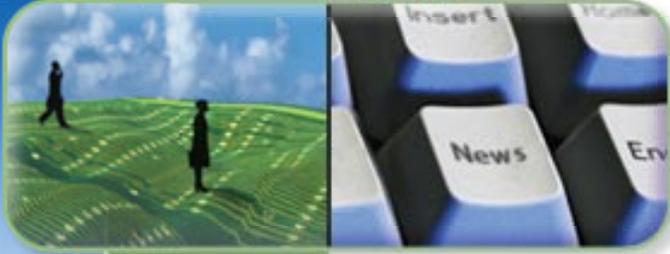




News



- Reports
- Presentations
- Press
- Economic Development Links

EDITORIAL: High Stakes Economic Development... Winning Hand or Bluff?

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By AngelouEconomics

A decade ago few states were focused on attracting a major automotive manufacturing plant, in part because there were not that many automotive projects in the market, and of those that were, the stakes were so high few knew where to begin. That all changed with South Carolina's BMW announcement, followed by Mercedes, Honda, and others. What made these states particularly successful in attracting this elusive giant among economic development projects? The common element most likely had nothing at all to do with luck or a good bluff, but had everything to do with a winning combination of preparation, strategy, teamwork, speed, and focus.

Unfortunately, the same level of preparation and strategy development has not been occurring among many states or communities currently marketing themselves as the next automotive facility or supplier location. Some economic development agencies haven't done their homework and are spending a lot of money and time without really having a strategy in place. Without a sound plan in place and a defined path for success, some could find themselves in an awkward position of explaining why they weren't short-listed or why their particular site wasn't the "ace in the hole" that they thought it was. It takes a lot more than a large piece of dirt to be competitive in an automotive site location study.

If imitation is the highest form of flattery, some might take note of what one Southern state did to succeed in this highly competitive arena.

Rewind to November 2000... in the instance of the Nissan project, an initial \$930 million project with 4,000 jobs (which later expanded to a \$1.4 billion project creating over 5,300 jobs) and thousands of spin-off jobs near Jackson, Mississippi. The stakes were high for all involved. Until this Nissan project came along, most other automotive companies normally spent 12-18 months selecting a location. Nissan was on a super fast-track schedule and spent only 4 months. Other companies' ramp up time from construction to Job One (the industry term for the launch of the first job on the production line) was typically 2-3 years while Nissan's record time of 18 months was unprecedented. While those milestones may be touted in the automotive industry, few in economic development understand the correlation between the State of Mississippi's strategies

and the successful efforts of the company.

From July 2000 until the Nissan announcement on November 9, 2000, the State of Mississippi created its own milestones and unprecedented mile markers. Here's a brief look at some of the strategies developed in record time:

- Five years before the Nissan project surfaced, Mississippi hired automotive site location consultant, [Dr. C.R. "Buzz" Canup, Jr.](#) to advise the State on site location factors auto industry executives deem critical and to assist the state in preparing and responding to potential mega-project opportunities.
- In May 2000, Canup completes an extensive "competitive analysis" for the state that identifies its strengths and weaknesses across seven industry sectors, including the automotive sector.
- Nissan begins its search in June 2000, and Mississippi is short listed among five states.
- Mississippi contracts with Buzz Canup to provide "reverse consulting" and to assist in the recruitment of Nissan to the state.
- In August, Mississippi prepares its initial proposal and representatives from the economic development agency, legislative representatives, Governor's office, environmental and regulatory agencies, transportation and other infrastructure officials unite together to deliver a singular message.
- In August, based on the competitive analysis performed by Canup, the state completely restructures its entire incentive-based initiatives and labels the new package as "Advantage Mississippi".
- In October, the competition heats up among the three finalist states, including Alabama and South Carolina. Alabama newspapers break the story on the identity of the prospect.
- The Governor of Mississippi calls a Special Session of the State Legislature to pass new incentives for a "Mega Project" considering Mississippi as a finalist location.
- November 5, Mississippi received word from Nissan Chairman Carlos Ghosn that Mississippi had been selected as the location of choice.
- November 9, the Capitol City of Jackson, Mississippi, awakes to an entire downtown, airport boulevard, and other major corridors draped with signs and banners welcoming Nissan to the state. This is the first official acknowledgement of the identity of the mega-project prospect and the "win." The Governor and the Chairman of Nissan co-sign a binding Agreement setting forth the terms and conditions of the location decision.

Project Implementation Milestones:

- The State of Mississippi contracted with Buzz Canup to plan, organize, and manage all of the incentive commitments the state made to Nissan
- A 5 million square foot building pad designed and constructed by the state in less than 90

days during the wettest spring in the history of the state

- A 1.5 million gallon elevated water tower designed and constructed in less than 12 months
- Air quality permits issued in less than 90 days after the application is submitted
- Industrial grade water/sewer systems on-line in less than 12 months
- Fast tracked 4-Leaf Clover interchange constructed and ready for use in less than 18 months
- Wastewater treatment plant designed and constructed in 12 months
- A 12.5 mile 30" waterline designed and constructed and operable in less than 12 months

Behind the scenes, strategies for media relations, marketing concepts, public relations and advertising the Nissan project to the world were well in place before, during, and after the initial announcement. Other detailed plans were underway for continued efforts to maximize exposure for the project worldwide, including, as part of the inducement package, a \$5 million joint marketing and advertising campaign developed and managed by state marketing officials. Media outlets were deliberately engaged in the process and press conferences were held frequently to update and outline the process and progress. Key messages were delivered to citizens, legislators, competitors, and potentially new suitors. Rather than holding the cards close to the vest, Mississippi laid all the cards on the table to signify to the world that it was, indeed, a hearty competitor. Nissan Chairman Carlos Ghosn stated that Mississippi had won the project because it had proven it simply wanted it badly enough and was willing to compete at the highest levels for this major investment, high wage, job creation machine.

Economic developers around the world are attempting to develop "mega-project" sites, and are promoting themselves as the perfect location for the next automotive assembly plant or a major supplier without adequately considering a "due diligence" process - and without a clear understanding of the total package required to be competitive in the automotive arena. As in the case of Mississippi, some would be better served by taking a realistic view of exactly what their real chances are - and to be prepared for the next opportunity - before merely rolling the dice and betting on what may come....build it or not.

For a complete evaluation and analysis of your automotive facility attraction efforts, including megasite analysis and development, as well as marketing and implementation strategies, contact [Buzz Canup](tel:512-225-9321) at 512-225-9321 or [Sherry Vance](tel:512-225-9326) at 512-225-9326.

Images from the Nissan Implementation Project



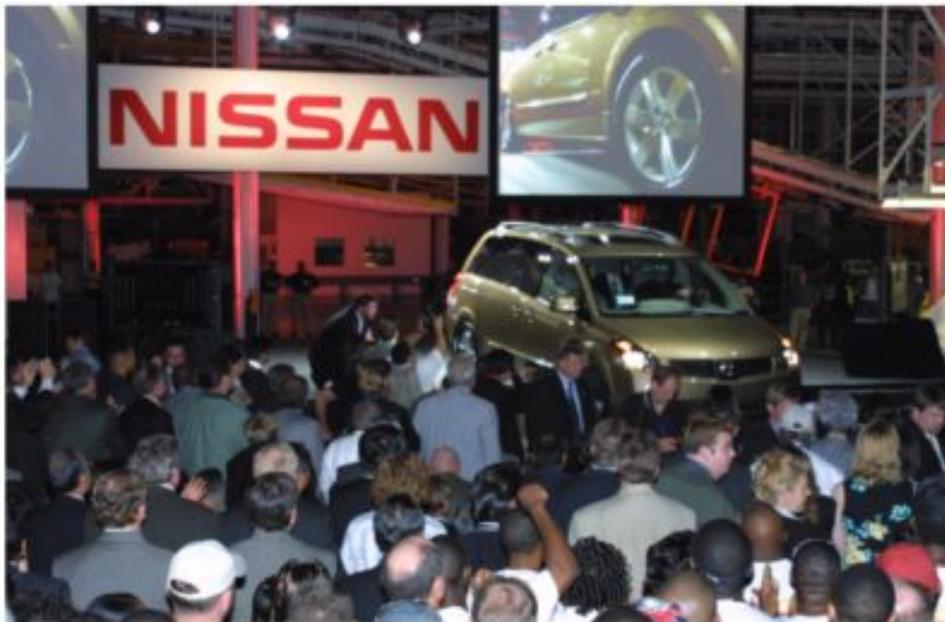
The Nissan Site...before



Nissan Site Pad is Ready



A World Class Manufacturing Facility



Job One...Start of Production

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