

N.C. Department of Commerce Business & Industry Development Division

Presentation to Joint Appropriations Subcommittee
on Natural and Economic Resources

March 7, 2013

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Business & Industry Division

N.C. Department of Commerce is the **state's lead economic development organization**

B&I Division leads Department's efforts to **recruit new companies and help existing companies grow and expand**

Collaborate and coordinate efforts with county economic developers, regional partnerships and other key allies

Key job functions include: statewide project managers, regional project managers, regional existing industry specialists and international investment office representatives

Offer comprehensive location services from initial contact through site location to future growth and expansion

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Location Services

Sites and/or buildings that meet company specifications
Utility infrastructure (availability, capacity, cost, reliability)
Transportation infrastructure (interstates, airports, ports)
Demographics
Labor markets (availability, quality, costs)
Recruiting, screening and training resources and delivery
Education (primary, community colleges, universities)
Taxes (state and local)
Financing opportunities
Quality of life (medical services, housing, recreation, etc.)
Leadership and political climate (state and local)
Incentives (statutory and discretionary)

Source: McCallum Sweeney Consulting

Existing Industry Services

Serve as **primary point of contact** – gather information about business challenges and barriers to growth

Facilitate expansion projects – work confidentially with county economic developers and company executives

Broker support from network of service providers

Communicate special programs and **provide feedback for policy development** – periodic crisis management

Support local engagement efforts – especially for counties without dedicated staff

2012 Sales Results

Developer Assigned Leads	449
Leads Converted	109
Projects Assigned	389
Projects Announced	146
Jobs Retained	5,194
Tax Base Saved	\$159 M
Existing Industries Visited	1,439
Jobs Announced	16,487
Investment Announced	\$3.5 B

Focus on Foreign Direct Investment



- Since 2001 the B&I European Office has:
 - Directly contacted 1,586 companies
 - Qualified 283 leads
 - Worked to assist 43 companies with a NC announcement
 - Representing 3,804 jobs announced and \$590 million capital investment announced

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Top Sources for 2012 Projects

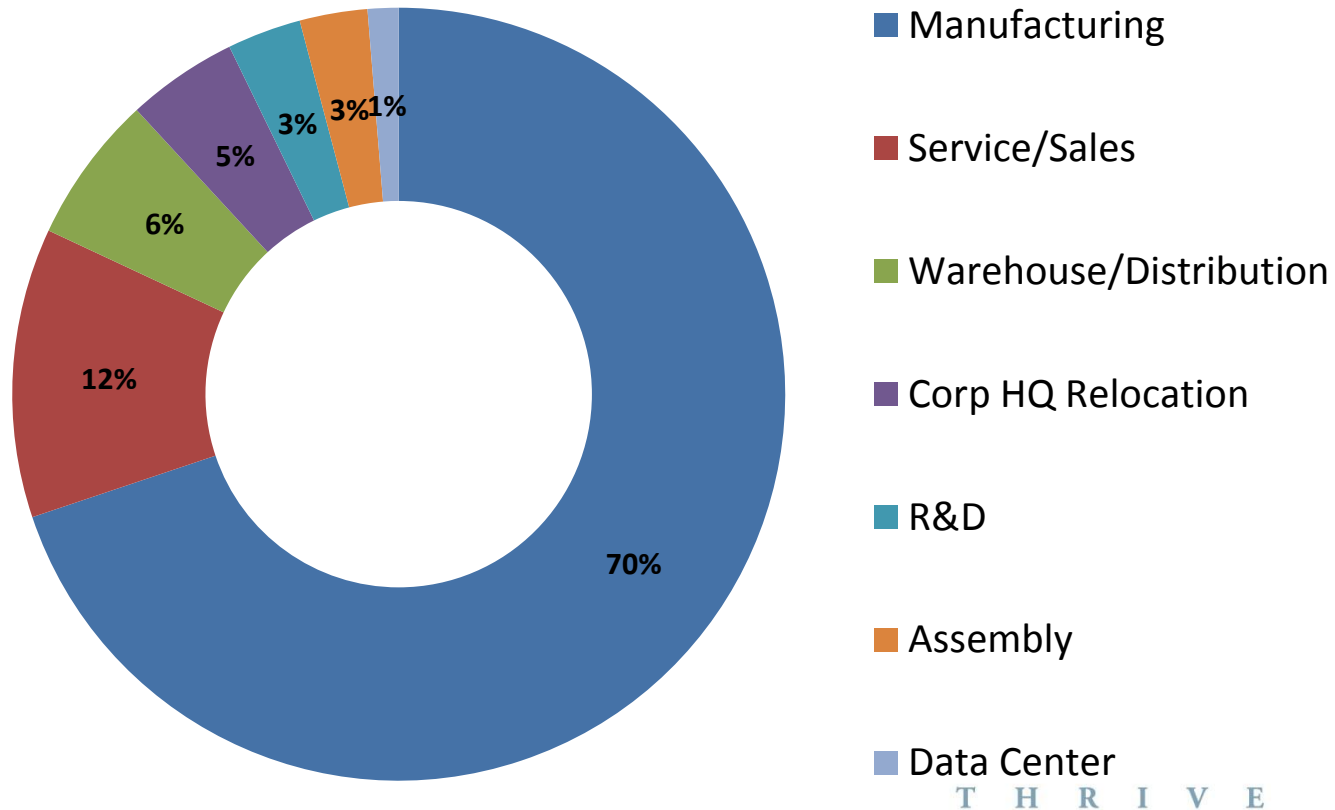
New Projects

1. Site Selection Consultants
2. Local/County Developer
3. Direct Call from Company
4. Foreign Office
5. Regional Partnership/Proactive Lead Development

Expansion Projects

1. Local/County Developer
2. Direct Call from Company
3. Site Selection Consultant
4. Proactive Lead Development
5. Internal Referral

Project Assignment by Activity



2012 Top U.S. Competitors

1. South Carolina: 21%
2. Virginia: 13%
3. Georgia: 9%
4. Tennessee: 7%
5. Florida, Indiana and Texas: 3%

International competitors include: China, Brazil, Czech Republic, France, Germany, India, Indonesia, Ireland, Italy, Mexico and The Netherlands

Very Important Site Selection Factors

1. Low Union Profile/Right-to-Work State: 69%
2. Local incentives: 68%
3. Availability of Skilled Labor: 62%
4. Labor Costs: 57%
5. Training Programs: 56%
6. State Tax Exemptions and Tax Credits: 53%
7. Occupancy and Construction Costs: 48%
8. Energy Availability and Costs: 48%
9. Availability of Buildings: 45%
10. Transportation Infrastructure: 41%

Recent Budget Cuts

09-10 Budget

- Statewide project manager position eliminated
- Regional office assistant position eliminated
- \$75,000 budget reduction

10-11 Budget

- Two administrative support positions eliminated
- One time increase in marketing funds
- \$30,000 budget reduction

11-12 Budget

- Client development manager position eliminated
- \$114,125 budget reduction

Key Take-Aways

Department of Commerce is **lead economic development agency** – partnering closely with allies

Business & Industry Division **works directly with company executives and consultants** to inform them of all the **benefits and advantages** of a North Carolina location

B&I Division **uses tools provided by NC General Assembly** to **attract and retain companies**

Existing industry support is **provided to communities in need and to a large number of companies** each year

International investment strategy is **integral to encouraging foreign direct investment**

Ultimately, support of B&I Division is **reflection of state's commitment to job growth and creation**

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