



Project Profile: Maine

Impact Statement

Maine's activities as an OEA Industry Resilience grant support and augment both the resiliency and readiness of the DoD and defense industrial base. Maine MEP increased the resilience of the DoD by conducting a survey of manufacturers in the state and identified defense suppliers, raising policymakers' awareness of Maine's defense industrial base, resulting in the development of new state programs in support of the sector. Using the data from this analysis, MAMe increased the readiness of the DoD by providing business support services to these firms, increasing their ability to support DoD missions.

Key Project Takeaways

Maine's activities as an Industry Resilience grantee helped increase both the resiliency and readiness of the DoD by analyzing and supporting the state's defense industrial base. Maine MEP's analysis of the state's defense industrial base identified firms at various levels of the defense supply chain, defense exporters and the challenges facing these businesses. This increased the resiliency of the DoD by increasing policymaker awareness of the defense industrial base, resulting in new economic development programs targeted at the state's aerospace and defense sector. MAMe then utilized the findings from this analysis to provide business support services to ten, small Maine defense manufacturers, including support obtaining ISO certifications and marketing. Growing the capacity of Maine's defense industrial base increases the readiness of the DoD by increasing the ability of these firms to support current or new DoD missions.

Project Description

Rationale

Despite its small size, Maine is one of the most defense-dependent states in the US. In FY 2017, defense spending accounted for 4.1 percent of gross state product. Defense contractors and military operations in Maine employ more than 12,000 workers. Previous changes in defense spending and decisions by the Defense Base Closure and Realignment Commission (BRAC) to close Loring Air Force Base (1991) and Brunswick Naval Air Station (2005) severely impacted the state. Two major facilities dominate Maine's defense industrial base today: the General Dynamics Bath Iron Works, and the Portsmouth Naval Shipyard in Kittery, ME. In addition to these major employment centers, Maine is also home to numerous small manufacturers and other contractors who provide equipment and other supplies to the Department of Defense (DoD).

Program Activities

In 2016, Maine's Department of Economic and Community Development (DECD) received an Industry Resilience (IR) grant from the DoD Office of Economic Adjustment (OEA) to address the challenges facing small and medium enterprises (SMM) supplying the state's defense industrial base. This project is comprised of several key components. The Maine Manufacturing Extension Partnership program (Maine MEP) led a research effort to map Maine's defense industrial base and to identify key suppliers with operations in Maine. The Manufacturer's Association of Maine (MAMe) led two other projects. One



effort focused on providing technical assistance and consulting services to small manufacturers, and a second initiative, known as B2B (business to business services) sought to identify new markets and new business leads for defense dependent companies.

A state-wide strategic plan developed in 2019 by DECD identified how DECD and its partners can enhance and deeper support for the Maine Defense Industrial Base. The plan ultimately recommended a major new state-wide initiative to support defense diversification. While past efforts by the State of Maine focused support for the defense-related sectors of composites and manufacturing, this strategic plan was the state's first effort specifically targeted at supporting the aerospace and defense cluster.

Maine also serves as a core partner in the New England Regional Defense Industry Collaboration. As part of this effort, Maine DECD works to integrate and link defense supply chains across New England and improve cybersecurity readiness among small and medium sized defense contractors. The Maine MEP aids this effort by providing cybersecurity assessments and consulting services to defense firms seeking to comply with new DoD cybersecurity standards.

Resiliency Impacts

Increasing Awareness of the Defense Industrial Base

As part of its research into the state's defense supply chain, Maine MEP conducted a survey of manufacturers, identifying 247 Maine-based firms doing business with the DoD. Follow-up research identified that out of these firms, 152 form Maine's "traded defense sector," which refers to DoD suppliers that also export goods internationally. Maine's defense industrial base is concentrated in four sectors: marine/naval, aerospace, construction/engineering, and precision machining. Identified firms include large OEMs such as General Dynamics' Bath Iron Works and Pratt and Whitney, along with dozens of smaller suppliers and manufacturers. This research also found that some of Maine's largest employers, such as Cianbro, also do significant business with the DoD.

In addition to identifying Maine's defense industrial base, the survey also captured the challenges and risks facing these suppliers. Maine defense suppliers identified budget instability, workforce shortages and marketing/business development as primary challenges facing Maine's defense industry. This effort also produced a supply chain mapping web portal which can be accessed at:

<https://defenseindustrymaine.com/>.

Maine MEP's research into the defense supply chain helped policy makers and elected officials understand the scale and scope of Maine's defense sector. The Maine DECD now uses the analysis to guide new policy direction at DCED via a new program to assist aerospace and defense firms. New state policies resulting from this research include new investments for workforce training, testing and certification and business development services to help smaller firms diversify their customer base.

Readiness Impacts

Improved Capability and/or Production Adjustments



Maine's survey of defense suppliers identified eligible firms to receive and the challenges faced by these firms, helping the state tailor the business services provided to these firms. MAMe provided extensive technical assistance and support to ten small defense manufacturers. MAMe customized each engagement to the business' specific needs and assisted firms working in industries including composites, machining, and coating/plating. Participating firms received a diverse array of services, including support to obtain ISO certifications, marketing assistance, and assistance with production planning. MAMe also provided these firms with B2B coaching to help them identify and capitalize on new market opportunities.

Other Community Benefits

Alignment with State Programs

The programs sponsored by the OEA grant increased the visibility of Maine's defense manufacturing base, especially lower-tier suppliers who provide critical support to Maine's defense industry. As noted earlier, Maine developed a new program to support the defense sector thanks to this project.