



Executive Brief

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Northern
Region

Leadership

Existing
Industry

Downtown

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Participating in a Global Economy

It is now a competitive requirement that businesses invest all over the globe to access markets, technology and talent. U.S. foreign direct investment (FDI) data are a clear indicator of this trend toward globalization. Foreign companies are coming to the U.S. and Georgia. The U.S. is on track to reach \$238 billion in 2007 in FDI and will hold about that level in 2008. These are highest levels since the dot.com boom days of 2000.

The Georgia Department of Economic Development (GDEcD) reports international companies (FDI) accounted for 17 percent of all project announcements and 17 percent of total jobs announced in FY06. "Georgia is no stranger to international business. We are

home to over 1600 internationally-owned facilities from 43 countries," says Ken Stewart, GDEcD Commissioner.

FDI includes corporate activities such as businesses building plants or subsidiaries in foreign countries, and buying controlling stakes or shares in foreign companies. It doesn't include short term capital flows, such as the portfolio investments of "emerging market" mutual funds.

FDI not only creates new jobs, it can also lead to an infusion of innovative technologies, management strategies, and workforce practices.

In 2002, 5.6 percent of Georgia's workforce was employed by FDI according to



Ken Stewart
GDEcD Commissioner

Participating ...continued
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Progressive Policy Institute in Washington.

Implications for economic development professionals

Most industries and firms, even "traditional ones," are organizing work around technology. While there is often media focus on "high-tech" firms that develop new cutting edge technologies, all firms are using advanced technology to be successful. For example, manufacturers who use more technologies (such as computer-aided design) in their production processes pay higher wages, export more product, and are more productive than manufacturers who do not. State and local governments and development authorities whose policies make it easy for firms and their employees to access and use technology will come out ahead.

Defining a competitive advantage is changing. Access to raw materials, transportation routes, or customer markets; low costs; and a large labor pool start to become less important in an economy in which less than 20 percent of economic activity consists of creating, processing, or moving physical goods. Information based companies need different incentives and resources.

Garden Your Businesses. Tomorrow's jobs will come from fast-growing entrepreneurial firms and not from the small number of

big box business relocations. As a result, states need to shift their focus from "hunting and gathering" (industrial recruitment) to gardening (promoting growth from within).

"We have to remember to not just chase the big company locations. In Georgia small to medium companies fuel 90 percent of the economy," says Commissioner Ken Stewart. "That is why we created the Entrepreneurial Friendly Initiative that helps communities to coalesce resources for entrepreneurs. Fifty-five communities so far have met the requirements to earn this designation in Georgia."

IPOs tell part of the story. Initial public offerings (IPOs) are a measure of entrepreneurial dynamism. This is the number of companies making their debut in public markets; it is the first rounds of a company's stock sold. According to a 2002 report, Georgia is the only Southeast state in the top 15 states for IPO activity.

Attract Knowledge Workers. As knowledge workers become a more important factor in production, companies often locate where knowledge workers already live. This means that the old practice of economic development, which focused exclusively on providing help to firms, must give way to a broader approach that includes making a state more attractive to skilled workers by improving quality of life, workforce development systems, and government operations. Certainly, it is a more long-term strategy and investment.

A vibrant economy is not an end in itself; it is the means to advance larger progressive goals: higher incomes, new economic opportunities, more individual choice and freedom, greater dignity and autonomy for working Americans, and stronger communities.

Ahhh, Georgia Lifestyle

People continue to find Georgia a good place to live. The state's population will grow at a pace double the national average and retirees or baby boomers are prominent in the demographics.

Del Webb, the premier active-adult brand of Pulte Homes, is betting on it. Sun City Peachtree with a million dollar waterfall entrance, is underway in Griffin. Del Webb is constructing a massive 3400-home community with amenities designed specifically for boomers. The community will boast a 35,000 square-foot recreational center with a lifestyle director on staff to assist its residents in amenity choices.

\$5,000,000 Impact

Russell State Park in Elberton got an economic shot in the arm with the Governor's announcement of a mega ramp site at this popular state park. The state built ramp will include amenities that attract fishing tournaments.

Fishing contributes approximately \$1.5 billion annually to Georgia's economy. A major bass fishing tournament can have a \$5 million impact to a community.

Concept	New Twist
Be a cheap place to do business	Be a place rich in talent and ideas
Attract companies	Attract educated people
Be government led	bold partnerships among business, government, and nonprofit sector

Griffin is a leader in environmental stewardship. It was the first GA city to launch a storm water utility (managing runoff into waterways) and a mandatory residential recycling program that captures over 100 tons of recyclables previously destined for the landfill.

Corporate Green Can Be Profitable

Responding to the needs of our environment took front and center in 2007 with a Georgia drought that reached historic proportions. Communities were asked by the governor to cut water use by 10 percent.

The Cartersville Brewery Anheuser –Busch, Inc., already on a 1993 mission of reducing, reusing and recycling water, rose to the challenge.

“We are reclaiming rinse water and re-using it in our heating and cooling operations,” explains Michael Murphy, Plant Manager. “While these initiatives cost us \$200,000 to implement we have exceeded a 10 percent water reduction.”

“In the past five years, we have increased beer production at this brewery by 15 percent while our average daily water use has declined during that time period.”

This facility brews 7.8 million barrels of beer annually and ships to Georgia, Alabama, Florida, Tennessee and South Carolina.

Another Georgia corporate firm, Interface Flooring of LaGrange has targeted water use and other processes to go green. CEO Ray



Anderson, featured in the *New York Times* in 2007 for his commitment to the environment, challenged his colleagues to make Interface a “restorative enterprise,” a sustainable operation that takes nothing out of the earth that cannot be recycled or quickly regenerated, and that does no harm to the biosphere. The deadline for completion is 2020.

Its track record so far includes: The use of fossil fuels is down 45 percent, net greenhouse gas production, by weight, is down 60 percent. Globally, the company’s carpet-making uses one-third the water it did formerly. The company’s worldwide contribution to landfills has been cut by 80 percent.

Sales are up 49 percent.

City of Fairburn Antes Up \$5 million



The city of Fairburn wowed Georgia Military College (GMC) with a proposal of a city-owned four-acre campus. Phase 1, the first two classrooms will cost \$10 million, five of which will come from city reserves with the balance to be financed. The Georgia Military College will be the first tenant and will relocate its Union City campus to West Broad Street in Fairburn.

The campus, located downtown on the site of a former farm equipment business, will eventually consist of four 18,400 square-foot brick classroom buildings, an 11,400 square-foot administrative facility and two 2,000 square-foot retail food shops.

“It was far from an average decision by city council to initiate a project of this magnitude” says City Manager Jim Williams. “We hope to attract other satellite campuses to the four-acre expanse.”

The 10-year lease by GMC for its portion of the space would pay for a significant portion of the financed amount. GMC plans to occupy the buildings in October, 2008.

The classic architectural detail featured in the classroom buildings blends in with GMC’s Milledgeville campus. A colonial-style administration building will be centered in the rear of the property and patterned after the old Campbell County Courthouse.

Logistics & Office

Pittsburgh-based Dick's Sporting Goods adds to the flurry of large regional distribution centers choosing Georgia. This time it is in East Point on the Camp Creek corridor.

"With three major interstate arteries nearby, East Point was a great choice to help them penetrate the Southeast," explains Economic Developer Gerald Sanders.

This 650,000 square-foot regional center will employ 480 people. The company hopes to be operational late spring. Dick's Sporting Goods owns 309 stores.

Equipment manufacturer, Caterpillar, based in Illinois, is expanding the forest product manufacturing facility in LaGrange into its world forest products headquarters. The office space will accommodate 80 white collar workers including engineering, marketing and accounting. One hundred employees currently fabricate and assemble forest machinery in LaGrange.

Caterpillar is a leading world manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines.

Workers Apply Here

January 8 was a red letter day for an international investment that anticipates producing thousands of jobs and breathing incredible economic energy into west-central Georgia. KIA, Korean car manufacturer announced they were open to those who want a stake in the prosperity; KIA is officially taking job applications for the plant opening scheduled for this year.

Foreign direct investment nationally is up 70 percent from 2005 and the trend is evident in Georgia. The biggest project in Georgia in 2006 was an international project in the small town of West Point. Korean based-KIA announced its plans for its \$1.2 billion investment. And with this announcement, other Korean KIA suppliers are lining up around the region, including LaGrange.

KIA isn't the only large Korean investment. LG Chem Ltd, a mammoth chemical company in Korea and manufacturer of 50,000 products with revenues of \$45 billion selected Calhoun for its first venture in Georgia. The \$40 million operation produces synthetic marble, specifically for counter tops. Both established operations in the U.S. to be close to their customers.

Other Far East projects are numerous and include newcomer General Protecht Group. In Barnesville, in May 2007, China-based General Protecht Group purchased 211 acres with the vision of locating its assembly and distribution facility on a portion of that acreage and encouraging like-minded Chinese firms to also occupy the campus. However, General Protecht now envisions its \$30 million investment is \$100 million and will develop the entire 211 acres for its electrical products business.

While Asian investment is high on the radar, other countries are investing in Georgia. Chances are few people have heard of Gerdau Group, yet this Latin American-based powerhouse is looking very global. In 2002, the company acquired a Cartersville steel mill. Now, Gerdau Ameristeel is experiencing steady job growth at that Georgia facility, has several other Southeast holdings and has the capacity to manufacture over 12 million tons of mill finished steel products annually in North America.



Special Focus

Getting Business Done

When international companies come to the United States everyone learns very quickly that cultural differences exist and can impact the economic development process.

"Our concept of zoning and code enforcement is very different from that of our General Protecht partners," explains Missy Kendrick of Barnesville. "Our challenge is to just shepherd them through without getting mired down in details and to always manage expectations. A construction project that might take a year in China takes longer here."

"I have found the transactions of the relationship to be very fluid," reports Ed Moon, City Manager of West Point. "Decisions are an iterative process with our Korean partners; negotiation is on-going, even more so, I think, than with domestic partners. It is just a different perspective on the way business gets done," concludes Moon.

For West Point, it seems the two cultures are blending just fine. The city's downtown boasts a new restaurant, a Korean Barbecue right across the street from the Southern Barbecue.

Variety is, indeed, the spice of life *and* economic growth.

Seven Japanese Firms Are At Home In Cartersville

Samuel/Sekisui Jushi Strapping	plastics
Saiki America Manufacturing	paving equipment manufacturing
Daiki Corp	metal stamping & construction machinery manufacturing
Ohno America Inc	automotive floor covering manufacturing
Komatsu America Corp	international training center
Toyotire North America Manufacturing, Inc.	tires
YANMAR Manufacturing America	engine manufacturing

Buildings



View available Georgia buildings at www.locationgeorgia.com. For more information call Oleta Herron at 800-946-4642.



- **Marietta** - The Data Site Building is a facility designed for a company needing telecom infrastructure, such as a data center. It has 73,000 square feet. The ceiling heights are 18 feet. Contact Michael Donahoo at 770-794-5512.



- **Calhoun** - The Carraro North America Building has 245,600 square feet. The ceiling heights are 20 feet. Contact Jimmy Phillips at 706-625-3200



- **Lafayette** - The Sweetheart Cup Building has over 200,000 square feet. The ceiling heights are 24-32 feet. Contact Stacy Mauer at 706-375-7702.

Business and Industrial Parks

- **Calhoun Gordon County** - The King Industrial Park in Calhoun is a 250 acre site. Phase I environmental is complete. Ideal for distribution or heavy industrial.
- **Cartersville Bartow County** - Cartersville is targeting light manufacturing and corporate headquarters for the Cartersville- Bartow County Corporate Park on Cass-White Road. The site is 850 acres.

Cost of Doing Business Is a Factor

“Operating costs far outweigh the importance of incentives in a company’s decision of where to locate a headquarters office,” according to a report comparing 30 major U.S. markets.

Pangborn Corporation is moving its corporate headquarters in 2008 to Fairburn and the cost of doing business is a factor. Vice President of Quality, Mike Giroux, said Pangborn will pay about half the rent it pays in its current location in Hagerstown, Maryland.

Pangborn has manufactured a complete line of standard blast machines since 1904. Thomas W. Pangborn developed the process known as sandblasting which combines compressed air and sand to clean metal by particle impact.

Make A Note

• Find out about the [2008 Business Launch Competition](#) for Georgians ready to launch a high-tech start-up firm. Go to: www.tagonline.org/businesslaunch.php.

• [March 25-28 at Georgia Tech's Global Learning and Conference Center](#). - For 41 years, the Basic Economic Development Course at Georgia Tech has been the first step in more than 2,500 careers. The four-day course is an introduction to the fundamentals of economic development. For information – contact Greg King CEcD at greg.king@gatech.edu, or to register: www.pe.gatech.edu keyword: basic

MEAG Power is a public generation and transmission corporation providing wholesale electricity to Georgia's public power utilities. MEAG Power is Georgia's third largest power supplier

Contacts

Walter West Director of Marketing	770.563.1250 wwest@meagpower.org
Daryl Ingram Managing Director of Economic Development	770.563.0321 dingram@meagpower.org
Michelle Cooper Economic Development Project Manager	770.563.0435 mcooper@meagpower.org
Don Yates Sr. Economic Development Project Manager	770.563.0319 dyates@meagpower.org
Sharyn Finney Market Research Analyst	770.661.2806 sfinney@meagpower.org
Lawrence Muhammad GIS Specialist	770.563.0028 lmhammad@meagpower.org
Oleta Herron Sr. Administrative Assistant	770.563.0003 oherron@meagpower.org

Location Georgia offers statewide economic development services to expanding businesses. We also provide communities economic development support in aerial photography, advertising support, strategic planning facilitation and various other services through strategic



MEAG Power
Economic Development
75 Fifth Street NW
Suite 850
Atlanta, Georgia 30308

For an electronic copy of
this newsletter contact
info@locationgeorgia.com

Newsletter designed by
Underwood & Co.
Debra Underwood
229.221.9335