



STATE OF SOUTH CAROLINA

**DEPARTMENT OF COMMERCE
ACCOUNTABILITY REPORT
FISCAL YEAR 2012-2013**



Agency: South Carolina Department of Commerce

Submitted: September 13, 2013

Agency Director: Secretary of Commerce Robert M. Hitt III

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I. EXECUTIVE SUMMARY

I.1 Mission & Values

The South Carolina Department of Commerce (SCDOC) is the economic development and business recruiting arm of the State. The leadership and staff of SCDOC are fully committed to the mission of the agency and believe in striving to enhance the quality of life for all South Carolinians.

Agency mission statement:

Working together to create opportunities for South Carolinians by promoting:

- Job creation
- Economic growth
- Improved living standards for South Carolinians

It is our vision that South Carolina's economy will become more competitive in a global economy, providing South Carolinians of all ages and skill levels an opportunity to maximize their talents and abilities.

Agency value statement:

SCDOC is a professional, team-focused and innovative organization committed to achieving its mission while being a good steward of the taxpayer's dollar.

I.2 Major Achievements

South Carolina Attracts Substantial Jobs & Investments

Since 2011, SCDOC has recruited 34,150 jobs and more than \$9 billion in capital investment. In 2012 alone, SCDOC attracted nearly \$4 billion in investment from 147 different companies. These projects represent a variety of industries with world-class companies such as Michelin, BMW, ZF Group, JTEKT Automotive, Time Warner Cable, Aflac Group Insurance, Shutterfly Inc. and many more making significant commitments to invest and create jobs in South Carolina.

South Carolina continued strong recruitment of foreign direct investment in 2012. Foreign investment comprised 65.3 percent of total capital investment and 33.4 percent of total jobs recruited in 2012. According to the U.S. Bureau of Economic Analysis, South Carolina is ranked 4th among states for the percent of private industry manufacturing employment in foreign-affiliated companies.

The Department of Commerce continued its impressive recruitment efforts to rural areas of the state in 2012. Of the projects recruited last year, 27.3 percent of the jobs and 30.5 percent of the projects went to rural areas where 20.9 percent of the labor force resides.

South Carolina Department of Commerce among Top 5 in Country for Job Recruitment

In 2012, South Carolina again outperformed its neighbors in the Southeast. According to data from the Financial Times of London, FDI Markets subscription, South Carolina outperformed North Carolina, Georgia, Virginia, Mississippi, Florida and Tennessee for jobs attracted from international and domestic, out-of-state firms. South Carolina's foreign and interstate job recruitment of 18.6 per 10,000 state residents was a fraction lower than Alabama's 20.9 per 10,000 residents. North Carolina and Georgia recruited 13.7 and 14.0 jobs per 10,000, respectively. Likewise, South Carolina attracted \$631 in foreign and interstate capital investment per capita, compared to \$433 for North Carolina and \$525 for Georgia.

SC Department of Commerce 2013 Top Accomplishments

1. **S.C. Leading the Manufacturing Renaissance** - from 2011 through 2012, Commerce has recruited 34,150 jobs and more than \$9 billion in capital investments;
2. **Continued Strong Foreign Direct Investment** – in 2012, foreign investment comprised over 65% of total capital investment and more than 33% of total jobs recruited. The pipeline of foreign projects remain strong with about 40% of the projects being international;
3. **Reached Record Level Exports** – at nearly \$25.3 billion in goods sold to 197 countries around the world. These figures represent a 2.2% increase over 2011 totals and ranks South Carolina 17th in the U.S. for export growth;
4. **Negotiated a Settlement of the Dual Rail Dispute** – in a win-win for South Carolina and the City of North Charleston, the City of North Charleston and the Budget and Control Board approved a settlement among the SC Department of Commerce, its Division of Public Railways and the City of North Charleston. The resolution ends all pending litigation among the parties, as well as the State Ports Authority. Commerce Secretary Bobby Hitt and North Charleston Mayor Keith Summey negotiated a deal that enables South Carolina to offer dual rail access to the Port of Charleston through an intermodal rail yard that will be located strategically on the former Charleston Naval Base while protecting the neighboring communities;
5. **Increased Output in Rural Communities** – more than 20% of South Carolina's labor force lives in rural counties. Commerce's emphasis on specific targets for rural communities has resulted in over 3,800 jobs recruited to rural areas, more than 27% of the jobs announced;
6. **Launched Existing Industry Visitation Program in March 2013** – in cooperation with the SC Manufacturing Extension Partnership (SCMEP), SCDOC

called on 120 manufacturing companies through June 30, 2013. Company needs were addressed, supply chains supported and expansion leads explored;

7. **Established Aerospace Task Force** – Commerce established this task force to position the state for future growth. The task force is focused on growing the aerospace supply chain, creating a strategic plan and supporting initiatives to make sure South Carolina has a workforce ready for the industry;
8. **Produced and Published Economic Impact of the Military Community study and took on S.C. Military Task Force with Charlie Farrell as Executive Coordinator** – Commerce’s Research Division did a military impact study for the state of South Carolina on behalf of the S.C. Military Base Task Force;
9. **Established Rural Infrastructure Authority (RIA)** – Commerce helped establish RIA, and in November 2012, Bonnie Ammons was named Executive Director. Since inception, RIA has awarded 31 grants, totaling \$9.6 million;
10. **Enhanced Economic Development Collaboration (TeamSC) through Palmetto Partners** – together with Commerce and other lead selling agencies (SC Parks, Recreation and Tourism and SC Ports Authority), Commerce launched Palmetto Partners and raised funds to support a simple goal of creating a unique, globally recognized brand and image for the state. Through the coordination of marketing efforts between participants, the Palmetto Partners initiative aims to spur job creation and capital investment in the state through brand awareness and shared economic development events and missions;
11. **Supported Launch of Transportation, Distribution and Logistics (TDL) Council** – Commerce partnered with the S.C. Department of Transportation, the State Ports Authority and New Carolina to help launch the TDL Council, which also has strong private sector participation. Part of the mission of the group is to get South Carolina ready for the Panama Canal expansion with a world-class port that will hold the big ships that move product;
12. **Supported Launch of WorkReady Communities** – Commerce has engaged with the Governor and other agencies to support this initiative designed to match qualified workers with particular jobs within companies. Commerce, in conjunction with its statewide network of economic development partners, played an integral role in getting 100 percent participation from all 46 counties.

I.3 Strategic Goals

The following strategic goals for our core functions – the attraction of capital investment and new jobs - were developed.

- 1) Increase capital investment and job creation throughout South Carolina;
- 2) Develop a strategy that recognizes the strengths of the state's existing, small, and emerging industries and builds on the opportunities those strengths present;
- 3) Implement a targeted marketing strategy to promote new investment and job creation and grow industry sectors;
- 4) Increase the quality of the "economic product" in South Carolina through workforce and community development;
- 5) Increase the value of exports from South Carolina businesses;
- 6) Manage all agency resources in a cost effective manner in support of the mission of the Agency.

I.4 Opportunities and Barriers

National Economy – According to the United Nations Conference on Trade and Development, inward Foreign Direct Investment (FDI) to the United States for 2012 was \$167 billion, a 26 percent decline from the previous year's total of \$227 billion. Worldwide, FDI flows also declined 18 percent. While international investment slowed considerably in 2012, the macroeconomic picture showed increasingly positive indications of improvement.

Real GDP (chained 2005 dollars) increased 2.21 percent for the United States in 2012, following a 1.81 percent increase in 2011. In 2012, manufacturing was the fastest growing segment of the US economy, gaining 6.19 percent in inflation adjusted terms. Durable goods manufacturing gained 9.13 percent while nondurables increased 2.95 percent. Other sectors showing significant GDP increases last year were Information (+5.77 percent), Wholesale Trade (+4.79 percent) and Mining (+3.69 percent). The only sector that declined in economic output in 2012 was the Agriculture, Forestry, Fishing and Hunting sector, which declined 3.72 percent.

Total merchandise exports from all 50 states helped contribute to the record-setting value of goods and services exports in 2012, which reached \$2.2 trillion. Exports from the US gained 4.4 percent in 2012. Nationally, jobs supported by exports increased to 9.8 million in 2012, up 1.3 million since 2009. US exports of transportation equipment jumped 14 percent in 2012, to nearly \$250 billion. Petroleum and coal products also gained 9 percent to more than \$110 billion. Manufactured food products also showed a strong gain of 8 percent, to \$64 billion in 2012.

On the employment front, the US economy gained 2.6 million jobs; however, the labor force participation rate continued to drop to its lowest level in more than 30 years to 63.7 percent. The gain in the number of employed persons and the drop in labor force participation both contributed to pushing the national unemployment rate down from an annual average of 8.9 percent in 2011 to 8.1 percent in 2012.

Between 2011 and 2012, the goods-producing industries gained 1.25 percent in total employment while the service-providing sectors gained 1.56 percent. Manufacturing in the United States gained only 109,000 jobs, or 0.9 percent, following a gain of 1.8 percent in 2011. Current projections by the Federal Reserve Board's Open Market Committee (FOMC) continue to forecast a slow recovery for the US economy; however, their outlook is more upbeat than a year ago. The FOMC projects the national unemployment rate to fall to between 6.5 and 6.8 percent in 2013 and between 5.8 and 6.2 percent in 2014, which is very close to the "full-employment" range of 5.2 to 6.0 percent projected in the long run. Change in real GDP is projected between 2.3 percent and 2.6 percent for 2013, 3.0 percent and 3.5 percent for 2014 and 2.9 percent and 3.6 percent for 2015.

State Economy – In South Carolina, Real (inflation adjusted) GDP grew 2.68 percent, outpacing the national GDP growth rate. The two fastest growing sectors of the South Carolina economy were Management of Companies and Enterprises, which increased its economic output 10.56 percent, and Manufacturing, which increased by 6.80 percent. In South Carolina, Durable Goods Manufacturing gained 9.83 percent while Nondurables increased 3.35 percent. In 2012, South Carolina's GDP growth placed it in the second quintile among states. For the Southeast region as a whole, 2012 GDP growth was 2.1 percent, significantly less than South Carolina's.

South Carolina exports showed a moderate increase in 2012, gaining 2.23 percent over 2011, and reaching a record level of \$25.3 billion. The state's top 10 export industries last year were vehicles, machinery, rubber products, electrical machinery, plastics, optical and medical equipment, paper and paperboard, organic chemicals, wood pulp and cotton yarn and fabric. Of the top product sectors, the three experiencing the largest percentage increase were optical and medical equipment at a 19 percent increase, rubber products at more than an 8.6 percent increase and plastics at more than an 8.2 percent increase.

The South Carolina employment situation improved dramatically in 2012. The Palmetto State's annual average unemployment rate dropped from 10.4 percent in 2011 to an average rate of 9.1 percent in 2012. The number of unemployed persons fell 28,574 during the year, a 13 percent decline. Total employment increased from 1.94 million to 1.97 million in South Carolina, while the total labor force remained practically unchanged between 2011 and 2012. The Manufacturing sector in South Carolina gained 4,500 jobs; Trade, Transportation and Utilities increased 4,600; and Leisure and Hospitality gained 6,900. Government employment increased by 5,000 jobs; most of these jobs were at the state level.

I.5. How the Accountability Report is used to Improve Organizational Performance:

The agency uses the Accountability Report to monitor, measure, and document the agency's progress in obtaining goals.

SECTION II BUSINESS OVERVIEW

II.1 Current Employment

Full Time Employees	67	
Temporary/Time Limited Employees	10	(Includes interns)
European Office	1	(contract)
China Office	1	(contract)
Japanese Office	1	(contract)
SC Public Railways Division	45	
Total	125	

II.2 Operations Locations

Main Office	1201 Main St., Suite 1600, Columbia, SC
SC Public Railways Division	540 East Bay St., Charleston, SC
China Office	Shanghai, China
European Office	Munich, Germany
Japanese Office	Tokyo, Japan

II.3 Expenditures/Appropriations Chart

Base Budget Expenditures and Appropriations

Major Budget Categories	11-12 Actual Expenditures		12-13 Actual Expenditures		13-14 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$4,706,965	\$1,760,024	\$4,699,631	\$3,201,379	\$5,121,036	\$3,403,536
Other Operating	\$2,500,236	\$951,933	\$2,883,310	\$2,154,446	\$3,562,000	\$2,461,000
Special Items	\$1,280,623	\$842,337	\$14,479,859	\$14,479,859	\$14,533,114	\$14,533,114
Distributions to Subdivisions	\$52,533,527		\$71,686,227		\$57,801,015	
Fringe Benefits	\$1,322,158	\$491,222	\$1,398,498	\$951,107	\$1,551,231	\$1,030,231
Non-recurring						
Total	\$62,343,509	\$4,045,516	\$95,147,525	\$20,786,791	\$82,568,396	\$21,427,881

Other Expenditures

Sources of Funds	11-12 Actual Expenditures	12-13 Actual Expenditures
Supplemental Bills	\$7,763,783	\$18,201,235
Capital Reserve Funds	\$4,464,655	\$3,889,700
Bonds		

II. 4. Major Program Areas Chart

Program Number and Title	Major Program Area Purpose (Brief)	FY 11-12 Budget Expenditures	FY 12-13 Budget Expenditures	Key Cross References for Financial Results*
II.E.1-2. Grants & Incentives	To assist communities with grants for infrastructure, housing, economic development and planning.	State: Federal: 22,743,134 Other: 31,298,926 Total: 54,042,060 % of Total Budget: 87%	State: 8,257,616 Federal: 20,850,730 Other: 52,033,650 Total: 81,141,996 % of Total Budget: 85%	7.4
II.A. Business Development-Project Management and Foreign Offices	To recruit new and existing expansions and locations; to increase the capital investment and number of jobs in South Carolina.	State: 1,995,903 Federal: Other: 1,291,599 Total: 3,287,502 % of Total Budget: 5%	State: 3,371,915 Federal: Other: 130,740 Total: 3,502,655 % of Total Budget: 4%	7.1
II.B. Small Business and Existing Industry	To help South Carolina companies both large and small achieve peak performance by bringing together professionals who offer a wealth of experience in key areas to offer a dynamic approach that helps businesses and communities prosper.	State: 205,798 Federal: 53,859 Other: 572,133 Total: 831,790 % of Total Budget: 1%	State: 544,180 Federal: 279,779 Other: 220,804 Total: 1,044,763 % of Total Budget: 1%	7.3
II.D. Marketing and Communications	To develop marketing strategies utilizing the State's brand in recruiting industry and attracting investments to the State.	State: 530,910 Federal: Other: 585,271 Total: 1,116,181 % of Total Budget: 2%	State: 1,153,245 Federal: Other: 246 Total: 1,153,491 % of Total Budget: 1%	7.7
II.C. Rural Development	To assist local leaders in achieving success for their communities through product development, asset development and leadership and community investment.	State: Federal: Other: 461,706 Total: 461,706 % of Total Budget: 1%	State: Federal: Other: 505,843 Total: 505,843 % of Total Budget: 1%	7.2
II.D. Research	To provide real-time, accurate data, information, and research to support the mission of the agency in recruiting industry and attracting investments to the State.	State: 217,287 Federal: Other: 472,703 Total: 689,990 % of Total Budget: 1%	State: 587,832 Federal: Other: 345 Total: 608,728 % of Total Budget: 1%	7.6

Program Number and Title	Major Program Area Purpose (Brief)	FY 11-12 Budget Expenditures	FY 12-13 Budget Expenditures	Key Cross References for Financial Results*
1. Administration	To support the agency with legal, finance, budget, information technology and human resources services.	State: 645,618 Federal: Other: 733,990 Total: 1,379,608 % of Total Budget: 2%	State: 1,168,611 Federal: Other: 211,258 Total: 1,379,869 % of Total Budget: 1%	7.5

Below: List any programs not included above and show the remainder of expenditures by source of funds.

Regional Economic Development Organizations, South Carolina Manufacturing Extension Partnership, Military Base Task Force and resources shared with other state agencies

Remainder of Expenditures	State: 450,000 Federal: Other: 84,672 Total: 534,672	State: 5,682,841 Federal: Other: 127,339 Total: 5,810,180
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* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

II.5 Key Customers

The Department of Commerce's mission is to work together to create opportunities for all South Carolinians. We do that through a wide range of activities that serve a wide range of customers, including:

- a) The people of South Carolina;
- b) Existing and emerging industries within the state;
- c) Small business community;
- d) National and international businesses making a location decision;
- e) Site selection consultants;
- f) Financial community;
- g) Communities seeking jobs and investment;
- h) Government leaders of the state to include county and local leaders;
- i) South Carolina companies looking for international sales opportunities;
- j) Local and regional economic development leaders;
- k) Research universities, technical colleges and local school districts;
- l) Communities seeking funding for economic development and/or infrastructure needs;

Other customers and their Department suppliers include:

Rail carriers;
State Ports Authority and its users;
Users of State and Federal grants.

II.6 Key Suppliers

As is the case with customers, the Department of Commerce has a wide array of suppliers. The suppliers for our core business functions are:

- 1) Local economic development offices;
- 2) City, County and State government bodies;
- 3) State agencies such as DHEC, the Department of Revenue, South Carolina State Board for Technical and Comprehensive Training, the State Ports Authority, USC, DOT, etc.;
- 4) Utilities, contractors, financial institutions and other economic development allies;
- 5) Property owners;
- 6) National and international businesses and site location consultants;
- 7) Venture Capital firms;
- 8) South Carolina Commission of Higher Education;
- 9) South Carolina Department of Employment and Workforce;
- 10) Bureau of Labor and Statistics;
- 11) US Department of Labor;
- 12) Existing businesses;

Other suppliers and their Department of Commerce customers include:

Railroad vendors
General Assembly

Public Railways Division
Coordinating Council for
Economic Development &
CDBG, Recycling Market
Development Advisory
Council

Federal Government

CDBG, Appalachian Regional
Council and the Small Business
Administration.

II.7 Major Products and Services

Products

- Customized publications outlining South Carolina's advantages for businesses and consultants making a site location decision;
- Business research publications, including the Business Resource Guide, produced by the Small Business and Existing Industry Group;
- SCBizNetwork.com – providing small business support through technology, matching company needs with resources available;
- Recycling On-line Directory, an interactive directory featuring recycling source and use companies, haulers and waste processors;
- Job Development Credits;
- Annual and Five-year plans for Housing Community and Development;
- State and federal grants for housing, infrastructure, community facilities and economic development;
- Rail service;
- South Carolina Site Certification Program Description and Instructions.

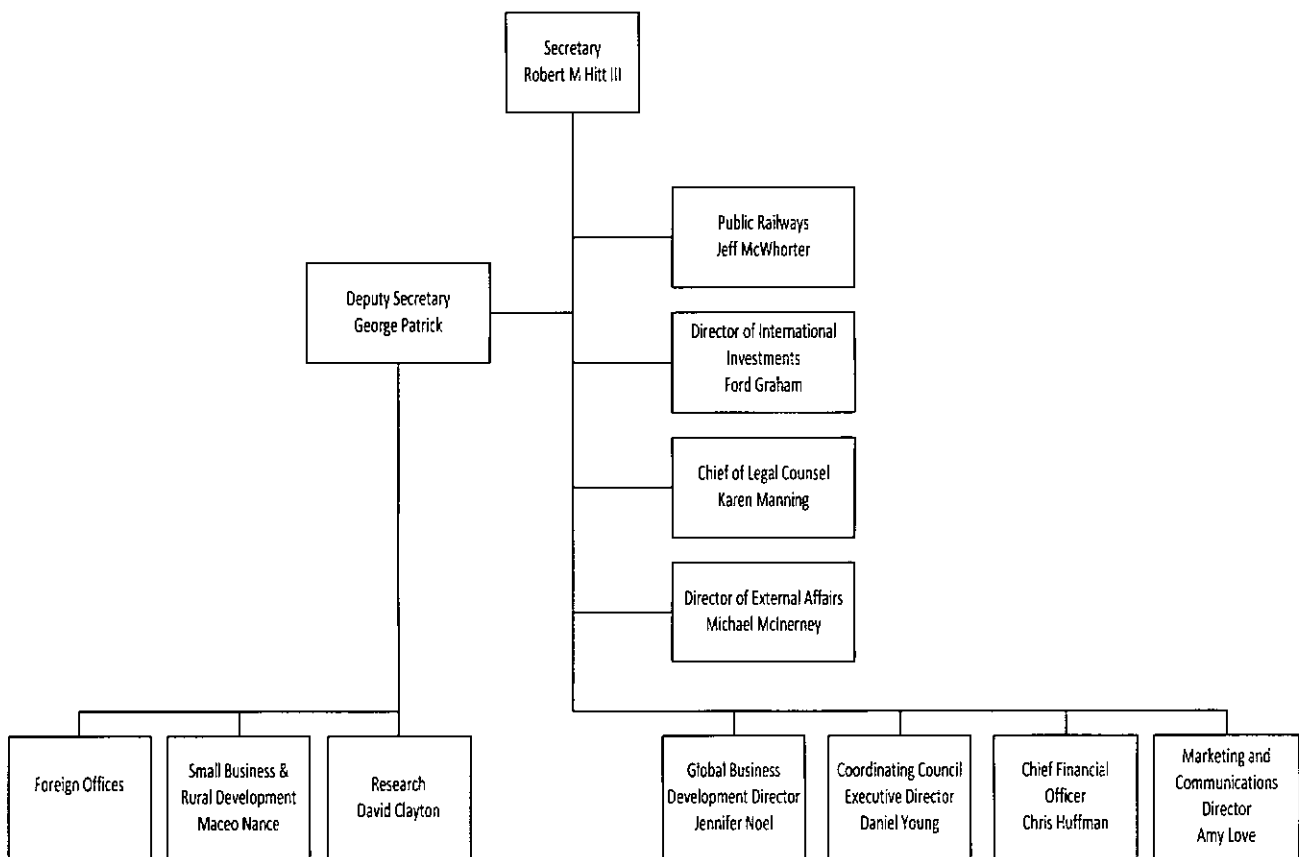
Services

- Marketing and sales representation;
- Existing industry, emerging and small business information and issue resolution;
- The BuySC program connecting South Carolina businesses with new and expanding supply chain opportunities;
- Small Business Regulatory Review Committee reviewing state regulations for adverse impact on small business;
- The Small Business Advisory Council to provide funding and direct assistance to small businesses statewide;
- Export development research and opportunity creation; international trade missions;
- Foreign relations facilitation between South Carolina and international officials at all levels;

- Industry research;
- Site location assistance;
- Local product development assistance for both traditional industries;
- Trade research and development of trade opportunities;
- Financial consultation for businesses and entrepreneurs;
- Technical assistance to business and industry on recycling and recycling markets information;
- Recycling markets information;
- Emergency management information for existing businesses, supporting disaster preparation and response and recovery;
- Training and technical assistance to grant customers on project development, implementation and compliance;
- Technical assistance for applications for grants and incentives;
- Rail service;
- Lender Match-maker events designed to bring together small businesses and a variety of small business resources;
- Establishment of subcontractor outreach events in conjunction with selected Commerce announcements. This effort brings small business and local contractors together with companies that have recently announced the establishment of a new or expanding facilities in South Carolina;
- Product development assistance resulting in industrial site, industrial parks, speculative buildings and certified site development;
- Technical assistance in the redevelopment of rural downtown business districts;
- Technical assistance in the development and sustainability of community empowerment centers;
- Training seminars for local economic development professionals;
- Educational assistance through the South Carolina Rural Summit, South Carolina Economic Development Institute and the South Carolina Advanced Symposium;

II.8 Organizational Chart

SOUTH CAROLINA DEPARTMENT OF COMMERCE



III. MALCOLM BALDRIGE PERFORMANCE EXCELLENCE STANDARDS

Category 1 – Senior Leadership, Governance, and Social Responsibility

Under the direction of Governor Haley and Secretary Hitt, the agency and its leaders have embarked on a new era that emphasizes professionalism and teamwork.

- 1.1 The Department of Commerce is a customer-focused organization and that focus starts with the Secretary of Commerce and the executive leadership team.
 - a) The Secretary and executive leaders regularly meet with business and industry clients in order to understand their concerns.
 - b) The Secretary and executive staff are personally involved in many projects. They are involved with weekly updates of each project and attend many of the business negotiations as well as public announcements.
 - c) The executive leadership works with the state's legislative leadership to discuss issues critical to building the state's economy including legislation and key projects.
 - d) The Executive staff meets at least quarterly with Regional Economic Development Alliances to discuss partnership and coordination for economic development in South Carolina.
 - e) Senior Leadership has identified and committed to six (6) areas where we can make an impact. These include: Branding, TDL, Workforce/Training, Aerospace, State Innovation Plan and Science and Technology Plan.
- 1.2 The agency measures success through:
 - Capital investment;
 - Job recruitment;
 - Investment by new businesses;
 - Job recruitment by new businesses;
 - Investment by existing businesses;
 - Job recruitment by existing businesses;
 - Percent of announced capital investment relative to southeastern competitors;
 - Percent of announced new jobs relative to southeastern competitors;
 - Investment in rural (non-MSA) counties;

- Job recruitment in rural (non-MSA) counties;
 - Product development (i.e., industrial park development, community technical assistance);
 - Percentage growth in value of exports;
 - Value of exports per manufacturing employee in the state;
 - Compliance with federal guidelines for grant application and administration for CDBG;
 - Injury rates on public railways.
- 1.3 Small Business and Existing Industry was established to assist South Carolina companies achieve peak performance, growing their investment and job creation capacity. Bringing together professionals who offer a wealth of experience in key areas, the department offers continuing service after the sale and a dynamic approach that helps businesses and communities prosper.
- 1.4 The Rural Development staff members assist local leaders in achieving success for their communities through Product Development, Leadership Development, Economic Development Training and Community Investment.
- 1.5 The agency has several methods of successfully collecting feedback on products, programs and services. Certainly the most effective means is through the number of companies we work with to expand or locate in South Carolina. However, there are other channels where feedback is gathered.
- The Rural Development Group maintains contact with regional, county, and municipal development organizations across the state. Establishing and maintaining excellent communication within the economic development arena is a must.
 - Agency personnel are active in the South Carolina Economic Developers' Association.
 - The Coordinating Council staff and the grant staff conduct regular training seminars around the state to ensure compliance with programs. The face-to-face contact also allows staff members to better understand and resolve issues and problems.
 - The Community Development Block Grant program (CDBG) holds public hearings annually in conjunction with its Annual Action Plan and seeks public comment on its Performance Report prepared for the U.S. Dept of Housing and Urban Development. In addition, public hearings are held for each grant awarded.

- 1.6 The Department of Commerce continues to explore opportunities to engage in charitable organizations. During the Christmas season, each division “adopts” a family in need, collecting and distributing gifts and food. The Agency also participates in American Red Cross Blood Drives, Harvest Hope Food drives and several other charitable activities.

Category 2 – Strategic Planning

- 2.1 The Agency has recognized the value of building the state’s economy around the interdependent industries and businesses that constitute economic sectors as its primary objective.
- 2.2 Each division has developed measurable goals that enhance accountability and good stewardship of taxpayer’s dollars.
- 2.3 The Department has developed a unique marketing and communications strategy involving a comprehensive approach to market the benefits of doing business in South Carolina. Exposure will be gained through search engine optimization, search engine marketing, social media, traditional advertising and participation in trade shows and mission events. This marketing plan tells South Carolina’s business story and creates an opportunity to communicate to prospective investors why South Carolina is an ideal location for their business.

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 12-13 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
II.A Business Development	Increase investment and job creation throughout South Carolina.	Increase investment and job creation throughout South Carolina.	7.1
II.C Rural Development	Increase the quality of the "economic product" in South Carolina through workforce development, community development and general aviation development.	Assist in the development of new and upgraded infrastructure in local communities. Design, develop, and implement an improved site certification process..	7.2
II.B International Trade	Increase the value of exports from South Carolina businesses.	Help SC companies make direct sales abroad. Build governmental and business relationships between SC and other countries. Raise SC companies awareness of benefits to expanding in the global market place.	7.3
II.B Small Business and Existing Industry	Develop a strategy that recognizes the strengths of the State's existing, small and emerging industries and builds on the opportunities those strengths present.	Match startup or existing businesses to resources that will take them to the next step in their business growth. Support minority and women owned businesses. Produce a Small Business Resource Guide.	7.3
II.E1& II.E2 Grants and Incentives	Increase investment and job creation throughout South Carolina.	Create new jobs and investment with the disbursement of funds to economic development projects.	7.4
II.D Research	Provide data and strategy for industrial recruitment to South Carolina. Author research reports and policy briefs relevant to economic development.	Respond to project RFPs on a timely basis with accurate data. Create economic outlook and policy reports. Develop economic models and strategic plans to promote economic development in the state.	7.6
II.D Marketing and Communications	Implement a targeted marketing strategy to promote new investment and job creation and grow industry sectors	To develop a marketing and communications plan with divisional specific activities that is in line with Agency goals. To work with media on press events, announcements and opeds as necessary.	7.7

Category 3 – Customer and Market Focus

- 3.1 One of the key components of agency culture is the concept that our ultimate customers are the people of South Carolina. While recruiting and retaining business and attracting new jobs remain the core function of the agency, under the leadership of the Governor and the Secretary, there is a fundamental change in recognizing that the people of the state are our ultimate customers to whom we are accountable.

While the people of the state are the agency's ultimate customers, the agency has a number of other customers. The diversity of the agency is reflected in the diversity of customers and stakeholders it serves.

- Businesses making location decisions;
- Existing, emerging and small businesses and industries;
- Companies needing export, recycling and finance resource assistance;
- State and local governments;
- Communities;
- State Ports Authority and its customers wishing to ship cargo by rail;

- 3.2 The Department of Commerce is eager to assist constituents and prospective investors. The agency's leadership is accessible, and assistance is readily available through Commerce's various divisions. Information is also available through the agency's website, webinars, seminars, presentations and through various other means.

The agency closely monitors the website analytics to identify traffic patterns and make necessary adjustments, ensuring we reach targeted audiences and maximize the investment.

- 3.3 The Small Business Development Office serves as a direct link to the state's small business community, connecting entrepreneurs and business owners with resource information and technical assistance – including: business start-up, finance, product and market development, workforce development and regulatory assistance.

Small Business and Existing Industry has partnered with a number of state and federal agencies and organizations to produce a dynamic series of Lender Match-maker conferences, focused on increased financing options for small business. Partners include the Federal Reserve, SC Bankers Association, Credit Union League, the Small Business Development Center, SBA, USDA and SC Commerce.

- 3.4 The BuySC program is managed by Small Business and Existing Industry, and serves to connect South Carolina businesses with other new and expanding South Carolina companies, e.g. Boeing, Tognum, BMW, Continental and others matching buyer and supplier needs with SC products and services. Commerce is very involved in the Salute to Small Business, another joint ally matchmaker effort that provided small businesses with multiple opportunities to meet with larger procurement entities, from BMW to Ft. Jackson; 350 participants attended the May 2013 event.
- 3.5 In March 2013, a new Existing Industry visitation program was launched. A coordinated company visitation effort was instituted to determine and address company needs, support supply chain development and explore expansion leads. This effort is being produced in cooperation with the South Carolina Manufacturing Extension Partnership (SCMEP), with both Commerce staff and SCMEP staff calling on companies. (Visits have been made to 120 manufacturing companies through June 30, 2013.)
- 3.6 The Small Business Development Office provides key staff support to the Small Business Regulatory Review Committee. In fiscal 2013, the Office also assisted the Governor's Regulatory Review Task Force with staff support – including creating and hosting the Task Force website, and collecting and posting all agency regulatory reports. The Committee and Task Force allow all SC companies and citizens an avenue to express and address concerns about any given regulatory issue.
- 3.7 The Recycling Market Development Team works with businesses, industry, government and other organizations to provide technical and economic development assistance to foster a thriving recycling markets, companies and sustainable business development in South Carolina.
- 3.8 When customers indicate a shortcoming in product and/or infrastructure, staff is responsible for relaying that information to communities so they may improve their ability to capitalize on future opportunities.
- 3.9 The Department of Commerce is a sales, marketing, and product development organization and, the building of strong relationships with customers and stakeholders is essential to our success. Project managers deal one on one with their clients in order to ensure continuity throughout the sales process. This enables them to develop in-depth knowledge of the client's needs, which translates into pertinent information in a timely manner from the Marketing and Research Divisions.

The Agency works with individual communities in much the same manner. A single point of contact is appointed for each community to continually assess their needs and to inform them of important changes. They are also well positioned to act as a catalyst for changes that need to take place. Finally, a new mandate for the project managers is to visit communities in order to improve

relationships and build consensus essential to moving the State's economy forward.

- 3.10 The Department of Commerce prepared and disseminated an electronic agency annual report to local economic developers, regional development alliances, the General Assembly, Councils of Government and other economic development allies. The report contained project updates, agency activities, year-end numbers and agency accomplishments. The goal of the annual report is to keep Commerce's allies better informed of agency accomplishments.
- 3.11 The Department of Commerce collaborates with other state entities. The CDBG program works with the State Housing Authority to assist non-profit customers to understand the unique needs of their separate customers.
- 3.12 The Research Division works diligently to support all departments and divisions throughout the Agency to achieve their goals. This is accomplished through fielding information requests from other departments and divisions in a timely manner as well as implementing long-term investigative projects. Research also supports the efforts of individuals and businesses seeking economic information, particularly labor market and employment information. Research maintains databases and Web sites which provide data and information to support Commerce's economic allies, as well as assist in the recruitment and expansion of businesses in the state. Finally, Research prepares strategic plans and leads initiatives to support the long-term economic development goals of the state and its regions.
- 3.13 Each week, the Marketing/Communication Division distributes an email newsletter highlighting the week's business news that is relevant to South Carolina. The weekly e-blast, "Commerce Communications," is distributed to allies, business leaders, developers, regional alliances, local economic developers and prospective investors. "Commerce Communications" has been a successful means to communicate the state's business activity and the agency's recruitment efforts with businesses and economic development professionals across the state.

Category 4 – Measurement, Analysis, and Knowledge Management

- 4.1 The Division of Research supports the Agency through research, analysis, and providing information. Data to support this service comes from a wide variety of sources including U.S. Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, and the South Carolina Department of Employment and Workforce. In addition, Research utilizes several 3rd party proprietary databases such as Hoovers, Dialog, and Lexis Nexis. Research support is used in the following manner:

- **Requests for Information/Proposals:** Assistance to project managers in their mission to recruit industry to South Carolina constitutes the most

consistent need for data and information. These proposal projects are complex, requiring analysis of data from national, state, and local levels as well as proprietary business data. Furthermore, Research proactively analyzes business growth trends and South Carolina's competitive advantages for industrial recruitment to develop prospective company leads for project managers.

- **Economic Analysis:** The Division of Research routinely produces in-depth reports on industry trends, economic impacts and labor market conditions at the request of the Secretary, other government leaders and economic development allies.
- **Support for Commerce Programs:** The Division of Research provides research and analysis support for Project Managers, Marketing & Communications, and other Commerce staff including, but not limited to, the following tasks:
 - County or state economic, demographic, or employment profiles;
 - Comparisons between other states, counties and metropolitan regions;
 - Analysis of costs associated with doing business (electricity rates, building lease rates, tax rates, etc.);
 - Research on a specific company;
 - Capital investment information and analysis;
 - Financial analyses of companies;
 - Long-term custom research projects;
 - Requests for industry and economic data;

➤ **Industry and Occupational Analysis Reports:**

Research currently develops industry profile reports that are used in proposals and by project managers as marketing tools. They provide the most current employment, occupations, earnings, wages, output, national rankings and detailed information which highlight South Carolina's strengths to position the state advantageously for continued capital investment.

- 4.2 Research manages and maintains a suite of informational tools to provide the Agency with timely data in a usable format. Elements of this suite include the following:

- **Workforce and Economic Information Database:** This database contains the most complete, current collection of local and state economic and labor market information in South Carolina. It is accessible internally for development of custom reports and data extracts for analysis.
- **Document Directory:** Available via the Agency's Web site, <http://sccommerce.com/data-resources/publications>, this site houses data

and reports—created by or in conjunction with the Department—relevant to South Carolina economic development.

- **Knowledge Center:** This internal, SharePoint-based intranet tool allows Research to share and disseminate all its relevant data and information with various divisions throughout the Agency, reducing requests for redundant data and facilitating efficiency in ensuring all Agency personnel have access to data whenever needed.

- 4.3 Quarterly reports are issued on these grant funds at the Coordinating Council for Economic Development. Senior Leadership and staff use these financial reports to determine commitment of funds, balance and pending commitments.
- 4.4 The Coordinating Council staff is constantly working on cost estimates for the Enterprise Zone incentive. These numbers are used to augment those done by the Budget & Control Board to advise legislators on budget estimates.
- 4.5 The agency website is routinely updated and upgraded to ensure that relevant and timely information is provided to interested parties. Analytics showed that 20 percent of all web traffic came from mobile or tablet devices, so Commerce launched the responsive mobile version of scommerce.com. This provides an enhanced user experience for better navigation of the various services, information and resources available to invest or grow a business in South Carolina.

Category 5 – Work Focus

- 5.1 The Agency continues to promote training and development opportunities for employees. Funds have once again been allocated and utilized for employee training. Annual Training Objectives are identified in each employee's performance planning stage document. As new processes and business evolves, additional training is coordinated.
- 5.2 The Agency continued the Sales Incentive Plan (SIP) for project managers in the Global Business Development Division. This program is managed in conjunction with the agency Employee Performance Management System (EPMS) process.
- 5.3 A number of measures have been implemented by Human Resources to ensure a safe, positive workplace.
 - Employees receive updates to the policy manual. The manual contains all of our updated agency policies including affirmative action, harassment, discipline and performance. Policies are also posted on the Agency's intranet. These policies are reviewed and updated as needed.
 - The Division of Public Railways has written safety procedures and guidelines and regularly performs inspections on equipment.

- 5.4 Staff coordinates activities in a wide range of community oriented fund-raising activities such as the United Way, Community Health Charities, Harvest Hope and Families Helping Families.
- 5.5 The Agency continues to promote future state leaders through internship opportunities.

Category 6 – Process Management

- 6.1 As with any organization based on sales and marketing, the building of relationships is an integral part of the Agency's success. This process makes the Agency's front-line sales team the single point of contact with the client company or the company's representatives as soon as an inquiry is identified as a viable project. This allows the project manager to begin amassing information on the company, the project, and the project's requirements and facilitates the building of personal relationships with decision makers. This chart outlines the "life cycle" of a project:
 - 1) A lead is received from a company, consulting firm or one of our economic development allies.
 - 2) The project is screened by the Global Business Development Division Director to determine its viability. Once it is determined to be a viable project, a project manager is assigned who will act as the constant point of contact for the client company. It is the project manager's responsibility to establish personal contact with the client.
 - 3) The project manager determines the parameters of the project and the information needs. These are then relayed to the Research Department and/or local development allies. Once the data is gathered, it is then funneled to the customer. As the project matures, communities and states are eliminated, and additional information is required from both the state and community until a favorable location decision is made.
 - 4) The Research Department gathers all data to support the project managers in converting a lead into a win (a business choosing South Carolina as its location target or facilitating an expansion). The Research Department supports the project managers in amassing information on the company, the project, and the project's requirements. The Research Department completes Requests for Information and Requests for Proposal from project managers and gathers all information from the respective counties and local development allies. This includes gathering data on buildings and sites, permitting, infrastructure, workforce and quality of life issues, amongst other factors. The Research Department manages the proposal process, conversing with local economic allies as well as consultants, allowing the project managers to continue to focus on building the personal relationship with the target business.

- 5) Project managers review all information before dissemination to the client company.
- 6) After the decision is made and a facility becomes operational, the Existing Business Department establishes contact to monitor the progress of the facility and offer advice and help should problems arise.
- 7) Assuming the facility operates successfully and profitably it will expand within the first five years of operation at which time a project manager from Global Business Development Division will be assigned to facilitate the process.
- 8) A quality workforce plays a vital role in businesses locating, expanding and remaining competitive. Utilization of workforce services and resources provides for on-going identification, assessment, and training of current and prospective employees to meet business needs.

The process has remained virtually unchanged for the last ten years with one major exception – the time it takes for the process to run its course has become compressed. What used to take years now frequently only takes months and sometimes even weeks. In order to meet the increased time demands of clients, the Agency utilizes technology whenever possible to reduce turn-around time.

- 6.2 Project managers maintain contact with customers regularly in order to stay abreast of new developments and to ensure information needs are met. As the project “matures” and moves toward a final decision, contacts intensify and the Agency’s senior leadership may be briefed daily.
- 6.3 Each of the other divisions is tasked with supporting the front-line sales team. Each uses the latest technology available to maximize their outcomes.
- 6.4 The Department of Commerce builds alliances with key economic developers in each county. These alliances consist of those members of the State’s economic development community that are crucial to the success of the State’s economic development efforts. They also consist of the local development offices, state and local government entities, and private companies that have a stake in the economic success of the state. These relationships with our partners are nurtured in a number of ways.
 - The Rural Development staff is tasked with maintaining constant contact with each of the state’s 46 counties. Where possible, counties are provided with technical support and planning expertise in an effort to improve the county’s competitiveness through the development and improvement of industrial sites, industrial parks, and speculative buildings. The Division further supports product development with grants from the Rural Infrastructure Fund.

- Rural Development is also charged with the responsibility of coordinating and overseeing economic development training programs. Those programs are: The South Carolina Rural Summit, the Economic Developer's Workshop, the South Carolina Advanced Symposium and the South Carolina Economic Development Institute. Each program presents quality economic development training for the practitioner as well as state, regional and local leaders needing an overview of the profession.
 - The South Carolina Coordinating Council for Economic Development further supports product development with grants for infrastructure.
 - Interaction with state agencies such as DHEC, the Department of Revenue, and the Center for Advanced Technology Training, currently known as Ready SCTM, and the State Ports Authority is encouraged early in the process so they can gain a better understanding of the customer's operation and minimize impact of potential problems on the final location decision.
 - Consultants who represent companies making location decisions are contacted to make sure the Agency is meeting their needs.
- 6.5 The Marketing and Communications Division works closely with Global Business Development to facilitate the project announcement process, from the generation of the memorandum, to communicating the information to the Governor's office, to facilitating a public announcement with the investor. The Communications Coordinator works with the company, as well as county and alliance developers to generate and distribute press releases, as appropriate.
- 6.6 A yearly Marketing and Communications plan is generated with input from each division director to successfully employ tactics that will achieve the established goals of the agency, while working to ensure cost effectiveness and maximum returns.
- 6.7 CDBG grants are awarded to units of local government and maintain a close contact with community developers and officials in customer communities. The CDBG Program is represented on the Board of the South Carolina Community Development Association, which coordinates community development professionals and promotes cooperative exchange of techniques and ideas. The CDBG Program also works closely with the ten regional councils of governments to ensure effective project implementation on the state's local and regional levels.
- 6.8 The Agency's effort to provide grant funds to the most effective community development projects is enhanced by the objective project selection process used by the CDBG Program. The CDBG Program administered two competitive grant funding rounds, Community Investment and Infrastructure. Projects submitted in these programs were evaluated against objective scoring criteria that were established by staff with customer input and approved by

HUD. The CDBG staff applies an extensive scoring methodology to determine those grants that are most likely to achieve the desired results.

- 6.9 Requests for grants associated with economic development projects are handled in much the same way as banks handle loans. Project managers bring requests to the Coordinating Council for Economic Development, who looks at the worthiness of the project and then allocate an amount of funds as well as determine the most appropriate source of funds.
- 6.10 The Enterprise Zone staff works closely with the staff of the Department of Revenue and participating companies to monitor the Enterprise Zone program to ensure that only those companies meeting their job creation commitments receive incentives. Quarterly and annual reports are submitted and checked for compliance.

Category 7 – Results

Job Recruitment (both Foreign and Domestic) into South Carolina continues to be strong. The Agency's hard work led the way in the southeast again in 2012 with firms creating 14,137 new jobs in South Carolina.

The following are some of the results in 2012.

7.1 GLOBAL BUSINESS DEVELOPMENT

In 2012, Commerce assisted with the expansion or location of 151 establishments announcing the recruitment of 14,137 jobs and investment of \$3.992 billion in South Carolina. (Note: Commerce does not include utility, hospitals, power plant and military capital investments in its numbers.)

- The State's rural areas accounted for 3,850 new jobs recruited and \$784 million in capital investments. This represents 27.2% of job recruitment and 19.7% of capital investments statewide where 20.9% of the State's workforce resides.
- Sixty-two establishments new to South Carolina committed to the creation of 5,110 jobs and capital investment totaling \$836 million. New establishments represented roughly 36% of recruited jobs and 21% of recruited investment.
- Manufacturing continues to be the leading sector for investment (82%) and job creation (53%).
- The Automotive sector was the leading industry sector for both capital investment (\$2.3 billion) and job creation (3,418 new jobs).

- The leading source nations for international investment were Japan (42.2% of all foreign investment) and Germany (27.4%). The leading international job creators were firms from Germany (35.3%) and Canada (22.0 %).

New and Existing Firms

In 2012, the Agency assisted with 89 existing industry expansions, which announced the creation of 9,027 new jobs (64% of total job creation) and \$3.1 billion in investment (79% of total investment). New industries accounted for 41% of total projects, 36% of total new jobs and 21% of total investment.

2012 Capital Investment Activity By New and Existing Firms						
	Capital Investment		Jobs		Establishments	
Existing	\$3,156,017,458	79%	9,027	64%	89	59%
New	\$835,965,929	21%	5,110	36%	62	41%
Grand Total	\$3,991,983,387	100%	14,137	100%	151	100%

Sector Analysis

The Agency continues to focus on creating and sustaining major industry sectors. The sectors making the largest capital investment in 2012 were the Automotive Industry with \$2.3 billion and Metal Fabrication with \$323 million. The Automotive sector led the way in job creation with 3,418 jobs, followed by the Information Services. South Carolina continues to play a major role in the automotive industry, with the expansion or addition of companies like ZF Group, BMW Manufacturing, Michelin and JTEKT Automotive.

Besides growth in the automotive sectors, the Agency also attracted industries such as Warehousing and Distribution, Plastics, Food Processing and Chemicals Manufacturing. Some of the top companies in these industries included Albemarle Corporation, Harbor Freight Tools, Millard Refrigerated Services and Crescent Dairy and Beverages.

2012 Capital Investment Activity By Sector <i>(In Alphabetical Order)</i>						
Sector	Capital Investment		Jobs		Establishments	
Advanced Materials	\$31,000,000	0.78%	50	0.35%	3	1.99%
Aerospace & Aviation	\$39,369,500	0.99%	783	5.54%	7	4.64%
Alternative Energy	\$24,000,000	0.60%	142	1.00%	5	3.31%
Automotive	\$2,341,356,688	58.65%	3,418	24.18%	22	14.57%
Building Products	\$2,320,000	0.06%	51	0.36%	1	0.66%
Chemicals	\$111,500,000	2.79%	198	1.40%	8	5.30%
Customer Service Center	\$10,000,000	0.25%	110	0.78%	1	0.66%
Electronics	\$30,000,000	0.75%	279	1.97%	2	1.32%
Finance and Insurance	\$26,363,129	0.66%	1,049	7.42%	3	1.99%
Food Processing	\$119,821,807	3.00%	544	3.85%	10	6.62%
General Manufacturing	\$217,866,934	5.46%	1,176	8.32%	16	10.60%
High Tech Manufacturing	\$9,250,000	0.23%	110	0.78%	4	2.65%
Information Services	\$80,540,000	2.02%	2,334	16.51%	7	4.64%
Medical	\$24,291,214	0.61%	326	2.31%	2	1.32%
Metal Fabrication	\$323,336,850	8.10%	679	4.80%	14	9.27%
Non Metallic Mineral Manufacturing	\$6,000,000	0.15%	3	0.02%	1	0.66%
Other	\$24,350,000	0.61%	399	2.82%	2	1.32%
Paper Products	\$87,400,000	2.19%	251	1.78%	3	1.99%
Plastics	\$145,869,000	3.65%	658	4.65%	13	8.61%
Recycling	\$89,698,265	2.25%	468	3.31%	9	5.96%
Textiles	\$26,400,000	0.66%	63	0.45%	2	1.32%
Warehousing & Distribution	\$192,150,000	4.81%	894	6.32%	12	7.95%
Wood Products	\$29,100,000	0.73%	152	1.08%	4	2.65%
Grand Total	\$3,991,983,387	100%	14,137	100%	151	100%

International Investment

Direct foreign investment in South Carolina continued to be strong in 2012. The Agency recruited investment from 46 international firms, which produced \$2.6 billion announced investment and 4,730 recruited new jobs. German firms led the state in capital investment, accounting for 47% of the total international capital investment. German-owned companies also accounted for 44% of jobs created by international companies with 2,062 jobs.

2012 Capital Investment Activity by Country (In Alphabetical Order)						
Country	Capital Investment		Jobs		Establishments	
Belgium	\$1,000,000	0.04%	5	0.11%	1	2.17%
Canada	\$152,300,000	5.84%	348	7.36%	8	17.39%
Curacao	\$2,000,000	0.08%	36	0.76%	1	2.17%
Dominican Republic	\$30,000,000	1.15%	60	1.27%	1	2.17%
Finland	\$18,000,000	0.69%	20	0.42%	1	2.17%
France	\$700,000,000	26.86%	610	12.90%	3	6.52%
Germany	\$1,216,596,688	46.68%	2,062	43.59%	14	30.43%
India	\$29,591,214	1.14%	446	9.43%	3	6.52%
Italy	\$19,900,000	0.76%	57	1.21%	1	2.17%
Japan	\$298,600,000	11.46%	452	9.56%	6	13.04%
Korea	\$40,000,000	1.53%	102	2.16%	1	2.17%
Malaysia	\$1,200,000	0.05%	160	3.38%	1	2.17%
Spain	\$50,000,000	1.92%	65	1.37%	1	2.17%
Switzerland	\$16,000,000	0.61%	0	0.00%	1	2.17%
United Kingdom	\$31,016,000	1.19%	307	6.49%	3	6.52%
Grand Total	\$2,606,203,902	100%	4,730	100%	46	100%

County Capital Investment Data

During 2012, Commerce recruited \$784 million in capital investment and 3,850 jobs from 46 firms to rural areas of South Carolina or areas that are not part of a metropolitan statistical area (MSA). Recruitment to rural South Carolina or areas not part of an MSA accounted for roughly 19.7% of capital investment and 27.2% of job creation where 20.9% of the State's workforce resides.

2012 Capital Investment Activity By Rural and Urban Areas						
	Capital Investment		Jobs		Establishments	
Rural	\$784,703,374	19.7%	3,850	27.2%	46	30.5%
Urban	\$3,207,280,013	80.3%	10,287	72.8%	105	69.5%
Grand Total	\$3,991,983,387	100.0%	14,137	100.0%	151	100.0%

7.2 RURAL DEVELOPMENT

The formation of the Small Business and Rural Development Division has not only proven to be successful but has also allowed the agency to expand its services and outreach.

Rural Development continues its mission to improve the quality and competitiveness of South Carolina communities through programming focused on community product and leadership development. The Division works closely with local leaders to create opportunities for greater investment, job creation and leadership potential.

Division staff members work with local leaders to develop economic development "product," such as speculative buildings and industrial sites and parks to ensure that communities have available properties for investors and job creators to select from. In addition, they provide leadership, direction and guidance to communities and counties regarding developmental structure, strategic planning and community outreach. Economic development training for local officials and practitioners is another one of the staff's main focuses.

Site certification continues to gain momentum as more property owners, counties and municipalities see its value. The program has placed South Carolina at the forefront for site certification nationwide.

Product Development

Product Type	Number completed	Number in Progress
Speculative Buildings	2	3
Industrial Parks	42	3
Certified Sites	61	30

An inventory of both industrial sites and industrial parks is a must if South Carolina is going to be competitive in the industrial marketplace. In partnership with the agency's IT staff, an updated building and sites system was introduced in early 2013. LocateSC will provide greater information about South Carolina properties, giving greater access to potential companies, the real estate community and economic development professionals.

Leadership Development

An important component of the Rural Development program is focused on timely and up-to-date economic development training for local leadership and practitioners. Through partnerships with South Carolina economic development allies, educational opportunities provide local leaders the tools to strengthen their decision making in their local community.

Annually, division staff plans and implements four educational opportunities. For the 23rd year, the division successfully designed and implemented the South Carolina Rural

Summit and The South Carolina Economic Development Institute (meets two days each quarter). For economic development professionals, division staff designs, develops and oversees the Economic Developers' Workshop and the South Carolina Economic Developer's Advanced Symposium.

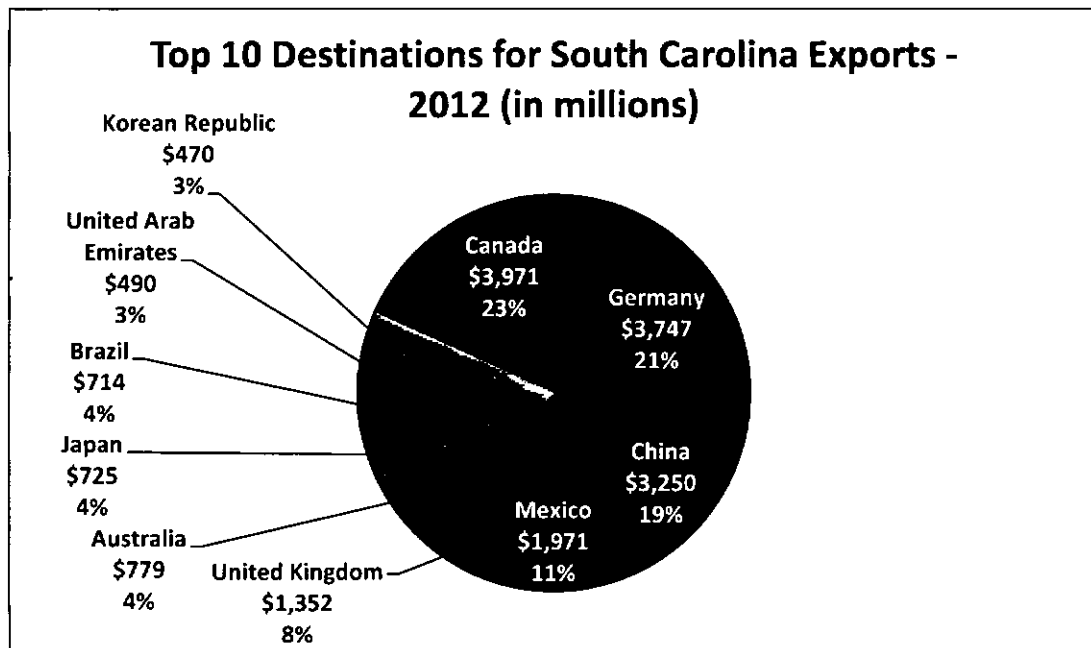
Program Type	Number of Attendees	Number of Graduates	Program Rating
South Carolina Rural Summit	178	N/A	4.6 (5 pt. scale)
South Carolina Economic Development Institute	72	51	3.8 (4 pt. scale)
Economic Developer's Workshop	40	N/A	4 (5 pt. scale)
South Carolina Economic Developers' Advanced Symposium	12	3	3.8 (4.0 scale)

7.3 INTERNATIONAL TRADE, SMALL BUSINESS, AND EXISTING BUSINESS

Export Development

Globalization plays a critical role in the future of successful businesses. Companies engaged in international business are more stable, achieve higher growth rates, and pay higher wages. Exports are vital to the state's economic health as well. The benefits of exporting extend beyond the obvious advantage of profit earnings, helping diversify a company's markets and helping them gain a competitive edge through global exposure to new technology, new ideas and competition. In fact, South Carolina was the 17th largest exporter among the 50 states in 2012 and 9th in exports per capita.

In 2012, South Carolina companies exported \$25.3 billion worth of products to 197 countries. The state's largest export destination last year was Canada, which received exports of just under \$4.0 billion. This was nearly 16% of South Carolina's total 2012 exports.

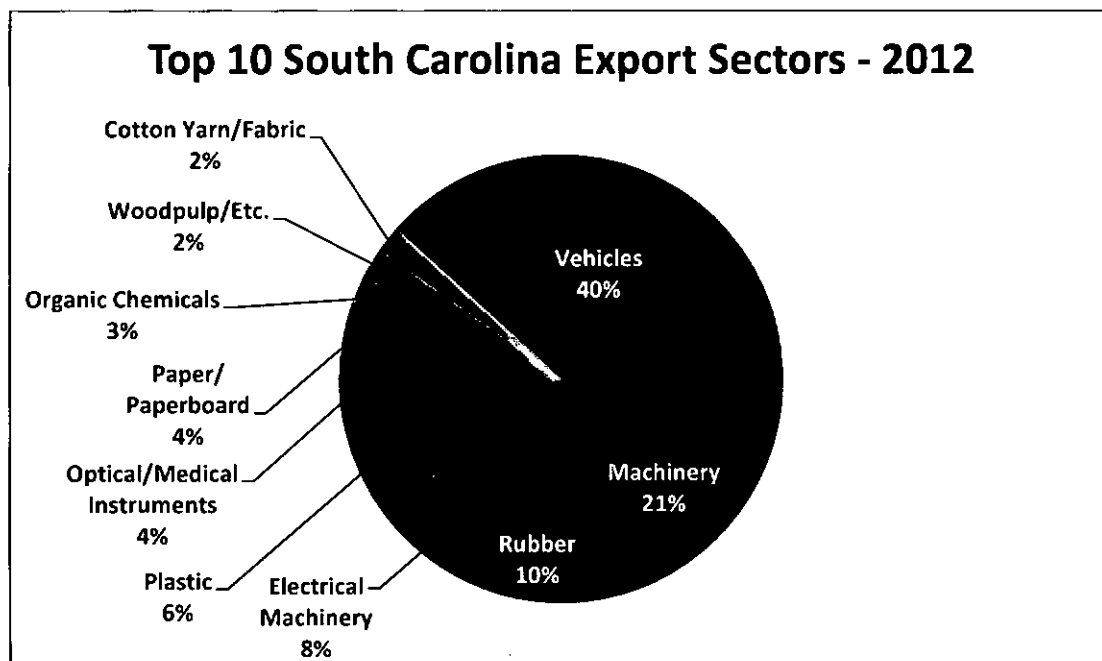


Source: U.S Department of Commerce

South Carolina's leading manufactured exports are vehicles, which alone accounted for \$8.1 billion or 32% of South Carolina's total export shipments in 2012. Other top manufactured exports last year were Machinery, Rubber, Electrical Machinery, Plastic, Optical and Medical Instruments, Paper and Paperboard, Organic Chemicals, Wood Pulp and Cotton Yarn and Fabric.

South Carolina's 2012 Exports also revealed that:

- Export numbers represent a 2.2% increase over 2011 totals, which ranked the state 17th in US in 2012 for export growth.
- The top three export markets were Canada (\$4 billion), Germany (\$3.7 billion) and China (\$3.2 billion). China is followed by Mexico, the United Kingdom, Australia, Japan, Brazil, the United Arab Emirates and the Korean Republic.
- In 2012 South Carolina ranked number one among U.S. states and territories in the export of tires and automobiles, holding 30% of the share of U.S.-made exported tires for the second consecutive year.
- South Carolina is the second largest exporting state or U.S. territory to Germany.



Source: U.S. Department of Commerce

Through the State Trade and Export Promotion (STEP) grant, 35 companies participated in the program, which resulted in approximately \$1.6 million in export sales. The companies involved in the program were reimbursed for B2B matchmaking meetings with potential distributors, trade show support, market research, translation of marketing materials, website updates and export training. Companies that participated in the program were able to reach new markets on five continents. The countries some of the companies focused on include China, Singapore, S. Korea, Japan, Germany, Spain, India, Colombia, Mexico, Canada and Kenya.

Small Business Development Office

The Small Business Development Office addresses key issues that support success factors for small business. Chief among them are new business development, financing, and regulatory issues. Small Business Development has been very successful in one-on-one company support, dealing mostly in supplier development, followed by finance inquiries. The Office has also produced four major regional Lender Matchmaker events affecting over 178 businesses and lenders.

Small Business Development has continued to staff the Small Business Regulatory Review Committee, supporting the Committee's full operation, from drafting correspondence, to setting up meetings, to providing minutes. The Committee likewise has addressed six different issues at three different agencies. Small Business Development was also designated as staff to the Governor's Regulatory Review Task Force, where Commerce has hosted the Task Force website, collected agency Regulatory Review reports and monitored the Task Force email address, also coming to Commerce.

The Small Business Development Office continues to coordinate ESF-24 and represent business and industry at all applicable disaster exercises.

- Number of small business inquiries addressed: 595
- Tenth Annual Salute to Small Business was held (Commerce supporting): over 180 businesses, and 36 purchasing representatives attended the matchmaking session. 1,600 appointments were made. A total of 360 participants attended the matchmaker and SBA Small Business Person of the Year luncheon. The Small Business Regulatory Review Committee reviewed all 84 proposed regulations for 2011-12. The Committee filed Economic Impact Statement requests for various LLR, DHEC and DEW regulations.
- Supported the Governor's Regulatory Review Task Force, creating an email address and website, both hosted by Commerce. Collected all agency regulatory review reports for posting on the website. Collected and distributed 29 incoming public comments, which came in via Task Force email address.
- Coordinated four Lender Match-maker sessions for small businesses, involving 100 businesses, 78 lenders and 31 finance resource allies, with 353 individuals participating.
- Worked on supplier development with announced new companies and existing businesses, including two Outreach Events, (one for Continental that Commerce initiated and the other for Boeing, which Boeing originated). Over 150 subcontractors attended the events, with a combined 350 participants.
- There were 9,267 hits to the SCBizNetwork website in calendar 2012. There were also 472 small business related events added to the SCBizNetwork calendar and 32 Q&A inquiries addressed in fiscal 2012-13.
- Small Business and Existing Industry staff made 30 speeches and panel presentations to business groups and economic development allies.
- Coordinated Emergency Support Function (ESF) 24 – Business and Industry. Ten public sector allies and 23 private sector companies signed on as ESF 24 partners, to operate cooperatively in the event of a natural disaster or emergency. Small Business and Existing Industry represented ESF 24 at the Governor's full table top exercises (hurricane and earthquake drills).

Existing Business

The new Existing Industry program began activity in August 2012. The Existing Industry manager was still managing several special projects at the time. Subsequently, in January 2013, the program began in earnest, with SCMEP as a major partner in calling on companies. The program is designed to find expansion opportunities, determine problems and concerns, share useful resources and address strategic existing industry issues.

- Under the new Existing Industry visitation program 120 company visits were made, 39 by direct Commerce staff and 81 by SCMEP field managers. Covering 34 counties, with at least 21 being rural.
- Existing Industry Manager appointed to SCMEP Board of Directors.
- Existing Industry Manager made visits on four county economic developers, explaining the new visitation program.
- Special Bridgestone (ORT) project completed as the first Pot Heater (machinery for curing tires) was safely delivered to Aiken, requiring numerous meetings with the company and infrastructure allies.
- Number of counties participating in SC Industry Appreciation Week and Ambassadors awards: 46
- Number of people directly involved in SC Industry Appreciation Week events throughout the year: over 1,000
- News stories generated as a result of SC Industry Appreciation Week: over 50 articles across the state

Recycling Market Development

The Recycling Market Development (RMD) Department staff works to increase the recovery of recyclable materials as feedstock for the recycling manufacturing sector. By recovering materials that would otherwise go to the landfill and using recycling as a smart material management strategy, growth in the SC economy takes place through new investment and job creation. In CY 2012, the recycling industry announced \$463 million in capital investment with the creation of 770 new jobs representing 19 new or existing companies.

South Carolina's recycling rate of municipal solid waste increased from 27.7% to 29.5%, an all-time high since 2008. This may account for the fact that the number of recycling businesses now in the SC Recycling Directory has increased by 22.4%, from 175 in 2011 to 214 in 2013.

7.4 GRANTS ADMINISTRATION

Community Development Block Grant Program

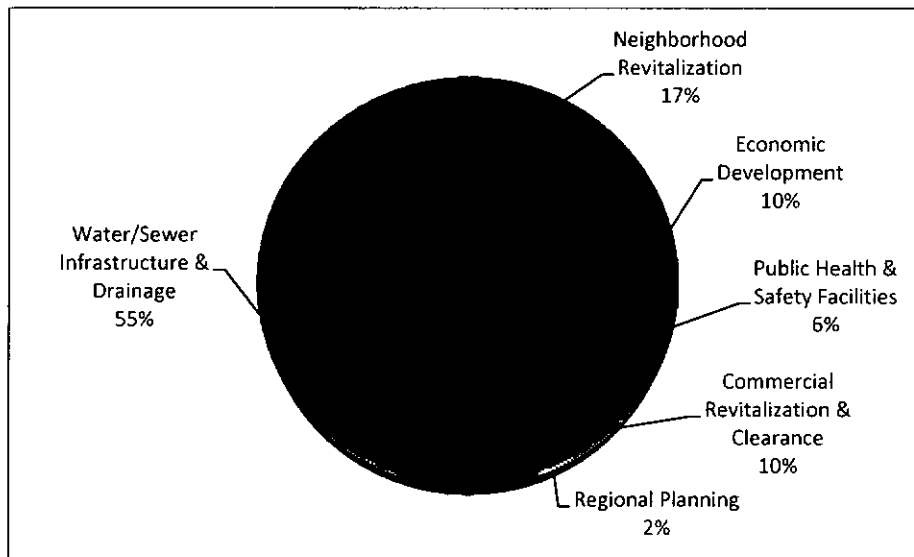
In 2012, the CDBG Program awarded \$21.1 million for 60 projects in 50 different rural communities around the state, further improving South Carolina's business climate and quality of life. Over 77,000 citizens will benefit from:

- Healthier, safer and more sustainable communities as a result of new or upgraded public water/sewer infrastructure in 25 communities, drainage improvements in two communities, expanded or improved fire safety and health facilities in three communities and comprehensive neighborhood revitalization or development of revitalization plans in 10 communities;

- More sustainable affordable housing, with connections to safe public water or sewer infrastructure for 841 low and moderate income residents of two rural communities;
- Improved economic competitiveness in 5 rural communities as a result of demolition or clearance of dilapidated and abandoned properties and revitalization of downtown commercial areas; and
- Economic development assistance to help create 210 new jobs.

Residents of 44 counties will also benefit from increased statewide and local planning and coordination.

2012 CDBG Use of Funds



Appalachian Regional Commission Program

As a federal-state partnership, the Appalachian Regional Commission (ARC) provides social and economic support for a 13-state region stretching along the Appalachian Mountains from southern New York to northern Mississippi. In South Carolina, ARC supports economic development activities in Anderson, Cherokee, Greenville, Oconee, Pickens and Spartanburg counties.

In 2012, the State's priorities for funding were workforce development, a competitive economy and infrastructure. More than \$2.8 million was awarded for nine projects that support these priorities.

2012 ARC Funding

ARC Category	Amount
Community Infrastructure	\$1,787,500
Workforce Development	\$393,094
Downtown Redevelopment	\$250,000
Technical Assistance	\$179,000
TOTAL	\$2,609,594

Job Development Credit Program

The Job Development Credit (JDC) Program is a discretionary incentive implemented in 1996 to reward companies for creating new jobs and investing in South Carolina, especially in less-developed areas. The JDC acts like a rebate, refunding some or all of a company's qualifying and eligible capital expenditures. The JDC is performance-based; a company must perform in a manner consistent with the level of job creation and new capital investment on which the approval was based before it can benefit from the program.

In 2012, a total of 55 projects representing over 8,200 new jobs and \$2.1 billion in new capital investment were approved for Enterprise Zone benefits.

County Designation	Total Projects Approved	Total Jobs	Total Investment	Average Company Hourly Wage
Tier 4	13	2,032	\$209,793,589	\$19.23
Tier 3	9	1,011	\$266,370,000	\$19.71
Tier 2	17	2,948	\$792,950,116	\$21.70
Tier 1	16	2,285	\$834,298,031	\$22.86
TOTAL	55	8,276	\$2,103,411,736	

Enterprise Zone Retraining Credit Program

The Enterprise Zone Retraining Credit Program helps existing industries maintain their competitive edge and retain their existing workforce by allowing them to claim a Retraining Credit for existing production employees. If approved for the Enterprise Zone Retraining Credit, companies can reimburse themselves up to 50% of approved training costs for eligible production workers (not to exceed \$500 per person per year).

In 2012, 18 retraining applications were approved, enabling the participating companies to retrain an estimated 6,181 employees over a five-year period.

Coordinating Council for Economic Development

The Coordinating Council for Economic Development manages state resources available to assist with economic development growth and development. These include the Economic Development Set-Aside Fund, the Governor's Closing Fund and the Rural Infrastructure Fund. All of these can be used to assist with economic development projects that will represent new jobs and capital investment in the state, either as a result of new business locations or existing business retention and expansion. The Rural Infrastructure Fund can also be used to assist local governments in the state's rural areas with community development and economic development preparation through a variety of activities.

Non-Business Development Grants

During 2012, the Coordinating Council approved two set-asides of Rural Infrastructure Funding for specific project types: \$1 million for product development projects and \$25,000 for small farm infrastructure development projects. An additional \$291,000 was awarded to seven additional projects for downtown revitalization and development of certified sites. These programs and funded activities will help improve the ability of communities in the state's most rural Tier 3 and 4 Counties to grow or attract new jobs and capital investment.

**2012 Coordinating Council
Non-Business Development Grants**

Category	Amount
Product Development Program	\$1,000,000
Small Farm Infrastructure	\$25,000
Site Certification	\$233,123
Commercial Revitalization	\$58,325
TOTAL	\$1,316,448

Business Development

Resources for business development assistance vary by fund. The Economic Development Set-Aside Fund may be used to assist local governments with eligible expenditures related to the business location or expansion, including water, sewer, road, rail and construction or improvement, fiber-optic cable, acquiring and improving real property and site preparation and environmental studies. Other activities, including some types of engineering and pollution control equipment may also be eligible, and in very limited cases, employee relocation costs. The Governor's Closing Fund is used to provide additional funding when necessary and to recruit or retain high impact economic development projects. The Rural Infrastructure Fund can be used for a variety of economic development activities but can only assist with projects that will locate or expand in one of the state's less developed tiers, as established for Jobs Tax Credit purposes. For 2012, these were counties designated as Tier 3 or 4. The only exception is

that up to 25% of annual Rural Infrastructure Fund receipts in excess of \$10 million are reserved for assistance to local governments in Tier 1 and 2 counties.

In 2012, \$47.8 million in Business Development Assistance was awarded to local governments in 32 counties for roads, rail, water/sewer and other infrastructure, land and building acquisition, site preparation, building construction or improvements, and other assistance necessary to facilitate business expansions or locations (Closing Fund only). The related businesses will create 10,400 new jobs and \$3.5 billion in new capital investment. During the year, an additional \$20 million was committed to undecided projects which, if won, would create an additional 5,700 jobs and \$2 billion in investment.

The chart below shows the breakdown of new grants awarded during 2012 by county development tier, along with related new job creation and capital investment. Note the amounts shown do not include committed funds or amendments or adjustments to any previously approved grant funds.

2012 Coordinating Council Business Development Grants and Related Jobs and Investment			
County Tier	Total Awards	New Jobs	New Capital Investment
Tier 4	\$8,032,795	1,707	\$343,127,907
Tier 3	\$8,264,828	1,604	\$625,066,680
Tier 2	\$11,883,745	1,832	\$827,397,020
Tier 1	\$20,918,425	5,277	\$1,674,530,692
TOTAL	\$49,099,793	10,420	\$3,470,122,299

2012 Business Development Grants						
County	County Tier	Scope of Work	Funding Source	Grant Amount	Projected New Jobs	Projected Investment
Abbeville	3	Relocation	Closing	200,000	50	2,500,000
Abbeville	3	Building	RIF	75,000	35	475,000
Anderson	2	Site Prep	Set-Aside	1,500,000	100	175,000,000
Anderson	2	Water/Sewer	Set-Aside	159,845	50	2,130,000
Anderson	2	Site Prep	Set-Aside	7,600,000	400	500,000,000
Barnwell	4	Building	RIF	100,000	80	2,500,000
Berkeley	1	Site Prep	Set-Aside	50,000	10	15,100,000
Berkeley	1	Site Prep	Closing	200,000	15	110,000,000
Charleston	1	Land Acquisition	Set-Aside	3,750,000	87	42,278,472
Charleston	1	Site Prep	Set-Aside	150,000	76	19,284,991
Charleston	1	Roads	Set-Aside	200,000	98	50,000,000
Cherokee	3	Building	RIF	200,000	51	19,000,000
Chester	3	Site Prep	RIF	150,000	20	18,000,000
Chester	3	Infrastructure	RIF	500,000	100	3,116,680

Chester	3	Multiple site prep, infrastructure, roads	RIF	100,000	24	3,700,000
Chesterfield	4	Building	RIF	150,000	15	845,000
Chesterfield	4	Building	RIF	100,000	10	20,841,807
Clarendon	4	Building	RIF	1,000,000	296	10,263,100
Clarendon	4	Building	RIF	225,000	60	3,500,000
Colleton	3	Roads	RIF	500,000	150	42,000,000
Colleton	3	Acquisition	Set-Aside	1,000,000	60	30,000,000
Darlington	3	Roads	RIF	100,000	10	100,000,000
Darlington	3	Building	RIF	200,000	25	120,000,000
Dillon	4	Roads	RIF	1,000,000	200	60,000,000
Edgefield	1	Building	Closing	100,000	48	5,400,000
Edgefield	2	Site Prep	Set-Aside	100,000	13	5,400,000
Fairfield	3	Multiple site prep, infrastructure, roads	RIF	800,000	68	12,660,000
Florence	1	Multiple site prep, infrastructure, roads	SA	100,000	15	6,500,000
Florence	1	Roads	Closing	500,000	80	10,500,000
Florence	4	Building	Set-Aside	263,500	25	5,748,000
Georgetown	1	Real Property & Rail	Set-Aside	500,000	49	195,472,229
Greenville	1	Building	Closing	1,000,000	1,441	17,000,000
Greenville	1	Site Prep	Set-Aside	200,000	100	120,000,000
Greenville	1	Roads	Set-Aside	600,000	99	50,000,000
Greenville	1	Building	Closing	50,000	35	2,350,000
Greenville	1	Real Property	Closing	250,000	300	5,000,000
Greenville	1	Building	Set-Aside	150,000	51	14,250,000
Greenville	1	Building	Closing	825,000	119	12,000,000
Greenville	1	Real Property	Closing	500,000	279	14,000,000
Greenville	1	Roads	Set-Aside	1,560,000	160	80,000,000
Greenwood	3	Building	RIF	700,000	250	26,115,000
Hampton	3	Multiple site prep, infrastructure, roads	RIF	200,000	27	10,500,000
Horry	2	Acquisition	Set-Aside	25,000	79	2,175,000
Horry	2	Building	Closing	200,000	90	10,000,000
Lancaster	4	Building	RIF	500,000	125	2,500,000
Lancaster	1	Building	RIF	50,000	30	7,500,000
Lancaster	4	Multiple site prep, infrastructure, roads	RIF	400,000	84	2,500,000
Laurens	3	Acquisition	RIF	2,200,000	450	175,000,000
Lexington	1	Site Prep	Set-Aside	100,000	25	6,000,000
Lexington	1	Site Prep	Set-Aside	1,500,000	100	250,000,000
Marion	4	Building	RIF	1,000,000	215	54,430,000
Marlboro	4	Site Prep	RIF	100,000	0	30,000,000
Newberry	2	Roads	Closing	550,000	53	17,547,020
Oconee	2	Building	Closing	100,000	63	6,900,000
Richland	1	Multiple site prep, infrastructure, roads	Set-Aside	7,000,000	800	395,000,000
Richland	1	Water/Sewer	Set-Aside	100,000	85	5,000,000

Richland	1	Site Prep	Set-Aside	750,000	175	130,000,000
Richland	1	Building	Closing	500,000	750	4,250,000
Richland	1	Roads	Set-Aside	200,000	250	107,645,000
Spartanburg	2	Building	Set-Aside	100,000	95	8,541,000
Sumter	3	Site Prep	RIF	200,000	60	20,000,000
Sumter	3	Building	RIF	600,000	60	2,500,000
Union	3	Building	RIF	100,000	124	4,500,000
Union	3	Rail	RIF	400,000	40	35,000,000
York	2	Building	Set-Aside	150,000	30	3,600,000
York	2	Building	Closing	200,000	60	4,504,000
York	2	Building	Closing	100,000	36	2,000,000
York	2	Building	Closing	700,000	383	60,100,000
York	2	Roads	Closing	250,000	364	24,000,000
York	4	Site Prep	Set-Aside	2,000,000	597	150,000,000
York	2	Multiple site prep, infrastructure, roads	Set-Aside	100,000	16	5,500,000
TOTALS				47,783,345	10,420	\$3,470,122,299

7.5 ADMINISTRATION

The Division of Administration's primary focus is on the support that it provides to the entire agency on a day-to-day basis and to operate the agency as cost efficiently as possible. The Division continues to ensure that all state laws, rules and regulations are followed. Annual audits show Commerce to be in good standing.

7.6 RESEARCH

The Division of Research provides timely, accurate data, information and research to support the mission of the Department of Commerce in attracting industry and investment to South Carolina; in maintaining and disseminating industry, economic, and labor market information; in integrating workforce and economic development functions; and in recommending policies to promote overall state economic growth. The division is structured according to three primary, overlapping functions:

1. **Business Intelligence**

Define internal and external data needs; utilize IT to effectively maintain, disseminate and utilize data for effective economic development.

2. Industry Research and Recruitment

Research, implement and proactively recommend strategies for successful industry recruitment that furthers economic growth and standard of living in South Carolina.

3. Workforce and Economic Development Strategic Planning and Analysis

Perform economic research to guide policies that foster statewide economic growth.

Activity Report for July 2012 - June 2013

- Prepared 193 proposals and requests for information for companies considering South Carolina for investment and job creation.
- Completed first manufacturer's survey in over seven years, collecting thousands of responses from state businesses. Vastly improved our industry database and gathered important information on SC businesses, their outlook and expansion plans. Referred 273 leads and follow-ups to existing business services and global business development divisions.
- Created and disseminated monthly economic outlook reports and various economic analysis reports to monitor the health of the state's economy and community.
- Authored state's first SC Innovation Plan, working with SCRA, research universities and industry steering committee. The plan provides recommendations to develop the entrepreneurial, technology-based economy in South Carolina. The Division also conducted the SC Capital Markets survey and coauthored study to understand capital markets needs of entrepreneurs and high-growth potential firms; over 100 responses from high-growth firms, venture capitalists and service providers.
- The research division completed an economic impact study to assess the employment and income contributed by the state's military installations, supplier firms and contractors. This study will be used by the task force to educate the public, the Department of Defense and legislative leaders on the importance of these facilities to the state's economy.
- Created a series of industry analysis reports, industry prospectus documents, and fact sheets to support the global business development mission. Responded to an average of 38 requests per month for information and analyses from internal and external sources.

7.7 MARKETING AND COMMUNICATIONS

- Wrote and disseminated over 170 press releases promoting new investment, job creation and other accomplishments related to Commerce activities.
- Coordinated over 25 project-related events with the Governor's Office, including press announcements, ribbon cutting/grand opening ceremonies and tours at companies such as First Quality Tissue, Benefitfocus, Google, Bosch, Spirit Pharmaceuticals and many more.
- Won several national awards, such as *Trade and Industry Development* magazine - Corporate Investment & Community Impact (CiCi) Awards for BMW Manufacturing Co. and Michelin North America; *Area Development* magazine - Silver Shovel Award Winner; *Business Facilities* magazine – South Carolina captured five of the Top 10 spots in the State Ranking report; *Site Selection* magazine – ranked 9th in 2011 for “Top State Business Climates”; *Chief Executive* magazine ranked South Carolina 8th in the ten best states for business poll; *Forbes* magazine ranked South Carolina's regulatory environment 5th best in the nation for business
- Attended and promoted South Carolina at approximately 50 trade shows and conferences including: SEUS-Canada, SEUS-Japan, Recycling Industry Legislative Day, South Carolina Rural Summit, Workforce Development Symposium, SAE World Congress, BIO 2013, SC Supply Chain Summit, and Roundtable in the South, Photonics West and Speed News Conference.
- Developed a new South Carolina aerospace industry video for promotional a purpose that not only focuses on South Carolina's aerospace industry, but also quality workforce, market access and a business-friendly environment.
- Developed new incentives brochures, aerospace brochure, project specific iPad presentations, industry specific company profiles, trade show collaterals and the 2012 Activity Report.
- Commerce's online advertising directed more targeted traffic to the agency website with nearly 67% of all traffic to the site coming from search engines. Of the 246,000 visitors to the website throughout the year, 20 percent of those accessed the site via mobile or tablet devices.