

Business Competitiveness Site Selection and Connecticut

CBIA CONNECTICUT ECONOMY SESSION

September 8, 2011

Connecticut Competitiveness

- How do Companies Make Location Decisions
- How does Connecticut Fare?

What is Site Selection?

Are we selecting a site,....
....Or a home for a business

**Location
In a
Business Context**



What is Site Selection?

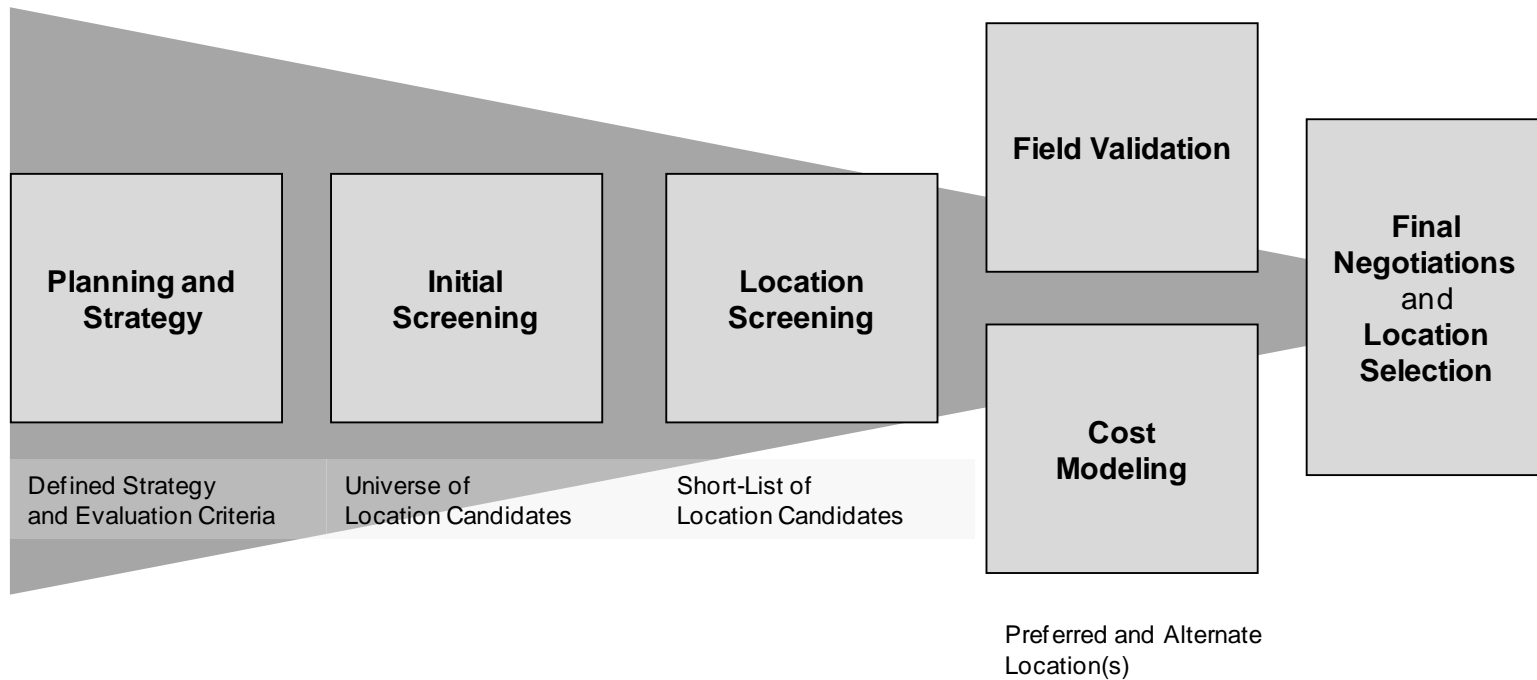
The following business situations can trigger a need for a new site:

- Real Estate event (Lease Termination)
- Expansion
- Market Entry
- Mergers, and Acquisitions
- Consolidation
- Realignment
- Business Process Change
- Market Change
- Cost Reduction



A Business-Based Process

The Location Process allows companies to define their business needs and then narrow the list of candidates based upon best-fit. A business-based methodology matches companies to locations that will meet their needs for the long-term.



Understanding the Core Drivers

Key questions:

- Which operations are taking place at which location in the current configuration
- Proximity to key partners or clients
- Logistics and shipping concerns
- Key labor requirements and recruitability
- Facility, space, and layout requirements
- Business continuity factors
- Cost and availability of corporate capital
- Competitive and Market factors
- Regulatory concerns
- Infrastructure requirements
- Transitional or implementation requirements
- Preferred or most applicable incentives requirements
- Real or perceived barriers to consolidation
- Other key location criteria

Weighting, Ranking, and Tradeoffs

1. Begin by determining the universe of candidate areas meeting basic thresholds
2. Construct a model to evaluate and rank the candidate locations
3. Test and develop shortlist

General Demographics and Labor Force Dynamics

Industry & Occupation Specific Labor Force Availability

Transportation and Logistics

Labor Costs and Dynamics

Real Estate Availability, Suitability and Cost

Business Environment, Taxation, and Incentives

Education

Quality of Life

Tampa, FL, Greensboro, NC and Ft. Worth, TX score highest using preliminary weightings

Metropolitan Statistical Area	State	Total Affected FTEs	Overall Outcome	General Labor Force Availability	Occupational Specific Labor Force - Cost	Business Environment - Taxation & Incentives	Real Estate & Accessibility	Quality of Life
Tampa-FL (New Study)								
Chattanooga	FL	21	●	●	●	●	○	○
Greensboro-Renocon Salem-High Point	NC	9	●	○	●	●	●	○
Fort Worth-Arlington	TX	20	●	○	○	●	○	●
Orlando	FL	22	●	●	○	○	○	●
San Antonio	TX	11	●	○	●	○	●	●
Port Lauderdale	FL		○	○	○	○	○	○
Charlotte - Gastonia - Rock Hill	NC-SC	13	○	●	○	○	●	○
Las Vegas	NV-AZ		○	○	○	○	○	○
Cincinnati	OH-KY-IN	14	○	○	○	○	○	●
Norfolk-Virginia Beach-Newport News	VA-NC		○	○	●	○	○	○
Denver	CO	40	○	●	○	○	●	○
Louisville	KY-IN		○	○	●	○	○	○
Kansas City	MO-KS	10	○	●	○	○	○	○
Memphis	IN-AKMS	12	○	○	○	○	●	○
Milwaukee-Waukesha	WI	12.5	○	○	○	○	○	●

Legend: Greenfield Location

Legend: Weaker ○ Moderate ● Stronger ●



HOW DOES CONNECTICUT LOOK?



Business Climate

- Strong *perception* of Connecticut as an unfriendly place for businesses
- This perception can cause the state to be eliminated from consideration early

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Best & Worst States Print

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May 3 2011 by J P Donlon

More than 500 CEOs considered a wide range of criteria, from taxation and regulation to workforce quality and living environment, in our annual ranking of the best states for business. The charts and articles in this special report show how each state fares on the factors most essential for a business-friendly environment—as well as what states are doing to attract and retain companies in the increasingly competitive battle to win site selection.

While the Lone Star State may not be perfect—many leaders would like to see improvements in its education system—it is Periclean Athens, compared to California in the

2011 RANK	STATE	2010 RANK	CHANGE
1	Texas	1	0
2	North Carolina	2	0
3	Florida	6	3
4	Tennessee	3	-1

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- CEOs Grade the States

2011 Rank	State	2010 Rank	Change
36	Maine	37	1
37	Maryland	33	-4
38	Mississippi	35	-3
39	Pennsylvania	32	-7
40	Vermont	36	-4
41	Ohio	43	2
42	West Virginia	34	-8
43	Hawaii	42	-1
44	Connecticut	44	0
45	Massachusetts	46	1
46	Michigan	48	2
47	New Jersey	47	0
48	Illinois	45	-3
49	New York	49	0
50	California	50	0

Connecticut by Component

Community State	Hartford Area CT	New Haven CT	New London CT	Bridgeport CT	Springfield MA	Albany NY	Worcester MA	New Brunswick NJ	Newburgh NY	Manchester NH
Population and Demographics	↑	↑	↓	○	↓	↓	↑	○	○	↓
Labor Force Dynamics	↓	○	↑	○	↓	↓	↑	↑	○	↓
Occupation-Specific Salaries	○	○	○	↓	↑	↑	○	↑	↑	○
Education	↓	○	○	○	↓	↑	↑	↑	↓	↑
Transportation and Market Access	↑	↑	○	○	↓	○	○	↑	↑	↓
Tax Regime	↑	↑	↑	↑	○	○	○	↓	○	↓
Climate and Natural Hazards	○	↑	○	↑	○	↓	○	○	↓	↓
Crime and Quality of Life	↑	↑	○	↓	↓	↑	○	○	○	○

Strong Industry Concentrations:

- Manufacturing
- Finance/Insurance/Real Estate
- Services

Strong Occupation Concentrations:

- Business & Financial Operations
- Computer/Mathematical
- Healthcare & Support
- Office & Administrative
- Production

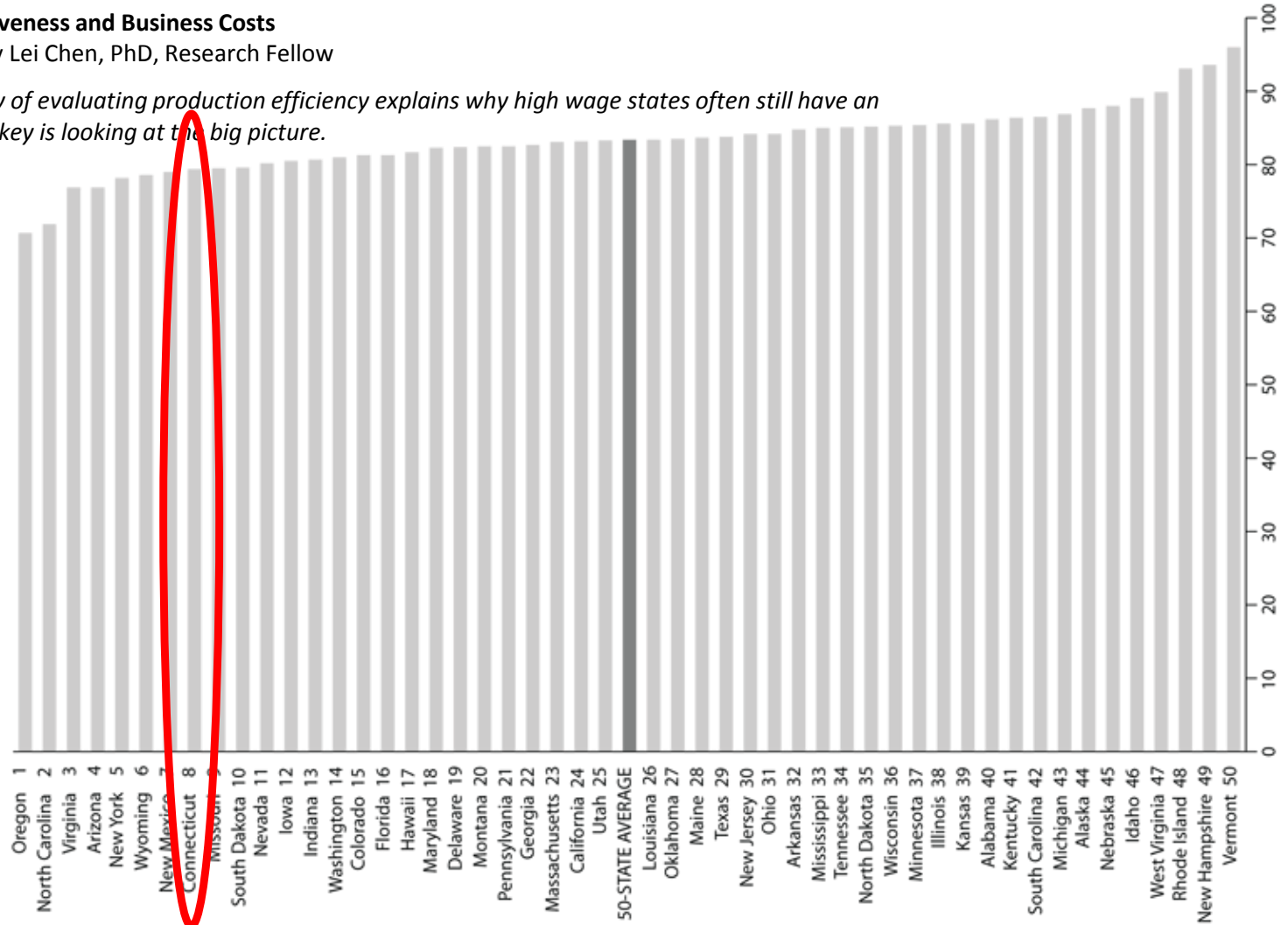
Location Efficiency

Competitiveness and Business Costs

Written by Lei Chen, PhD, Research Fellow

A new way of evaluating production efficiency explains why high wage states often still have an edge. The key is looking at the big picture.

Figure 1: Unit Cost by State
(production cost per dollar output, cents)



Source: American Institute for Economic Research

- But how do we match this against our Business Climate findings? How do we keep Connecticut in the game?

The Keys to Success are in Engagement and Action

- Understand Your Community
- Organize and Prepare
- Engage the Current Corporate Base
- Build Regional Strength
- Build Relationships Between Government, Business, Education, and Economic Development
- Develop a Coherent External Image Supporting Economic Development
- Actively Reach Out
- Be Creative

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THANK YOU VERY MUCH