

From: Maybank, Burnet R. III <BMaybank@nexsenpruet.com>
To: Maybank, Burnet R. III <BMaybank@nexsenpruet.com>
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One Win Begats Another

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Setting the tone for a corporate culture starts at the top. It is the top boss, the CEO, that forges what can be a tradition of success.

In sports, legendary football coaches Bear Bryant in Alabama; Vince Lombardi in Green Bay, and Chuck Noll in Pittsburgh created winning traditions by showing, teaching and insisting on how to win. One win begats another, which begats another until a tradition is born.

I think a culture of excellence, a winning tradition, can hold true in business and even government. In **last week's blog**, I lauded the efforts of Michigan Gov. Rick Snyder, a former venture capitalist, in turning around that state's business climate. It's been a rather dramatic comeback story.

South Carolina has long had a better business climate. But that does not necessarily translate into meaning that all its past governors have been champions of economic development.

Some, for example, preferred a nice hike on the Appalachian Trail.

Call Me

Current Gov. Nikki Haley, by all accounts I've heard, is very much a hands-on economic development governor, which is why I gave her an honorable mention in last week's blog.

She dutifully makes the telephone calls to company CEOs, and if and when they do come to visit the state, she is well briefed and prepared when she meets with them, often providing her personal cell phone with assurances that she is there to help.

"My governor writes her cell phone number down and says something to the effect. 'I'll work for you. Call me for anything you need,'" said state Commerce Secretary Bobby Hitt.

"CEOs want to meet with the CEO. They want to look them in the eye and take a measure of them and know that if they come to this state there is someone there who cares about their business and that's why they come."

Points on the Board

And they have been coming. Since Gov. Haley took office in 2011, 371 projects have been announced, which include both new businesses and expansion of existing businesses. About 380 projects are listed as active.

Since 2011, about \$12.5 billion in new investment has been announced in the Palmetto state, with 77 percent in manufacturing and 37 percent have been of international origin, according to the state commerce department. (With Japan, China and Germany leading the way in the past year.)

About 49,000 new jobs have been announced in association with those projects, of which 25,000 have been in manufacturing.

Like her counterpart in Michigan, Gov. Haley is campaigning for re-election on a platform of job growth. Not surprisingly, her challengers are contending that the announced numbers are inflated and not representative of what has truly happened on the ground.

Well to some degree that happens everywhere. I have worked a number of projects in which the announced job numbers and capital investment dollars never came to full fruition. And that's because we live in a market economy and things change.

I have also worked projects in which jobs and capital investment came to exceed the initial expectations of both the company and the state. Like I said, stuff happens.

Project Managers Hear from the Top

When the governor does get a call from a CEO, Hitt said she will often subsequently telephone the project manager that has been working with the company to pass along any additional intel that she may have picked up, as well as offer guidance on what should be done to win the project.

“Now maybe half of our project managers are under 30. So I have a governor calling a 20 something and saying, ‘I just got off the phone with Dean Barber with Barber Manufacturing, and he tells me that he is happy with X, Y, and Z, but that he is have a problem with this. We need to see what we can do.’”

(Barber Manufacturing soon will be coming out with a new line of multi-colored nasal strips for horses, cows, goats, sheep, and llamas to complement our existing livestock earmuff line. Stay tuned.)

The typical breakdown of corporate dollars invested in the state is 70 percent expansion/30 percent new, Hitt said. Lately the numbers have been trending differently.

“We're still getting all the expansions that we should have been getting, but 45 percent of our book now are new companies bringing new money, setting up new operations in South Carolina and that is cool,” Hitt said.

BMW, Michelin, Continental Tire and Boeing have all invested billions in factories in the state, making South Carolina a true manufacturing hotspot.

“We have gotten to the point where some trade publications are now referring to South Carolina as ‘the beast of the Southeast’ due to its economic development success. I like that,” Hitt said.

Still, the gross domestic product (GDP) increased in South Carolina by only 1.2 percent in 2013, well below the national rate of 1.8 percent. TD Bank predicts 1.6 percent GDP growth for South Carolina this year. Not bad numbers, but not beastly either.

The Upstate Rocks

I was in South Carolina last week as the guest of the Upstate Alliance, a public-private marketing organization. It is one of eight regional economic development organizations in the state and is based in Greenville, which sits midway between Atlanta and Charlotte off Interstate 85. I arrived via a direct flight

from Dallas to the Greenville-Spartanburg International Airport.

I was there on a “fam tour” with six other site selection consultants to learn more about the 10-county Upstate region, with a population of 1.4 million.

During my one day of exploring, I went to Greenwood and Abbeville counties. Greenwood surprised me with its Greenwood Genetic Center, a nonprofit organization advancing the field of medical genetics and caring for families impacted by genetic disease and birth defects.

Clemson University plans to build a facility next to the center’s JC Self Research Institute to provide increased collaboration among GGC and Clemson scientists in areas such as autism and oncology.

FDI Rules Here

On Oct. 7th, 1988, Fujifilm held its first of what would become many ground-breaking ceremonies in Greenwood. The company has since invested about \$1.8 billion on a 500-acre complex which includes 2.5 million square feet of manufacturing space. Fuji produces recyclable cameras, inkjet photographic paper, color photographic paper, and digital printing plates in Greenwood.

Fuji is a prime example of how and why the Upstate has become a cradle for foreign direct investment. About 375 foreign companies have business operations here, representing 31 countries.

Among them is BMW, which announced a \$1 billion investment in Spartanburg plant earlier this year, increasing capacity by 50 percent and making it the German carmaker’s largest factory in the world with 8,800 employees by 2017.

BMW was instrumental in the development of an inland port just off I-85 in Greer, connected via Norfolk Southern rail 212 miles “deep” from the Port of Charleston. It opened in October 2013.

Tire Capital of the U.S.

Since 1973, Michelin has invested more than \$5 billion in various facilities in the Upstate. The French company has announced investments of \$1.15 billion in the past two years and currently employs more than 8,000 employees in the state. (Bridgestone and Continental also produce tires in South Carolina, making it the tire-making capital of the U.S.)

In 2014, A Brookings Institution found that among the largest 100 metropolitan areas, Greenville ranks 23rd for share of jobs in foreign-owned enterprises (FOEs) at 6.1 percent. The report also found that among 366 metropolitan areas:

- Spartanburg ranks third for share of jobs in FOEs, at 18.0 percent.
- Anderson ranks seventh for share of jobs in FOEs, at 13.4 percent.
- Greenville ranks 67th for share of jobs in FOEs, at 6.1 percent.

Over the last seven years, the Upstate has seen \$13 billion in capital investment and 38,000 new jobs. About \$3.7 billion in capital investment and 4,000 new jobs have been announced so far this year.

ReadySC is a recruit, hire and training program offered by the state to companies. It includes an apprenticeship program in manufacturing that I will probably focus on in future blogs. Leave to it say, I liked

it.

Indeed, there is a lot I like about South Carolina and particularly the Upstate, which I am more familiar with. The winning of new capital projects has become a tradition there, where one win begets another.

I'll see you down the road.

Dean Barber is the president/CEO of Barber Business Advisors, LLC, a site selection and economic development consulting firm based in Plano, Texas. If your company needs an optimal location for future operations anywhere in North America, we can help. If your community needs to improve its competitive standing, we can help. All requests for information are considered confidential.

If you liked what you saw here, invite me to speak at your next meeting.

Burnet R. Maybank, III

Nexsen Pruet, LLC

1230 Main Street, Suite 700 (29201)

P.O. Drawer 2426

Columbia, SC 29202

T: 803.540.2048, F: 803.253.8277

Cell: 803.960.3024

bmaybank@nexsenpruet.com

www.nexsenpruet.com

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