholders**
  - Stakeholder engagement means implementing an agency-wide strategic approach to identify, map, and analyze our stakeholders, so that we can ensure transparent, fair, and consistent interactions. A stakeholder is anybody who is...
interested in, can affect, or is affected by our agency, strategies, programs or projects, or has the power to respond, negotiate or change the future of our work.

- **Decreased Carbon Footprint**
  - We work with state agencies, utilities, regulatory groups, research institutions, private businesses, and other stakeholders to support and fund: energy conservation, energy efficiency, and renewable energy production in Washington State.

- **Increased Investment in Washington State**
  - Commerce stimulates investment in Washington State in two ways. The first is through providing pass-through grants and loans to communities. The second is to assist communities, businesses, and government organizations who wish to invest in Washington State with either private or public money, often with no direct financial investment by Commerce.

- **Equitable Resources for Disadvantaged Areas and Populations**
  - The department is responsive to the needs of all populations, and resources are targeted effectively to ensure access by those with the greatest unmet needs.

- **Build and Maintain Local Capacity**
  - Develop and sustain the ability of people and communities to meet their social, economic, health, environmental, and safety needs.

- **Healthy Economic Climate**
  - Commerce contributes to a healthy economic climate through attracting private and making public investments to create jobs.

To provide better assistance to businesses, local governments and communities, Commerce developed core processes that measure funding, reporting, policy, technology and performance to support and improve outcome achievement. The 13 processes are divided into two categories: operating and supporting.

**Operating Processes**

- Shaping and Driving Policy
- Seeking and Receiving Funding
- Developing and Modifying Programs
- Funding Programs and Projects
- Managing Grants, Loans, and Contracts
- Managing Services
- Closing Out Funding Period
Supporting Processes

- Supporting and Developing Our Workforce
- Efficiently Managing Finances
- Leveraging Technology
- Communicating Effectively
- Proactively Managing Risk
- Optimizing Organizational Performance

The core of this management approach is clear direction through goals and outcomes, strategic selection of priorities, and constant performance improvement, so it is essential that progress be measured and that decisions are data-driven. To institutionalize this practice, Commerce conducts quarterly meetings called Quarterly Target Reviews. Each measure is reviewed for its status against the ranges and targets. Potential actions to improve a measure are discussed, as is progress on outcomes.
Strategic Approaches

For 2015-2017 biennium, Commerce is focused on enhancing a culture of continuous improvement, measuring and using data to drive decisions, and being strategic in efforts to improve outcomes for businesses, local governments, and communities. In this plan, key strategic approaches are organized by customer group, which is reflective of Commerce’s customer-oriented style of service delivery. Commerce strategic approaches align with multiple Results Commerce goals; for simplicity, the primary goal is identified.

Supporting and Assisting Businesses – Healthy Economic Climate

Creating new jobs through the expansion and retention of existing businesses and recruitment of new businesses is a top priority for Commerce. Commerce encourages job growth through regulatory streamlining, meeting the needs of businesses and the industry sectors, and expanding the state’s capacity in energy technology. Key strategic approaches for business customers center on improving the state economic environment, investing in industry sector development, and increasing exporting opportunities.

Key Strategic Approaches

• Improve the economic environment
• Develop industry sectors
• Expand exporting opportunities
• Infrastructure

Supporting and Assisting Local Governments – Reliable and Sustainable Infrastructure

The lingering effects of the recent recession negatively influence the maintenance and development of basic community facilities and infrastructure. Land use planning is increasingly important as communities try to improve transportation, and understand and implement policy initiatives. Key strategic approaches for local government customers include enhancing Commerce’s capacity to provide planning and other technical assistance, and increasing investment in local infrastructure construction projects.

Key Strategic Approaches

• Improve local government planning and technical assistance
• Increase investment in public infrastructure
Supporting and Assisting Communities – Vibrant Communities

Healthy and safe communities and a healthy economy are interconnected and interdependent – one cannot prosper without the other. The recession resulted in diminished resources for individuals and communities. Communities also face a corresponding rise in demand for services for lower-income and vulnerable citizens. Strategic approaches for communities include investing in affordable housing and community facilities, increasing the percentage of individuals who leave public assistance due to improved job skills, decreasing homelessness through rapid rehousing, improving community safety, and assisting Tribal communities in developing prosperous economies.

Key Strategic Approaches

- Assist development of affordable and emergency housing
- Increase investment in community facilities
- Assist Tribal economic development efforts
- Improve stability and self-sufficiency for low-income individuals and families
- Improve safety through crime prevention and services to victims

Alignment of Strategic Approaches with Results Washington Goals

<table>
<thead>
<tr>
<th>Commerce Strategic Approaches</th>
<th>Results Washington Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the economic environment</td>
<td>Goal 2: Prosperous Economy</td>
</tr>
<tr>
<td>Develop industry sectors</td>
<td></td>
</tr>
<tr>
<td>Expand exporting opportunities and FDI</td>
<td></td>
</tr>
<tr>
<td>Assist Tribal economic development efforts</td>
<td></td>
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<tr>
<td>Assist in the development of affordable and emergency housing</td>
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</tr>
<tr>
<td>Increase investment in public infrastructure</td>
<td>Goal 4: Healthy and Safe Communities</td>
</tr>
<tr>
<td>Improve stability and self-sufficiency for low-income individuals and families</td>
<td></td>
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<tr>
<td>Improve safety by preventing crime and providing services to victims</td>
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</tr>
<tr>
<td>Improve local government planning and technical assistance</td>
<td>Goal 5: Effective, Efficient and Accountable Government</td>
</tr>
<tr>
<td>Increase investment in public infrastructure</td>
<td></td>
</tr>
</tbody>
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