



Prepared Communities Win

Central Ohio NAIOP Meeting
Columbus, OH

Thursday, January 24, 2013
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The Main Thing

Attracting Investment and Jobs is
More Competitive than Ever,
and ...

Being Prepared Creates Competitive Advantage

Introduction to McCallum Sweeney Consulting

MSC Clients



Boy Scouts of America



SGL Automotive Carbon Fibers LLC joint venture



American Titanium Works



[illegible]

- Distribution
- Manufactur

- Research & Development
- Other



0 100 200 300 400 500 Miles

Source: MSC Proprietary
Projection: Albers Equal Area Conic
Geographic Data Source: ESRI, 2009
Map Composition: MSC, 2010



Understanding the Business of Economic Development

Business of Economic Development Overview

- Product Development
 - Leadership
 - Sites
 - Infrastructure
 - Human Resources
 - Education
 - Training
 - Taxes
 - QOL
 - Community Assets
- Organization
 - Vision & Strategic Plan
 - Organization Design
 - Staffing / HR
 - Programs
 - Funding
- Sales & Marketing
 - Market Segmentation
 - Product Knowledge
 - Customer Knowledge
 - Communication

Being Prepared – Product Development

- Product Development
 - Leadership
 - Sites
 - Infrastructure
 - Human Resources
 - Education
 - Training
 - Taxes
 - QOL
 - Community Assets
- *Organization*
 - *Vision & Strategic Plan*
 - *Organization Design*
 - *Staffing / HR*
 - *Programs*
 - *Funding*
- *Sales & Marketing*
 - *Market Segmentation*
 - *Product Knowledge*
 - *Customer Knowledge*
 - *Communication*

Being Prepared – Product Leadership

- Knowledgeable about economic development (trained!)
- Long-term vision and commitment
- Passion for your community
- Persuasive communicator
 - Internal and external
- Be prepared – identify and develop community leaders

Leadership

- Dollar General
Marion, IN
- Site and schedule driven project
- Very competitive (incentives)
- Mayor took lead
 - Site issues (state and fed agencies)
 - Legislation



Being Prepared – Product Sites and Infrastructure

- Basic need for growing companies
- “Dirt Won’t Do”
 - “Property” does NOT equal “Site”
- Location decision demands speed
 - Site selection and facility start-up
- Be prepared – maintain a portfolio of ready, available sites

Sites and Infrastructure

- Severcorr Steel
Columbus, MS
- Rural community
- Demanding site specs
- Community proactively prepared
 - Site certification
- \$800 million
- 450 jobs



Being Prepared – Product Human Resources

- Education
 - Recognize ties that bind economic development and education together
- Training
 - Critical component (start-up and on-going)
- Be prepared – show improvement in education and continue to invest in training resources

Human Resources

- Nissan Assembly
Canton, MS
- Large complex project
- More than 4,000 jobs
- Recruit, screen and training was critical
 - Upgrade Employ. offices
 - On-site center
 - High dollar value
 - Train for turnover



Being Prepared – Product Taxes

- Major Site-Variable Factor
 - Bottom line distinction among locations
 - Balance need for services and revenue with impact on investment decision
 - Minimize as much as possible
- Be prepared – have creative tools in place to encourage investment

Tax and Incentives

- Nissan Warehouse
Greenville, SC
- Small project, 3rd party
building investor
- Limited “Nissan”
investment
 - DNQ Fee-in-Lieu
- Creative solution
 - Utilized two other
programs to create
similar value



Being Prepared – Product Community Assets

- Quality of community life is a factor in almost every project
- Critical for relocation of key personnel
- Becoming a fundamental factor with growing emphasis on knowledge-worker opportunities
- Be prepared – never stop investing in the quality of life of your community

Community and Regionalism

- Trex Manufacturing
Olive Branch, MS
- Dynamic growth co.
- Concern re: south
- Comfort w “Memphis
Region”
- Concern w Small Town
 - Rejected small finalist
during windshield tour



Being Prepared - Organization

- *Product Development*
 - *Leadership*
 - *Sites*
 - *Infrastructure*
 - *Human Resources*
 - *Education*
 - *Training*
 - *Taxes*
 - *Community Assets*
- **Organization**
 - Vision & Strategic Plan
 - Organization Design
 - Staffing / HR
 - Programs
- *Sales & Marketing*
 - *Market Segmentation*
 - *Sales for Econ. Dev.*
 - *Customer Knowledge*
 - *Phase II – Field / Community*
 - *Communication*

Organization Design

- Commit to the regional approach
 - Aligns with decision making of investors
 - Leverages scarce resources
- Commit to staff development
 - Adequate staff / professional development
- Align organization with strategy!
- Be prepared – design, direct, and invest in your organization

Funding

- Funding
 - Secure
 - Reliable
 - Adequate
 - Long term
 - Broad participation / broadly supported
 - Flexible and discretionary
 - Avoid too much “earmarking”

Being Prepared – Sales and Marketing

- *Product Development*
 - *Leadership*
 - *Sites*
 - *Infrastructure*
 - *Human Resources*
 - *Education*
 - *Training*
 - *Taxes*
 - *Community Assets*
- *Organization*
 - *Vision & Strategic Plan*
 - *Organization Design*
 - *Staffing / HR*
 - *Programs*
- **Sales & Marketing**
 - Market Segmentation
 - Sales for Econ. Dev.
 - Customer Knowledge
 - Phase II – Field / Community
 - Communication

Market Segmentation

- Market segmentation
 - Dividing total market into segments that share common properties
 - Segments will vary in attractiveness to your organization
 - Product development strategies will differ for each segment
 - Marketing and communication strategies will differ for each segment

Market Segmentation

- Investment and Jobs from Outside
 - Recruitment
- Additional Investment and Jobs from Inside
 - Expansion / retention
- New Investment and Jobs from Inside
 - Entrepreneurial development
- Be prepared – position for all segments

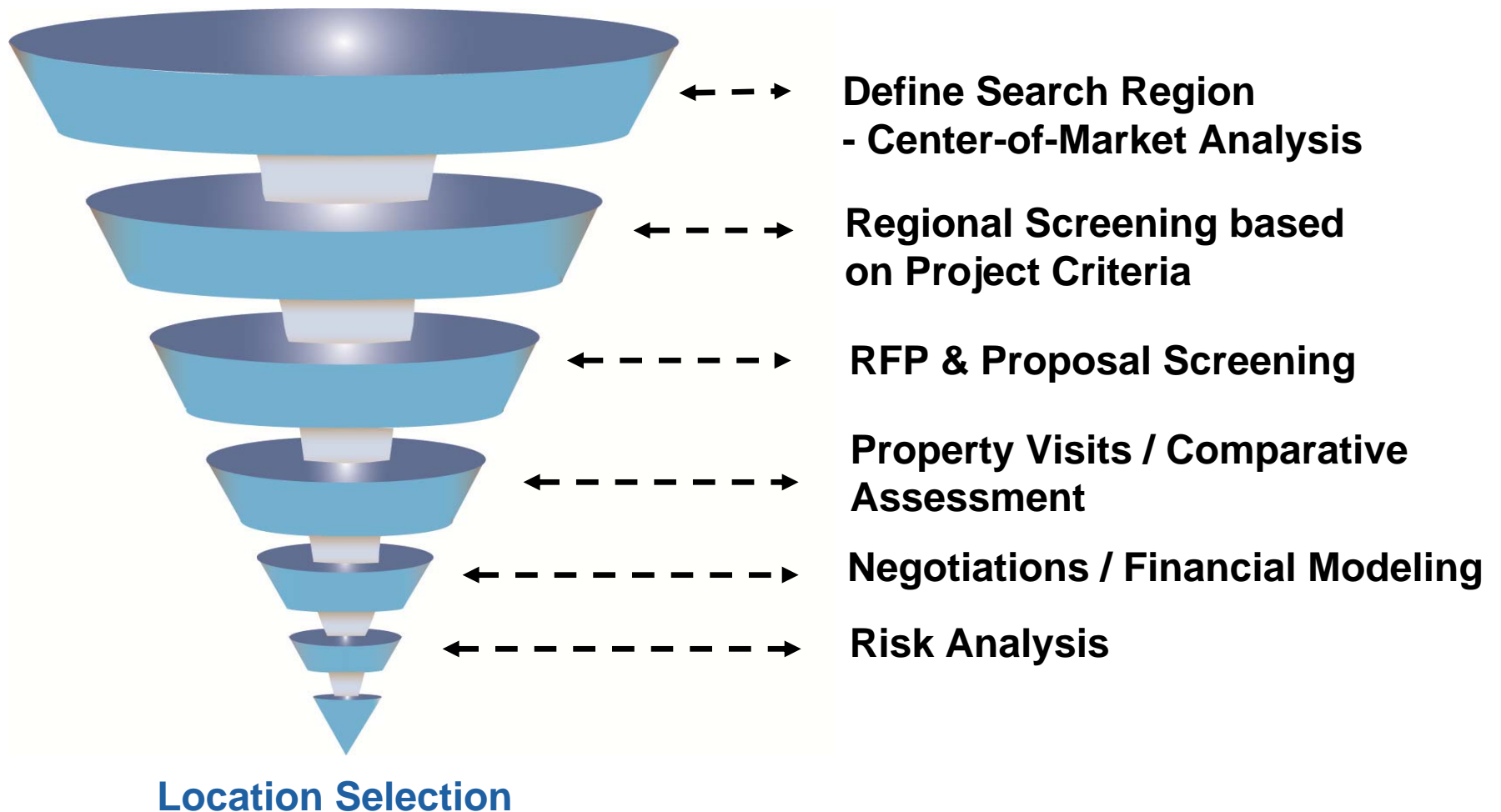
Sales for Economic Development

- Product knowledge
 - Know your community
 - Strengths and weaknesses
- Customer knowledge
 - Know your customer (industry, company)
 - Opportunities and threats
- Sales skills
 - Communication skills (listening!)

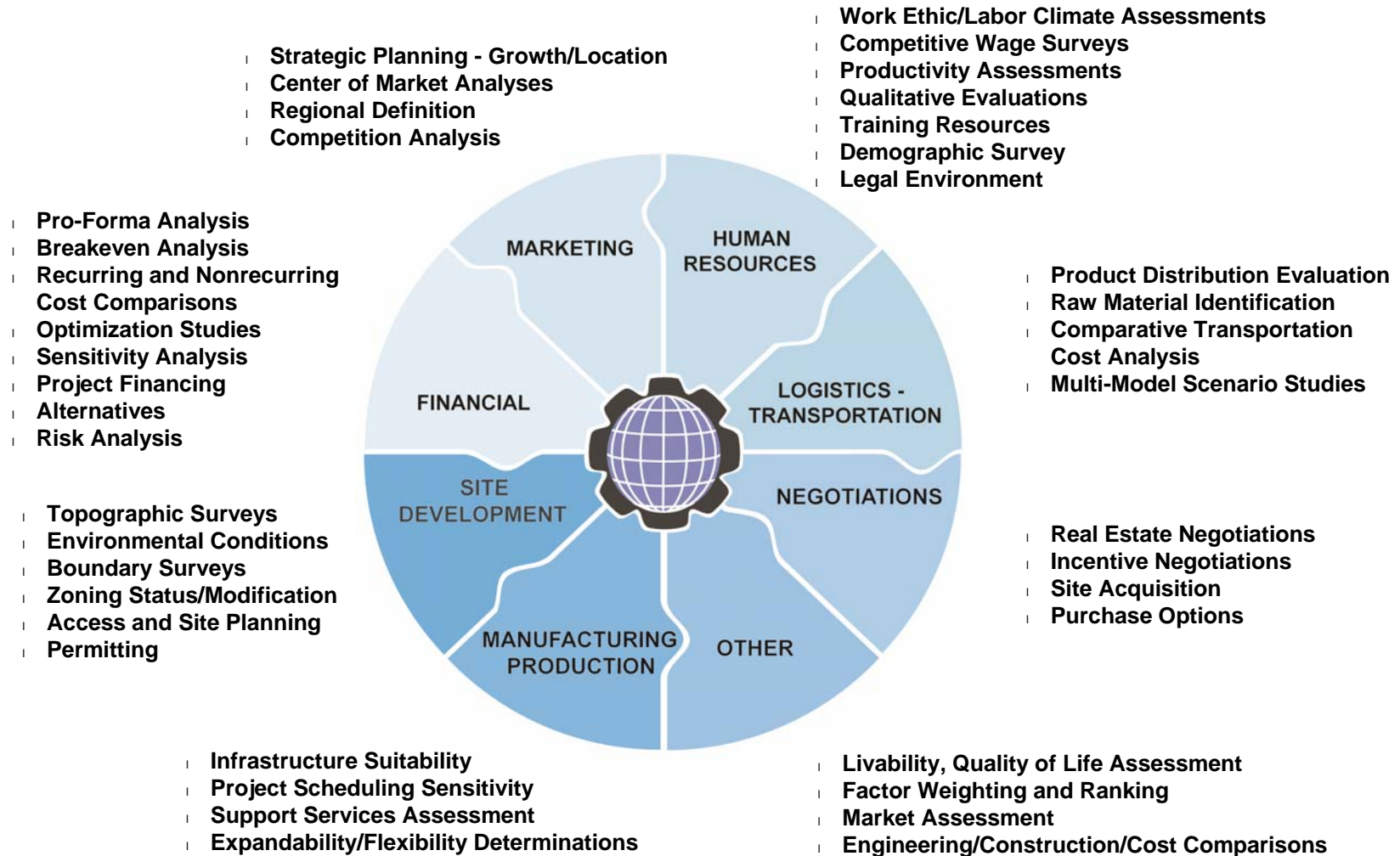
Customer Knowledge: Fundamental Characteristics

- Profit driven
 - Investment for purpose of return
- Deadline driven
 - Both the site selection and the project
- Competitive
 - Multiple location options
- Comprehensive
 - Complex decision involving most functional areas
- Risk averse

Competitive Site Selection Screening Process



Comprehensive Analysis



Site Selection Process

Planning Phase	Phase 1	Phase 2	Phase 3	Phase 4
<ul style="list-style-type: none">• Conception• Feasibility• Investment Decision	<ul style="list-style-type: none">• Alignment/ Criteria• Regional Analysis• Areas of Interest• Request for Proposal• Candidate Locations	<ul style="list-style-type: none">• Community Visits• Location Evaluation• Comparative Analysis• Finalist Locations	<ul style="list-style-type: none">• Negotiations• Evaluation• Site Due Diligence• Internal Selection of Preferred Location	<ul style="list-style-type: none">• Prepare MOU• Real estate transaction• Public Announcement• Incentive Capture Support

Phase II – Field Competition

- Physical Conditions
 - Sites, infrastructure
- Operating Conditions
 - Labor, education/training, utilities, taxes
- Living Conditions (QOL)
 - Housing, medical, education, leadership
 - Appearance, congestion, culture & rec.

Phase II – Community Visits

- Industry and Community Leaders
 - Existing industry and businesses
 - Private interviews
 - Most important source of information
 - Community leaders
 - Elected and private leaders
 - Represent community and government
 - Subject to “managed access” to prospect

Site Selection Process – Phase III

- Incentives / Real Estate Negotiations
(MSC and Client team)
 - Property
 - Site preparation
 - Infrastructure
 - Utilities
 - Transportation
 - Training
 - Taxes
 - Permitting
 - Low cost financing
- Public announcement
(MSC and Client team)
 - Align company and community objectives
 - Press releases, events, etc.
- Incentive capture support
(MSC)
 - On an as-needed basis

Communication

- Public Relations
 - Establishing overall image in marketplace
 - Long-term effort
 - Important given advanced stage of decision making before you are contacted
- Advertising
 - Image building
 - Specific targets
- Events
 - Trade shows, prospect visits
 - “FAM” events

Communication

- Face to Face
 - Get prospects to your place
 - You go to prospect's place
- Print Media
 - Still viable medium with place in overall communication strategy
 - Trade publications
 - Target industry publications
 - General business publications
- Web

The Crystal Ball - 2013

The Year Ahead

- Global – mixed signals
 - Divergent economic outlook by continent
 - North America is strong and appears likely to stay that way for 2013
 - Automotive industry investment will continue to give strong impetus
 - Assembly and supply
 - Domestic and international (Japanese)

Project Activity Trends

- Activity remains “up” for 2012
 - 2009 was a very bad year with sharp reduction in new facility activity
 - 2010 was not much better – too much uncertainty and slow US recovery
 - 2011 began increase in activity
 - Proposal activity was very high
 - Project activity was high
 - Announcement activity was low
(Companies still wary of “pulling the trigger”)
 - 2012 project activity very high
 - Includes an increase in announcements
 - Caution and concern about global economic stability continues to dampen optimism

Project Activity Trends

- Activity appears to be across a wide spectrum
- Manufacturing
 - Advanced materials
 - Automotive parts
 - Aviation and aerospace
 - Clean tech (shake out)
- Distribution
 - Retail distribution projects are back
- Office – Headquarters
 - Noticeable increase in HQ projects
 - Driven by search for international access

Project Activity Trends

- Increase in number of projects seeking existing buildings
 - Primarily driven by expected schedule savings
 - Perceived cost advantages
 - Perception that a lot of quality buildings are empty and on the market
- Spec Building Activity
 - Developers (and their financiers) still very cautious, re: speculative buildings, even in developed areas
 - All this is leading to a renewed interest in speculative buildings
 - Especially in communities with small portfolio of available buildings

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