
SENATE BILL 5715

State of Washington

53rd Legislature

1993 Regular Session

By Senators Bluechel, Skratek, Erwin, Sheldon, Deccio, M. Rasmussen and Williams

Read first time 02/10/93. Referred to Committee on Trade, Technology & Economic Development.

1 AN ACT Relating to networks for assisting businesses; amending RCW
2 43.31.440; adding new sections to chapter 43.31 RCW; creating a new
3 section; and making an appropriation.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that most net job
6 growth in Washington in the past decade came from small firms which
7 grew rapidly, and the vitality of the state's economy is becoming
8 increasingly dependent on them. Continued success of these firms
9 depends on their ability to quickly adapt to customers' changing needs.
10 Smaller businesses, however, often lack the resources necessary to keep
11 pace with rapid changes in the global marketplace. Linkages between
12 firms can allow groups of firms to work together to accomplish commonly
13 needed tasks, solve common problems, or exploit common opportunities.
14 The formation of flexible networks allows smaller firms to maintain
15 their inherent freedom and flexibility, yet enjoy the economies of
16 scale that are achieved by pooling resources, facilities, and services.
17 Flexible networks can also enhance state economic development efforts
18 by allowing agencies to deliver an integrated package of services to

1 entire groups of firms with similar needs and leverage limited economic
2 development resources.

3 The legislature further finds that many flexible networks which
4 have developed were spontaneous and reflective of the needs of the
5 participating firms. Moreover, the sustainability of a flexible
6 network depends on the commitment of the member firms. However, lack
7 of a cooperative tradition among firms and lack of awareness of the
8 benefits of flexible networks are obstacles to the development of
9 flexible networks.

10 The legislature further finds that public sector technical
11 assistance and financial support is often needed to overcome obstacles
12 to network formation. The department of community development and the
13 department of trade and economic development have assisted networks in
14 the defense contractor and secondary wood products industries through
15 technical assistance and grants. Additional network support of the
16 same types may be needed in these sectors or other targeted sectors
17 such as biotechnology, software, environmental management, and
18 recycling, and in other sectors of the economy where interest in
19 networks develops.

20 It is the intent of the legislature that the state fulfill a needed
21 role in stimulating the formation of flexible networks and in assisting
22 firms with overcoming their resistance to cooperating with competitors.

23 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.31 RCW
24 to read as follows:

25 (1) For the purposes of this section:

26 (a) "Flexible network" means a group of private sector firms which
27 works cooperatively to manufacture, sell, or market products or
28 services, develop technology, or create or disseminate information.

29 (b) "Flexible network broker" means a person who is trained to
30 assist private sector firms to form flexible networks and make other
31 similar efforts to provide for joint manufacturing, marketing,
32 technology development, information dissemination, and other
33 activities.

34 (2) The department, in consultation with the department of
35 community development, shall develop a flexible network broker training
36 program designed to provide brokers with the necessary knowledge,
37 skills, and abilities to assist private firms in the formation of
38 flexible networks. The training program shall be open to associate

1 development organization officials, as defined in RCW 43.31.097,
2 economic development practitioners, and private sector participants.
3 The department may charge a reasonable fee or other appropriate charges
4 for participating in the training program.

5 (3) The department shall develop appropriate measures to promote
6 and make more widely known the opportunities that flexible networks
7 offer to improve the competitiveness of small businesses.

8 (4) Upon the development of a flexible network broker training
9 program, the department shall:

10 (a) Establish a flexible network resource center. The center shall
11 maintain a list of brokers who have completed the training program,
12 information on flexible networks which have been formed throughout the
13 state, and other relevant resource material which may aid firms in
14 learning about or forming flexible networks.

15 (b) Direct federal economic development funds and grant awards to
16 directly assist groups of firms to form flexible networks. The
17 department shall:

18 (i) Provide trained agency employees or private sector consultants
19 to act as flexible network brokers;

20 (ii) Make grants, not to exceed twenty thousand dollars each, to
21 groups of at least five firms for the development or implementation of
22 flexible networks. Grant awards may not exceed seventy-five percent of
23 the entire amount of the actual expenditure for a flexible network; and

24 (iii) Assist in seeking and applying for other sources of funding
25 or in-kind assistance.

26 The department may also require that, to be eligible for direct
27 assistance, firms that participate in a flexible network collect
28 membership dues or user participation fees to help defray the costs of
29 the project. The department shall continue to pursue funding from
30 federal and private resources to continue the direct assistance
31 necessary to execute this section.

32 (c) Promote and assist in the formation of flexible networks by
33 associate development organizations, as defined in RCW 43.31.097.

34 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.31 RCW
35 to read as follows:

36 The department shall identify opportunities to work with flexible
37 networks in each sector of its targeted sector programs and develop a
38 strategy to promote the formation of flexible networks among firms in

1 these sectors. The department shall include a summary of the actions
2 taken under this section in its annual report to the legislature
3 required by RCW 43.31.440.

4 **Sec. 4.** RCW 43.31.440 and 1989 c 423 s 9 are each amended to read
5 as follows:

6 By January 10th of each year the department shall report in writing
7 on its targeted sector programs to the trade and economic development
8 committee in the house of representatives and the economic development
9 and labor committee in the senate. The department shall report on each
10 element of the targeted sector program, including: (1) Appraisal of
11 the sector; (2) alternatives for assisting in the growth and
12 development of the sector; (3) the choice of the strategy and the
13 rationale behind that choice; (4) the implementation of the strategy;
14 ~~((and))~~ (5) the evaluation of the targeted sector program; and (6)
15 actions taken to assist in the formation of flexible networks under
16 section 3 of this act. The department shall also make current
17 information available on a regular basis to the legislature and the
18 private sector regarding its targeted sector programs.

19 The business assistance center shall report by January 1, 1990, to
20 the senate economic development and labor committee and house of
21 representatives trade and economic development committee on its
22 findings and recommendations on the establishment of an industrial
23 extension program and flexible manufacturing networks or consortia
24 program.

25 NEW SECTION. **Sec. 5.** The sum of one hundred fifty thousand
26 dollars, or as much thereof as may be necessary, is appropriated for
27 the biennium ending June 30, 1995, from the general fund to the
28 department of trade and economic development for the purposes of this
29 act.

--- END ---