

# Driving Business to Northern Ohio

What Corporate Site Selectors Want  
and What You Can Do About It



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# Outline

- Manufacturing job movement: the real story.
- What corporate site selectors want in a good business location.
- How Ohio measures up in actual economic performance.
- How Sandusky and Huron stack up to the competition.
- What you can do to bring high-wage jobs to Erie County.

# The Changing Economy

- “The elements that make a state or regional economy vibrant and prosperous today are fundamentally different from those of the past. The new economics of place are driven by their ability to attract and expand science and technology assets and leverage them for economic development. State and regional economic performance is determined by how effectively it uses its comparative advantages to create and expand knowledge assets and convert them into economic value.”

-- *The Milken Institute*



# The Changing Economy

- “The ability of companies to compete depends on how well their state and region provide them with the resources that they need to innovate, commercialize, raise capital, grow and excel.”  
*-- the Stanford Research Institute*



# Manufacturing Job Movement

- Consensus: 350,000 U.S. jobs lost last year to foreign labor.
- U.S. economy has 135 million jobs.
- Deloitte: 3 forces drive supply-chain decisions: cost; new markets; product innovation.
- Manufacturers say cost of doing business, global competition are their biggest challenges (Purdue study).

# What's Happening in Ohio?

- From December 2000 to July 2004, Ohio lost 241,100 total jobs, but state exports increased at a compounded annual growth rate of 4.58% (Bank of America).
- Despite jobs losses, productivity of Ohio's manufacturers is increasing because of increased investment in technology and worker training.
- In September 2004, Ohio was the 7th largest beneficiary of FDI capital in the world (IBM-PLI GILD).

# Top 10 Regions for FDI Capital

- Shanghai, China
- California, USA
- Maharashtra, India
- Tamilnadu, India
- Karnataka, India
- Jiangsu, China
- **Ohio, USA**
- Zhejiang, China
- Guangdong, China
- Florida, USA

*Source: IBM-PLI GILD, September 2004.*

# Cost Comparison: 200,000sf, 300-worker manufacturing plant

■ Covington, Ky.	\$268,198,000
■ <b>Canton, Ohio</b>	<b>\$278,600,000</b>
■ <b>Elyria, Ohio</b>	<b>\$283,813,000</b>
■ Buffalo, N.Y.	\$291,666,000
■ Macon, Ga.	\$293,192,000
■ Shanghai, China	\$319,767,000

*10-Year NPV; Source: Deloitte Real Estate Services/Fantus, Spring 2004.*

# Global Outlook

- Strong global economic growth to continue in 2005; two-year growth rate of 4.5% would be strongest two-year period since the late 1970s.
- U.S. added 2 million net new jobs in first 10 months of 2004; solid job gains to continue over next 12 to 24 months.
- U.S. manufacturing employment fell for 42 straight months, but this sector has actually added jobs during 2004.
- American worker productivity rose by 4.4% in both 2002 and 2003, the largest gain in 51 years.

*Source: Thredgold Economic Associates.*

# What Site Selectors Seek

- Access to venture capital
- University R&D; R&D spending
- Abundance of highly skilled labor
- Clustering of similar companies
- Access to reliable power
- Quality of life

*Source: American Electronics Association survey of most critical site selection criteria for knowledge-based companies, 2002.*

# Universal Site Criteria

- Labor costs
- Proximity to key infrastructure
- Proximity to suppliers and customers
- Land costs and availability
- Union profile
- Business climate
- Occupancy/construction costs

# How Consultants Do Their Job

- About 90 percent of their location data gathering is now done via the World Wide Web.
- Most site selectors are now taking a closer look at small towns. Why?
- When considering a region for a project, they typically seek out anchor communities first.



# Relationships Matter

- Everything else being equal, site consultants will turn to the people they know best for information.
- If you are not building relationships regularly with the key thought leaders among corporate executives and their consultants, your competitors are.



# What Your Region Offers

- Key facts about Ohio
- Key economic performance rankings
- Ohio's top metros
- Ohio's top small towns

# Key Ohio Facts

- No. 1 state in new and expanded corporate facilities in 2003.
- No. 1 for global investment projects in 2002.
- No. 1 in number of railroad miles (6,500).
- World's largest public airport dedicated to cargo is just south of Columbus (Rickenbacker).
- More freight passes through Ohio ports than goes through the Panama Canal each year.
- Every Ohio resident lives within 30 minutes of an advanced educational institution.
- No. 1 in steel production and plastics research.

# Key Economic Performance Rankings

- POLICOM Economic Strength Rankings
- Fastest-Growing Communities in Ohio
- Small Business Survival Index

# POLICOM Economic Strength Rankings

- Annual survey ranks all 318 U.S. metro areas according to long-term economic performance in 18 key categories.
- Survey is the most comprehensive measurement of overall economic performance over a sustained period of time -- it's not just a snapshot.

# How Ohio's Metros Rank

<b>Metro Area</b>	<b>2002 Rank</b>	<b>1995 Rank</b>
Columbus	26	49
Cincinnati	74	106
Akron	89	159
Cleveland	122	198
Hamilton	150	197
Marietta	162	184
Toledo	195	188
Dayton	227	209
Canton	236	249
Wheeling	252	257
Youngstown	260	280
Lima	279	260
Mansfield	283	294
Huntington	287	216
Steubenville	314	308

*Source: POLICOM Economic Strength Rankings*

# Ohio's High-Growth Cities

City	County	Rank
Hilliard	Franklin	1
Mason	Warren	2
Twinsburg	Summit	3
Dublin	Del./Frank./Union	4
Delaware	Delaware	5
Grove City	Franklin	6
Medina	Medina	7
Gahanna	Franklin	8
Wadsworth	Medina	9
Solon	Cuyahoga	10
New Philadelphia	Tuscarawas	26
Zanesville	Muskingum	37
Chillicothe	Ross	38

*Source: Ohio Business Magazine*

# Small Business Survival Index

- Small Business Survival Committee ranks the policy environment for entrepreneurship across the nation.
- Ohio ranks as the **39th** best state for entrepreneurs, according to its public policies directed toward small business.
- Problem: Ohio in general is perceived as not being friendly toward small business.

# Project Performance

- Analysis uses objective data from the Conway Data New Plant Database.
- Analysis covers three key areas: state performance; metro area performance; and small-town performance.

# Methodology Explanation

- CDI New Plant Database has systematically tracked and recorded all significant corporate expansion projects since 1970.
- To qualify, a project must meet one of three minimum criteria: involve a capital investment of \$1 million; create 50 new jobs; or add 20,000 new square feet of floor space.

# State Performance

- In 2003, Ohio led the entire nation in new and expanded corporate facilities. Ohio also won the Site Selection Governor's Cup in 1993, 1994 and 1995.
- For the past four years, Ohio has finished fourth (2000), fifth (2001), fourth (2002) and first (2003).
- Project activity statewide has been declining since 1997.

# Ohio Projects Since 1993

Year	Ohio Projects
1993	704
1994	902
1995	889
1996	841
<b>1997</b>	<b>1,201</b>
1998	1,164
1999	1,125
2000	1,110
2001	834
2002	641
<b>2003</b>	<b>587</b>

*Source: Conway Data New Plant Database*

# Metro Area Performance

<b>Metro</b>	<b>Projects</b>	<b>Rank</b>
Cincinnati	111	8
Columbus	107	9
Cleveland	96	10
Akron	37	27
Youngstown	34	32
Dayton	32	34
Canton	24	39
Toledo	19	48

*Source: Conway Data New Plant Database, 2003*

# Small-Town Performance

Town	Projects	Rank
Findlay	14	10
<b>SANDUSKY</b>	<b>12</b>	<b>16</b>
Ashland	9	26
Defiance	9	26
Zanesville	9	26
Fremont	8	37
Marion	8	37
Napoleon	8	37
Sidney	8	37
Tiffin	7	55
Fostoria	6	74
<b>HURON</b>	<b>6</b>	<b>74</b>
Wooster	6	74

*Source: Conway Data New Plant Database, 2001-2003*

# What You Can Do to Bring High-Wage Jobs to Erie County

- Understand the 7 key infrastructure essentials of “Boomtowns.”
- Invest in your local work force.
- Eliminate red tape.
- Understand the relationship between targeted marketing and project performance.

# The 7 Key Essentials of Boomtowns

- Civic leaders adopt a can-do attitude that prompts change.
- Political leaders adopt and clearly articulate a vision for growth.
- Infrastructure resources are leveraged to encourage new and expanding industries.
- Strong leaders are grown from within.
- Leaders encourage entrepreneurial approach to growth.
- Planners retain local control over growth.
- Marketers build a community brand.

*Source: "Boomtown USA" by Jack Schultz, 2003.*

# Investing in the Local Work Force

- Access to knowledge capital and knowledge workers is the driving force behind high-tech development in the 21st century.
- Worker training is often -- next to costs -- the most important site selection factor for corporate site selectors seeking a location for a manufacturing plant.
- If you won't train your workers to succeed, someone else will (e.g., China, India, the Deep South, etc.).



# Eliminating Red Tape

- The No. 1 deal-killer for most company expansion projects is not a lack of financial incentives, but too much red tape.
- Ohio communities must work harder to overcome the bureaucratic barriers that have been erected at the state level.
- If you don't already have a "Rapid Response Team" to address permitting issues, you should start one -- soon.

# The Impact of Marketing

- Top marketing states since 2001.
- Top marketing agencies in Ohio since 2001.
- Correlation between marketing and project performance.

# Top Marketing States

State	Ad Pages	Rank
New York	343.52	1
Georgia	281.82	2
Texas	272.89	3
California	262.65	4
Florida	250.32	5
Virginia	246.56	6
<b>OHIO</b>	<b>237.37</b>	<b>7</b>
Pennsylvania	184.85	8
Mississippi	173.12	9
Illinois	167.06	10

*Source: IMS Auditor, November 2001-October 2004.*

# Top Marketing Agencies

Agency	Ad Pages	Rank
ODOD	52.33	1
Toledo RGP	31.33	2
Buckeye Power	12.68	3
Cleveland GA	9.50	4
NE Ohio Trade	8.33	5
Findlay CD	8.25	6
Youngstown	8.00	7
Cambridge	7.25	8
Marion County	6.59	9
First Energy	5.76	10
<b>Greater Erie</b>	<b>3.00</b>	<b>20</b>

*Source: IMS Auditor, November 2001-October 2004.*

# Correlation Between Marketing and Projects

How Top Ten States in Marketing Score in New Plant Rankings: 2001-2003

State	Mktg. Rank	N.P. Rank
New York	1	3
Georgia	2	14
Texas	3	5
California	4	6
Florida	5	12
Virginia	6	10
<b>OHIO</b>	<b>7</b>	<b>4</b>
Pennsylvania	8	7
Mississippi	9	18
Illinois	10	2

# Closing Thoughts

- The key to your success won't be big business; it will be your ability to foster and grow a climate that rewards entrepreneurs.
- Site selectors scout regions first, communities second. "You can't be a suburb of nowhere. You can only be as strong as your core city."  
*-- Bill Burns, SVP of Columbus Chamber of Commerce*

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Other resources on the web:

- [www.sitenet.com](http://www.sitenet.com)
- [www.iamc.org](http://www.iamc.org)
- [www.developmentalliance.com](http://www.developmentalliance.com)