



Taking the Big Risk

Secrets to pursuing large economic development projects in your community

There can be no question that the world of community and economic development continues to change. As globaliza-

tion and new technology con-

tinue to impact companies large and small, the challenge to local chambers is more difficult than ever before. While it is certainly necessary to consider diverse strategies and programs to insure the economic balance every community strives for, the possibility of landing a “big project” demands the best a community can offer.

It is important to remember that, for a small community, the definition of a big project will be quite different from a major metropolitan area. While every project is truly different, there are a number of things that we all need to remember. The following ten guidelines should help you manage your projects, no matter what the sector or the size:

1 Economic development is a knowledge business. The more you know about the specific business sector, the company, and its culture, the better your chances. Sometimes, it is the research that you do early on that pays off. For example, **A. Lee Blich, President, San Francisco (CA) Chamber of Commerce** did some serious research on Sir Richard Branson, Chairman of Virgin Atlantic, which paid off when Virgin re-located its headquarters to Blich’s city. Understanding the language of the business and knowing the specifics about the client are key components in managing the project. The time you spend very early on in the process will pay off in the long run.



2 Economic development is also a team sport. You need all the assistance you can get, from the Governor on down to the local level. At the beginning of the process you need to ask, “Who can help?” Sometimes, the team members will vary, but work from a long, inclusive list that includes key elected and appointed officials, education leaders, and your best local business people. **Tom Kucharski, President, Buffalo Niagara (NY) Partnership**, was smart enough to get an unfavorable state law changed in advance of GEICO’s visit. He used his local delegation and both his U.S. Senators to help get the job done, landing GEICO’s new operations center.

3 The client is always right. One of the important skills needed here is how to listen. As mentioned earlier, the more you know about the individuals you are dealing with, the better. Richmond, Va. knew Philip Morris inside and out. They were clear on what the company wanted in their headquarters move, and leveraged the trust Richmond had earned from Philip Morris’ operations, which began there in 1937. **Susan Davenport** at the **Austin (TX) Chamber** spoke with Home Depot every day for four weeks. She did a great job of listening, and answered all their questions, one at a time.

4 You need to know your community (and region) and its numbers on every statistic of any importance. That includes everything from the key educational attainment numbers to specific infrastructure capacity. Always, always stick to the facts. I have seen many communities “oversell” and then try and back up the claim they made without proper information. *How* you present what you *do* have is very important. No community is perfect, so keep in mind what the key interests or needs of the client really are. As we will discuss later, a quality website is a must.

5 We are in the change business. This is certainly true when it comes to project management. Every project has multiple phases and our anticipation of these possible changes in size, location, workforce, regulatory needs, building requirements, infrastructure, and incentives is a necessity. The need for changing plans and quick responses cannot be ignored. I recommend that contingency plans be prepared for each of the major issues relating to the project.

6 Site consultants come in all shapes and sizes...and so do communities. Remember, if a company has hired a site consultant, that consultant’s job is to eliminate communities. Learn as much as you can about the site consultant: who they are, what firms they have worked with, their “style,” and their company’s track record. Many development professionals keep a running list of site consultants and their experience with each one. You need a strong professional relationship with the site selection consultant; they are risking their reputation on finding the right place for the location or expansion. Give them what they ask for in a timely and positive manner. Anticipate their questions and always give them the best information you have.

Additionally, as the time frame of projects has shortened over the years, access to quality information has become ever more important. One site consultant told me recently, “I don’t pick up the phone until I can’t find the answer.” Therefore, a quality website is the first priority for any economic development

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program. A business executive told me that in making a \$200 million investment, he and his staff got the selection down to the final three communities before any calls (or visits) were made. Websites are the number one marketing and information source in the economic development business. Take a look at Orangeburg, S.C.'s economic development site (<http://www.ocdc.com>) if you want to see a small community doing a great job presenting itself through the web.

7 Keep detailed notes and records of every conversation, meeting, email, and any additional type of correspondence that you have. The tracking of a project is not only important during the process but, afterwards, the exact recounting of "what happened when" can be important not only for legal reasons, but also as a learning tool in a post-project review. The project leaders and the entire team need to record every detail in following the project phases.

8 The truth is that each of us only has one Mayor or County Chairman or Governor at a time. One of the key reasons for being professionally non-partisan is that you can communicate effectively with whomever is in office. Public officials are key members of every project team, but they need to be "controlled." Projects can be lost when an elected official leaks company information, or gives the press full details of the package. Many professional developers have clear policy guidelines for incentives that local governments can offer.

9 Incentives are another area where preparation and planning will pay off. Know exactly what you can do and "hold your cards." It is important to wait until the right time in making your best offer. A local community's use of incentives needs to be strategic and tactical. What can make the difference in the finals? Is the return-on-investment a good deal for the city, county, and state? One thing is certain: you must deliver what you promise. The future credibility of the community with site selection consultants and the firms themselves depends on it.

At the same time, the protection of the community and state investment is equally important. The need for a legally binding contract for both parties is quite clear. Unfortunately, some of these agreements have been called "clawbacks." This is business—not a game. Recently, the Governor of Georgia asked a firm to return a million dollars because the firm had not lived up to the employment and investment levels previously agreed upon. Quality firms have no objections to having a written agreement on all incentives, and the criteria for receiving them. Again, good planning and preparation are important.

10 Finally, we all need to remember the goal is to win the project. The credit can come later. In larger chambers, the CEO needs to have the quality staff that controls all aspects of a major project. The CEO's involvement should

be minimal until the final negotiations begin. For the smaller chamber, the CEO will most probably be the project manager. In both cases, key public officials and business leaders will need to be in the forefront at the proper time. Don't forget to include the entire team. There is plenty of credit to go around after the big win. At the same time, remember the client is in control. Their wishes come first, before and after the sale.

As a final thought, remember Murphy's Law. It is always out there and will grab you if you don't prepare for its presence. Very few projects go "as planned." There are always one or two critical moments when something has gone wrong, or a schedule

doesn't work, that require proactive responses. The better prepared you are, and the more professional your reaction to adversity, the better your chance of overcoming the problem and moving ahead.

No one project will be "manna from heaven" and solve all of a community's problems. Economic development is a complicated process, not an event. Building quality commu-

nities is a life's work. Those communities that concentrate on workforce, quality of life, infrastructure, and business costs will be the ones that can be successful on projects large and small. At the same time, when the big one comes along, be ready.

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