

**Ready, Set, Re-shore – How to Engage Economic Developers**  
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In January 2013, Walmart announced that it would purchase an additional \$250 billion in U.S. products in 10 years. Walmart's commitment to re-shore manufacturing is a great opportunity for new and existing suppliers to expand in the U.S. For many of these companies, the process of evaluating locations and finding the optimum site can be intimidating. Mistakes early in the process can lead to costly delays and location decisions that may prove to be less cost effective than projected.

The good news is there are thousands of firms that specialize in location advisory work and economic development professionals ready to help. Taking time on the front end to learn more about the economic development process will pay dividends well beyond the initial location. The more prepared you can be, the more an economic developer can assist.

First impressions matter in business and even more so when asking for help from a state or local economic development organization (EDO). An ill-prepared meeting may damage your company's credibility and add additional time to recover. All too often I have witnessed companies schedule a meeting with the EDO and start the conversation by asking how many dollars they can get in grants and financial incentives. While a legitimate question, it is not the one to ask first. EDO's see hundreds of projects annually; often the ones that are speculative and have no chance of ever getting done start the conversation with the stated need for cash. It becomes a project warning sign to the EDO community and raises unnecessary concerns about the company's ability to implement the project.

Before calling an economic developer, you should define the project. Even if you are just considering a project, it is worth investing time to develop the project parameters before engaging in a conversation with an economic development professional. There are several things one might consider when shaping the project.

The first and most important element of the project is talent. What are your workforce needs now and in the future? State incentive programs are directly linked to jobs and wages. It is best to develop a timeline that looks at the number of jobs created as a result of your project over 1-5 years. It is very helpful to breakdown the jobs by positions and average wages. Economic development assistance programs often provide more incentives for certain jobs and higher wages. You will want to also want to show both full time direct jobs and indirect jobs as a result of your locations such as potential suppliers or maintenance vendors.

Second to jobs, EDO's are going to want to know about how the project will be financed and the amounts of capital to be invested in the project. The more private capital investment or "skin in the game" the lower the perceived risk will be for the state to invest in the project. Private capital invested in a project is also a major factor in determining financial incentives. EDO's will want to know your total investment and how it breaks down by land, building, equipment and

inventory. These investment details will help shape possible tax exemptions, rebates and/or credits and closing fund programs.

Further define your options for new production space. Will an existing building work or should the company look for a suitable site to build a new facility? For buildings, think about size and ceiling height necessary for optimum conditions. Other factors for existing buildings would be number of truck doors, age of the building, cost to renovate, utilities on site and former use. If you want to consider building a new facility consider the size of the building, acreage needed and what transportation assets would need to be nearby such as a port, rail and interstate. You can find much of the site and building information on state and local economic development websites.

When developing the scope of the project also think about utility needs. How much natural gas, electrical demand, water needs and discharge will be needed? Will the building or site need high speed fiber on site or nearby? What other utilities are critical to the operation?

It is also smart to think about which geographic regions work best for the availability of raw materials and for delivering finished products. Which states should be considered? Will fiscal conditions of the state drive your final decision? A state with significant budget issues may be more likely to look at business for future revenue sources. Is a right-to-work state important in the final decision?

All of these factors help define the project and the economic impact it will have for the community and state. Lastly, before meeting the EDO, think about what will drive your decision to re-shore manufacturing. Will it be finding skilled labor, utility cost or speed to market? This is the basis for your final decision.

After understanding the scope of your project, it is time to engage the EDO. I personally think it is best to start with the state EDO. Most states will assign a professional to be your "project manager." The project manager can be your contact for fact gathering, to set up field visits and provide guidance through the entire process. I suggest contacting the business development division to initiate the project. In that first conversation you will want to understand these key points:

- How will state public record laws impact my project?
- How do you keep my information confidential?
- Who will be assigned to work project?
- Is there an application process for incentives?
- Provide an overview of your project and what you are looking for in assistance
- Ask the state to provide you with an overview of their process and what type of incentive programs might be available
- Ask for the project manager to provide you information on sites and buildings that meet your criteria

This conversation will start the process for you to evaluate potential sites and buildings. At some point you will one to have a face-to-face meeting with the state. I suggest the using an agenda similar to the following for that meeting.

#### Sample Agenda

- Provide brief overview of your company and project
- State to provide overview of business advantages and history of delivering on promises
- Discuss similar projects
- Review communities, sites and buildings to be considered
- Discuss critical drives for the state to win the project

There is no right or wrong approach to the process. The key is being prepared to discuss your project and what will drive it. View the economic development professional as an extension of your team and provide information they need to deliver results for you. Don't be afraid to ask questions throughout the process.

Economic developers at the state and local level are measured on the ability to create jobs and grow capital investment in their area. Working hand-in-hand with private industry to provide a climate for your business to be profitable is their mission. They are also charged with protecting their regions' interests. If you are able to provide a concise, consistent and responsible project for their consideration, they will be your biggest proponent; but if not, and the project is rushed without the proper due diligence, it is destined to fail from the start. While site location is sometimes complicated and mystifying proposition, due diligence on the front end will allow you to utilize an army of professionals well outside of those specific to your payroll.

If you are still having doubts how to proceed, we will be happy to talk with you.

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