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December 2015

BUCKEYE POWER CURRENT

Needs vs. Drivers – what do you really need?

Anyone raising a child has likely heard some variation of, "But Daddy, I need this _____ (insert toy, phone, or car)!" Often times it's not need that prompts the begging but rather an underlying and often hidden driver such as the desire to fit in or stand out.

As Gray Swoope and his team from VisionFirst Advisors shared at Buckeye Power, Inc.'s November 2015 Economic Development Seminar, elements of that example carry over into the site selection process.

Site searches typically begin with a defined set of needs such as acreage, building square footage and infrastructure requirements. However, as Swoope noted, "Unc

How can hidden drivers be discovered?

Companies engaged in site location and expansion decisions do not purposefully withhold drivers. But economic development o cials and consultants typically discover drivers through relationship development, thorough research and asking discovery questions. Consultants and community o cials must gently ask probing questions about company culture, goals, risks, competitive positioning and keys to success in order to uncover hidden drivers that have not yet been articulated.

"Successful locations figured out how to mitigate the risks that mattered to the company."

----Gray Swoope, President & CEO



Risk mitigation of drivers vs. needs

"For locations that win new projects, success is often derived from how the location mitigated risk factors," said Swoope. "Specifically risk mitigation of drivers, not just needs, is essential to winning new projects that can thrive in the chosen location."

Swoope highlighted examples of risk factors that are top of mind for clients and locations that Vision-First Advisors is advising. Top risks include:

- Speed to market
- Increased or unpredictable operating costs
- Finding skilled labor and talent; threshold wage rates
- Company reputation or damage to the brand

EVERYTHING matters to the brand

Companies have always been concerned about their reputation and brand since that heavily influences their ability to attract top talent and clients. "But risk of the company's reputation or damage to the brand is becoming a big issue that locations must address," said Swoope. Specific location risk factors that companies now consider include:

- The perception of incentives as corporate welfare
- The state's propensity of supporting the industry
- Whether the region enhances or harms the brand
- Historical images that might impact the company's reputation
- Support for di erent cultures
- Special interest groups

Swoope summarized by sharing, "Economic development o cials must 'own' the prospecting relationship. Do your research—understand the company's products, competitors and markets. Build relationships so you have the opportunity to ask questions that will uncover hidden drivers and what keeps the company leaders up at night. And finally, figure out how to mitigate the risks that matter most to the company."

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