Tucson Economic Blueprint

Strategic Analysis Report

Section 7: Corporate Site Selection Review

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Prepared for TREO

By the KMK Consulting Team

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I. Purpose

This report describes a review of the industry cluster recommendations included as part of the new TREO Economic Blueprint by Ady International Company.

II. Objectives

- Provide advice on how TREO can strengthen its marketing to site selectors.
- Offer guidance on the priority that TREO should assign to various criteria used by site selectors in key manufacturing and service industries and clusters.
- Identify the characteristics of key site selectors that TREO should plan to build relationships in the future to develop new projects in its identified industry clusters.

III. Industry Clusters

At the recommendation of the KMK Consulting team, TREO will pursue the development of the 10 clusters identified in the table below.

INDUSTRY CLUSTER	BLUEPRINT STRATEGY PRIORITIES
I. Technology-Driven Manufacturing	TREO and its Partners
A. Established Clusters:	
• Aerospace and Defense	Major retention and expansion assistance and recruitment.
• Analytical Instruments/Optics	Major retention and expansion assistance and recruitment.
• Medical Devices	Major retention and expansion assistance and recruitment.
B. Emerging Clusters:	
• Bio-Industry	Major attention to entrepreneurial development and recruitment.
• Environmental Technology	Major attention to entrepreneurial development and recruitment.
II. Advanced Services	TREO and its Partners
• Institutional/Private R&D	Major attention to entrepreneurial development and recruitment.
• Information Technology	Major attention to retention, entrepreneurial development and recruitment.
• Business Services	Moderate retention assistance and minor recruitment attention.
• Financial Services	Moderate retention assistance and minor recruitment attention.

Ady International Company believes these are logical targets to be pursued and developed in Tucson. We would call attention to the fact that competition for new investment opportunities is intense in each of these industries. For example, perhaps as many 1/3 of all U.S. metro areas are working to develop business and job opportunities in the Bio-industry. It is vital that TREO and its partners monitor and identify the best site selection opportunities for the Tucson region in each cluster. This is an important follow-up step to the Blueprint.

The mix of established and emerging clusters is logical and consistent with a sound economic development strategy for the region. Moreover, the strategy priorities identified for these clusters are appropriate for Tucson.

Our advice to the client is described in the next three sections of this report.

IV. Marketing to Site Selectors

The Market

It is estimated that nearly 40% of all U. S. facility location projects today are undertaken by outside consulting firms with the balance undertaken by the staff of companies seeking new locations. The latter group is typically represented by an internal team which includes a corporate executive (frequently the CEO or CFO), and human resource, real estate, and engineering personnel.

Although there are literally hundreds of outside companies and individuals involved in site selection, there are only a few that consistently have multiple clients and a practice focused primarily on location selection. These firms can be divided into five basic categories: Independent, Accounting, Real Estate, Construction, and Law.

Since there is no association of location consultants or location consulting firms, industry characteristics are difficult to quantify. Exhibit 1 provides a list of the most active firms along with their primary geographic coverage, activity level, and client specialization. This information is based on empirical evidence.

One common misconception is that location consulting firms only represent the largest projects. That may, in fact, be true, but the consulting firm workload is spread across all corporate size categories as evidenced by the following results from a 2006-2007 survey of consulting firms conducted by Area Development Magazine (percentages reflect multiple answers):

Small (20-99 employees)	17%
Mid-sized (100-499 employees)	24%
Large (500-999 employees)	39%
Very Large (over 1000 employees)	37%

Unfortunately, the internal corporate site selection market is not so well-defined. The number of projects is commonly reported to be in the thousands of projects each year. Information is not gathered by type of project nor is it gathered by “nearby versus distant” locations. It is probable that most of the total projects reported are companies that are relocating or expanding within the same geographic labor market area or in close proximity to the existing location. None of these projects are viable candidates for business attraction efforts since the intent is to remain local.

The Approach

There are different approaches that work better for marketing to corporate site seekers than to location consultants. The most important criterion to keep in mind when marketing to location consultants is their need for information. They require information that is current, succinct, accurate, and relevant to their site searches. This does not suggest a “data dump” but, rather, information focused on key location characteristics of the area.

Corporate site seekers also need information but their focus tends to be more on the “Big Picture”-type data, not to the level of detail required by location consultants. They appreciate general information on the area, testimonials, rankings, and various image enhancing pictures and text.

The following sections discuss the most common marketing activities and their role in any effective outreach program.

The Internet

By far the most effective marketing tool to reach both the corporate site selector audience and location consulting firms is the Internet. Nearly 60% of all site searches for each group start with data gathering from state and local economic development web sites. The web site is the first contact and portal to the community. If the community has no site or if the content, navigation, and design of the site are difficult to use, the community may be eliminated for a project without ever knowing that, initially, they were under consideration.

Many communities lament the fact that prospects have declined in recent years but the fact of the matter may be that the community never got past the initial web screen and never knew they were being considered.

The intent of this section is not to redesign TREO's web site but to suggest some changes that tie into its cluster program and make it easier and more efficient for site selectors to use. It would be helpful if its primary navigation included silos containing relevant location data for each major industry cluster/group. This will allow site seekers in the target industries to immediately gather relevant information on their project without needing to leave the site or search through numerous menus to gather relevant data. In general, all data should be organized by "bullet points" with text held to a minimum.

Exhibit 2 indicates some of the key location criteria that should be shown for each of three major industry groups. It does not contain all the necessary content but suggests that the location criteria varies by industry group and for speed and ease of use so should the content shown within each of the cluster identified silos.

E-Mail

E-mail has supplanted direct mail as the prime marketing tool for reaching site location consultants. It offers a timely, inexpensive and targeted approach for reaching this important audience. A few considerations regarding effective use of e-mail include:

- Use "bullets" instead of text wherever possible
- Avoid attachments, if possible
- Highlight recent changes in the local business climate
- Send message no more often than once per month

E-mail is much less capable of reaching location decision-makers in corporations. It is effective only when it is used as a follow-up to a previous meeting or contact within the company.

Personal Contact

Without question, personal contact remains the most effective method of communication with corporate site seekers and location consultants. However, arranging such meetings is most difficult. Although consultants try to spend face time with visitors, schedules and the sheer number of requests make this most difficult. Within corporations, on-site visitors from outside economic development groups can raise confidentiality concerns and offsite meetings are seldom accepted unless there has been a previous contact.

One method to arrange meetings with location consultants is to pay for the consultant's time while attending such meetings. The likelihood of attendance is greater since most consultants must maintain a minimal number of billable hours per month. To maximize the benefit to the economic development organization, here are some suggestions:

- Hold the meeting in the consulting firm's office
- Pay for the consultant time
- Encourage project consultants to attend, not just managers
- Focus on community characteristics of maximum benefit to consultants

Familiarization (Fam) Tours

Both corporate site seekers and location consultants are invited to various events hosted by state and local economic development organizations. Location consultants are less likely to attend because of the number of such invitations each month and the time that is usually required go to the event. Corporate site seekers are more likely to attend, especially if the event is very high profile: Super Bowl, Final Four, Masters, Kentucky Derby, etc.

Probably the most cost-effective way to have location consultants visit the Tucson area is to pay them to come. On the location consultant side, this is important from a billable hour's standpoint. On the community side, it has their undivided attention and can arrange an agenda filled with local sights, meetings, and data.

Brochures

Summary

There are two critical dimensions when selecting a marketing approach for reaching location consultants and corporate site seekers. These are data value and relationship building. For

Although web sites have supplanted brochures in terms of information, brochures are still necessary to establish credibility for the organization and to use when contacts are made directly with the prospect either through trade shows, personal visits, or by telephone.
They should be impressive to reflect the professionalism of the organization and they should be brief, containing only essential facts about the area.

Trade Shows

Trade shows will become more important once there is a focus on specific economic clusters. Virtually every industry has such shows and they are an important source of leads. In addition, there are a number of trade shows such as CoreNet that offer opportunities to meet with both corporate site seekers and location consultants.

Advertising

Some form of advertising is usually part of most economic development organization's strategy. The focus here is only on its role in marketing to corporate site seekers and location consultants. There are many studies and statistics regarding the effectiveness of such advertising but before using it to reach location consultants, it would be best to undertake a survey of what they read and what information they would like to see in an ad.

Advertising which focuses on the industry clusters seems to be a logical approach. The message can be tailor-made to this group and the publications of importance easily identified.
location consultants, data value is probably twice as important as relationship building. For corporate site seekers they are probably of equal importance.

Based on empirical data, a matrix of the relative importance of each marketing outreach program for each economic development constituency would be as follows:

Media	Data Value(1)	Relationship Building(1)	Corporate Effectiveness(2)	Consultant Effectiveness(3)
The Internet	8	2	10	18
E-Mail	10	5	15	25
Personal Meeting	10	10	20	30
Fam Tours	4	8	12	18
Brochures	6	2	8	14
Trade Shows	5	5	10	20
Advertisements	2	2	4	8

Source: Ady International Company

(1) On a scale of 10= most effective to 1= least effective
(2) Both criteria weighted equally
(3) Data value weighted twice as important as relationship building

V. Characteristics of Top Site Location Firms

Name	Primary Geographic Coverage	Level of Annual Location Projects	Number of Employees/ Locations	Client Specialization
Location Consultants				
Ady International Company	National, International	Less than 20	Less than 10/One	Office, Manufacturing
Angelou Economics	National	Less than 20	Less than 10/One	High Technology
Boyd Company	East Coast	Less than 20	Less than 10/One	Office
Carter-Burgess	National	20-40	Less than 10/One	Logistics
IBM Global	National, International	Less than 20	Less than 10/One	Office, Manufacturing
J.M. Mullis, Inc.	National	20-40	Less than 10/One	Manufacturing, Logistics
Location Advisory Services	East Coast	Less than 20	Less than 10/One but associates nationally	Office, Manufacturing
Location Management	West Coast	Less than 20	Less than 10/One but	Logistics

Services			associates nationally	
McCullum Sweeney Consulting	National	20-40	Less than 10/One	Manufacturing
Moran, Stahl & Boyer	National	Less than 20	Less than 10/One	Office
WDG Consulting, LLC	National	Less than 20	Less than 10/One	Office, Manufacturing
Accounting /Consulting Firms				
Deloitte & Touche, Mgmt. Solutions and Services	National, International	Over 40	40-60/ Two key locations	Office, Manufacturing, Logistics
E & Y Real Estate Advisory Services	National, International	Over 40	40-60/Three key locations	Office, Manufacturing, Logistics
KPMG	National, International	Over 40	Unknown/Multiple	Office, Manufacturing
PricewaterhouseCoopers, LLP	National, International	Over 40	20-40/Two key locations	Office, Manufacturing, Logistics
Contractors				
The Austin Company	National	Less than 20	Less than 10/One	Manufacturing
Fluor Global Location Solutions	National, International	Less than 20	Less than 10/two key locations	Manufacturing
Lockwood Greene Consulting	National, International	Less than 20	Less than 10/Three key locations	Manufacturing
Realtors				
CB Richard Ellis Corp. Advisory Group	National, International	Over 40	Unknown/ Multiple	Office, Manufacturing
CRESA Partners Corp. Real Estate Services	National, International	Over 40	Unknown/Multiple	Office, Manufacturing
Cushman & Wakefield Global Corp. Services	National	Over 40	Unknown/Multiple	Office, Manufacturing
Jones Lang LaSalle	National, International	Over 40	Unknown/Multiple	Office, Manufacturing
Pollina Corporate Real Estate	National	20-40	Less than 10/One	Office, Manufacturing
Staubach Company	National	Over 40	Unknown/Multiple	Office, Manufacturing

8. Site Selection Criteria Priorities

Criteria	Critical Importance	Very Important	Important	Not Important
Advanced Manufacturing-Technology				
Operating Costs				
	Wages and Fringe Benefits	Gas	Personal Income Tax	Water/sewer
	Electric Power	Site/Building	Corporate Income Tax	
	Equipment Tax	Transportation	Incentives	
Operating Conditions				
	Technical Labor Availability	Skilled Labor Availability	Air Service	Rail Service
	Vocational Education	Highway Access		
Quality of Life				
	Educational System		Housing	Recreation
Office-Service				
Operating Costs				
	Clerical-Managerial Salaries	Personal Income Tax	Corporate Income Tax	Transportation
	Occupancy		Electric Power	
	Incentives			
Operating Conditions				
	Telecommunications Capability	Vocational Education	Highway Access	
	Professional-Managerial Labor Availability		Air Service	
Quality of Life				
	Housing Cost/Variety/ Availability	Cultural Amenities	Recreation	
	Educational System	Cost of Living		

Distribution-Logistics				
Operating Costs				
	Site/Building	Electric Power	Incentives	Water/sewer
	Inventory Tax	Equipment Tax		
	Transportation			
Operating Conditions				
	Highway Accessibility	Unskilled Labor Availability	Proximity to Port	
	Skilled Labor Availability	Air service		
	Transportation Services			
Quality of Life				
	Crime		Cultural Amenities	Cost of Living