

Recruiting in Today's World

Economic Development
Association of Alabama
Winter Conference

January 28, 2018



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GLS Turnkey Services

SINCE 2012

\$6.6
Billion

6200
jobs

Site Selection

Site Due Diligence

Incentive
Negotiations

Incentive Admin &
Compliance

Economic
Development

GLS CORE COMPETENCIES



automotive



aerospace



rubber



metals



life sciences



plastic



food & beverage

RECENT CLIENTS GLS HAS SERVED

VAN HOOL

NOVARTIS

WANHUA

CARBON
CONVERSIONS

HEXCEL

IRVING

RECENT ANNOUNCEMENTS

Project King's Hay

Van Hool

Location: Morristown, TN

Investment: \$47 MM

Jobs: 600

Project O'Leary

Fulcrum Bio-Energy

Location: Gary, IN

Investment: \$600 MM

Jobs: 163

Year 2018

MARKED BY HIGH ACTIVITY AND CONTINUED
STRENGTH IN FDI INTO THE UNITED STATES

3 Announced Projects
11 Planned Projects



GLS revenue from
FDI projects in 2018
increased by
33%



940 Announced Jobs
2,950 Planned Jobs

\$1.9 BILLION
Announced Capital Investment

Capital Investment

\$13.7 BILLION
Planned Capital Investment



2 of 3

site selection projects that
GLS executed in 2018 were
FDI into the U.S.

850 Data Points



Investment & Recurring Costs



Site / Building Characteristics



Utilities and Transportation



Environmental



Labor Climate



Business Climate



Risks to Cost, Schedule &

Flexibility

PHASE I

- ▶ Project Alignment



PHASE II

- ▶ Site Identification



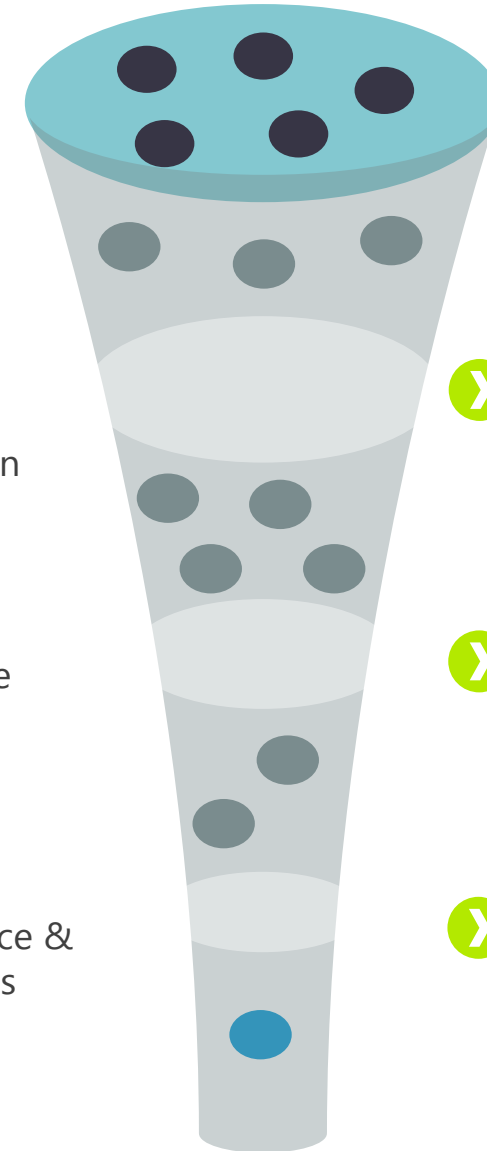
PHASE III

- ▶ Detailed Site Evaluation



PHASE IV

- ▶ Due Diligence & Negotiations



Site Elimination

- ▶ Fatal Flaw Analysis

- ▶ Qualitative Score
- ▶ Prelim Financial

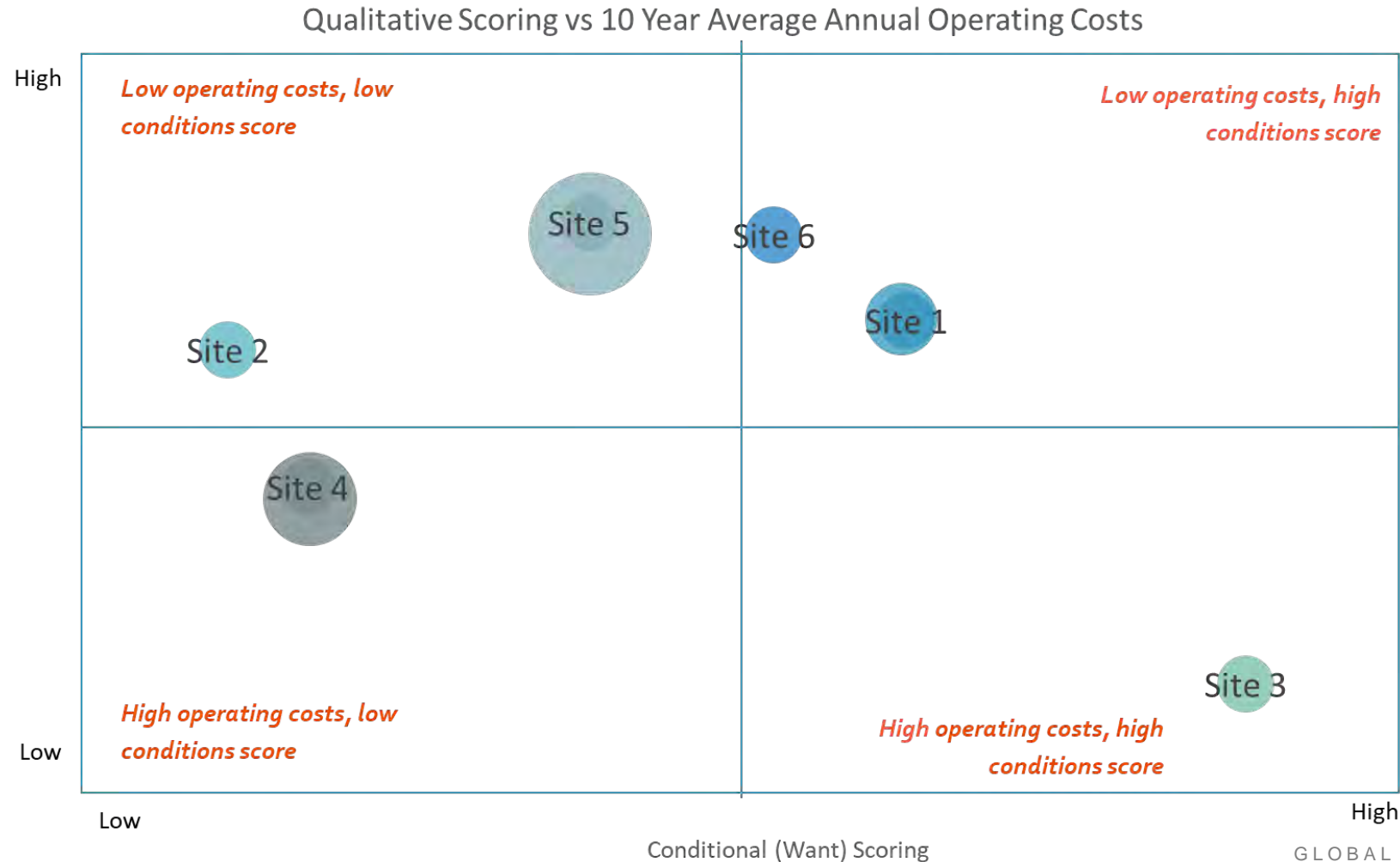
- ▶ 20-Year Financial Pro Forma
- ▶ Risk Model
- ▶ Due Diligence Checklist

Methodology

HOW LOCATION DECISIONS
ARE MADE

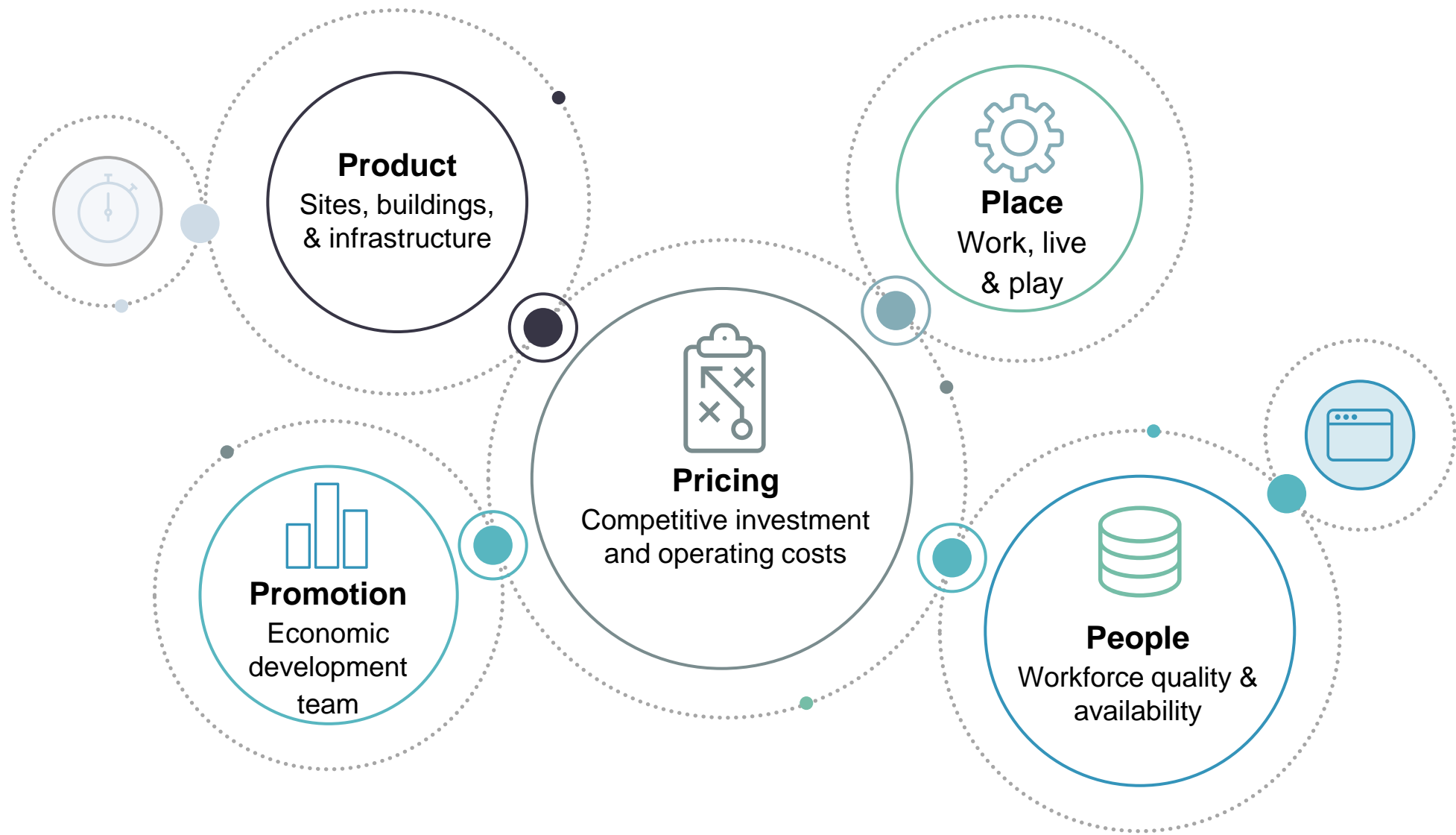


Methodology





“How much longer do we have to wait until a customer finds us, walks into this meeting room, and places a big order?”



— Keys to recruiting in the new millennia

COMMITMENT,
INGENUITY,
TEAMWORK, AND A
DOSE OF LUCK.



01

COMPETE ON COSTS

Know where you stand and for which projects you can compete.

02

READY YOUR WORKFORCE

Train, recruit, and grow talent.

03

BUILD YOUR INVENTORY

Shovel ready sites and quality existing buildings are necessary to compete.

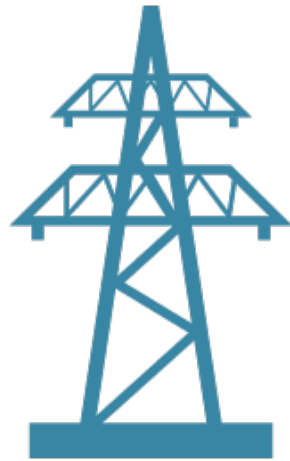
04

ALIGN YOUR TEAM

Economic development is a team sport.

1. Compete on Costs

How do you **reduce cost** for an investor?



Invest in
infrastructure

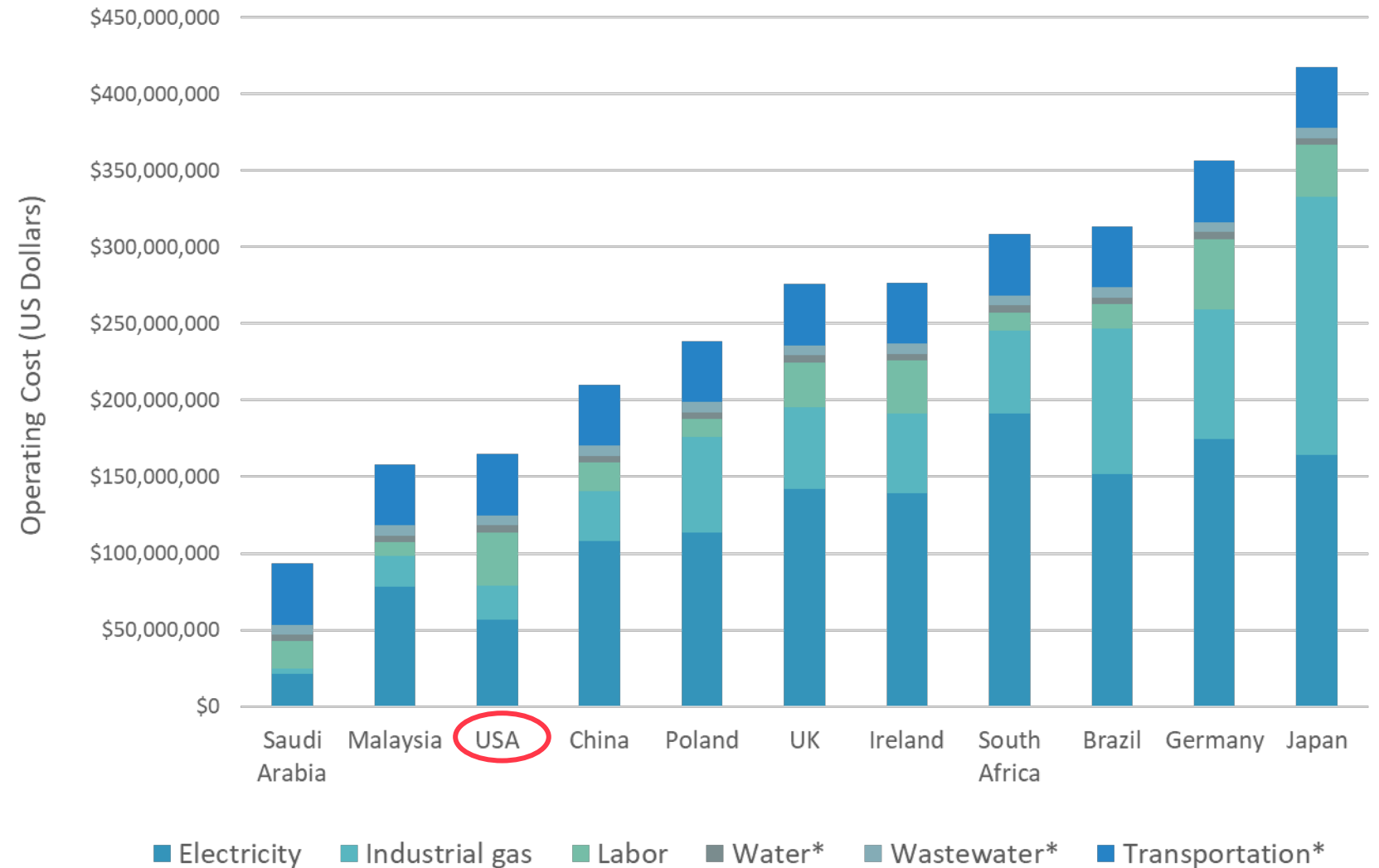


Play to your
strengths



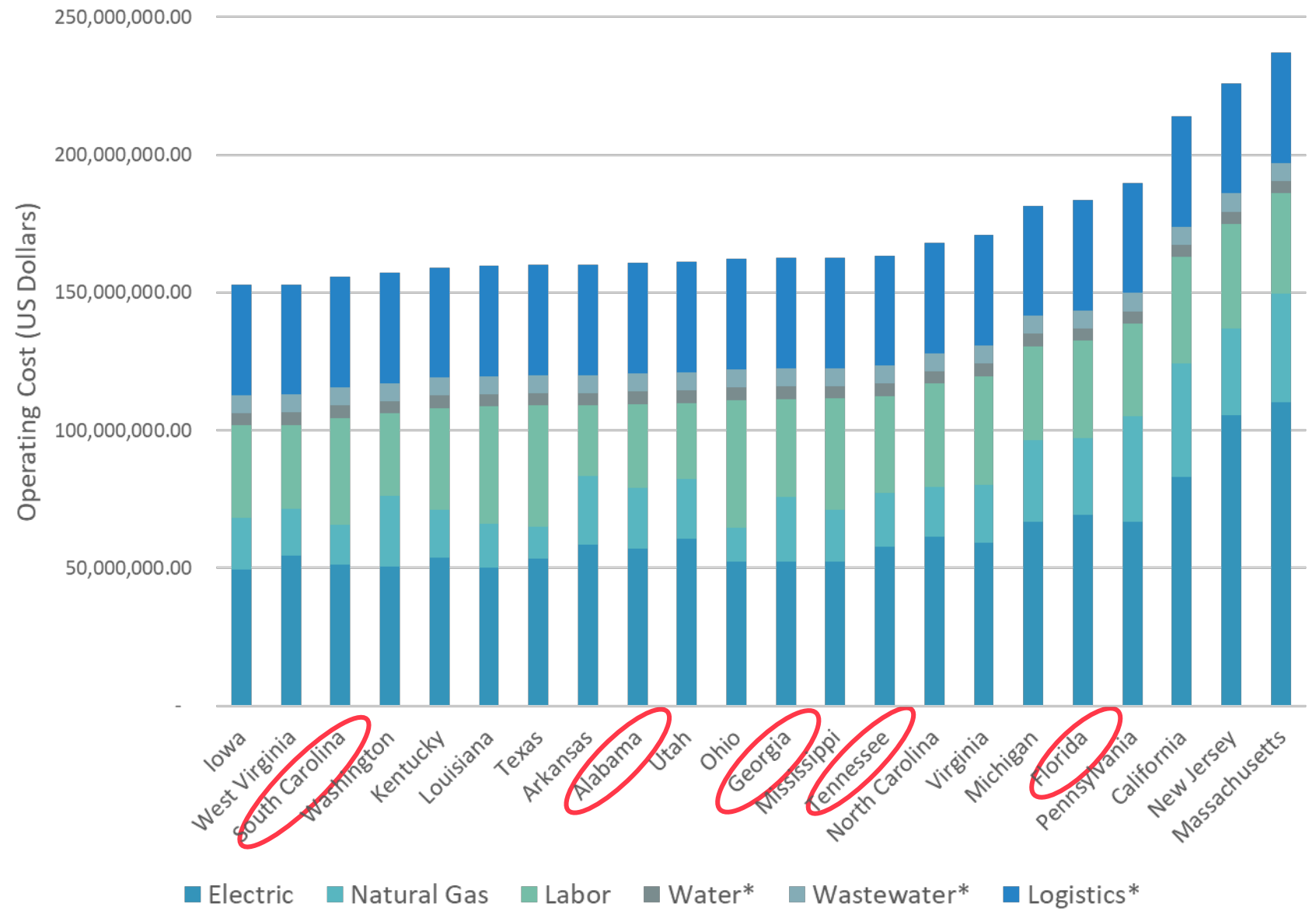
Aggressive and
targeted incentives

Location Dependent Operating Costs



**Plug numbers based on average costs
Source: GLS, fDi Benchmarking*

Location Dependent Operating Costs



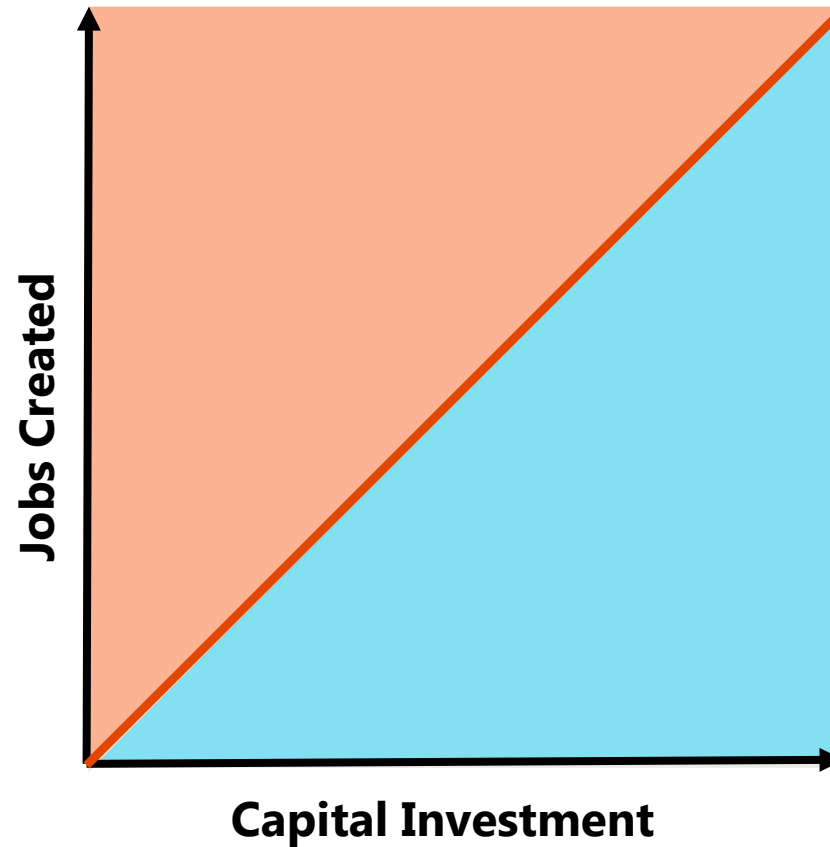
**Plug numbers based on average costs
Source: US EIA, GLS*

< \$1 million invested per job created
= Labor Intensive

Ex.: \$100 million invested for 200 jobs

Typical drivers:

- Labor costs
- Speed to market



Projects anywhere on the spectrum can be driven by **logistics costs/timing** and **labor quality and availability**.

> \$1 million invested per job created = Capital Intensive

Ex.: \$300 million invested for 75 jobs

Typical drivers:

- Energy Costs
- Infrastructure
- Permitting

Labor Intensive Case Study: Project King's Hay



Investment: \$47 million

Jobs created: 600

Search region: NC, TN, SC, GA, AL

Chosen location: Morristown, TN

Decision drivers: Availability of workforce
(welders, painters)

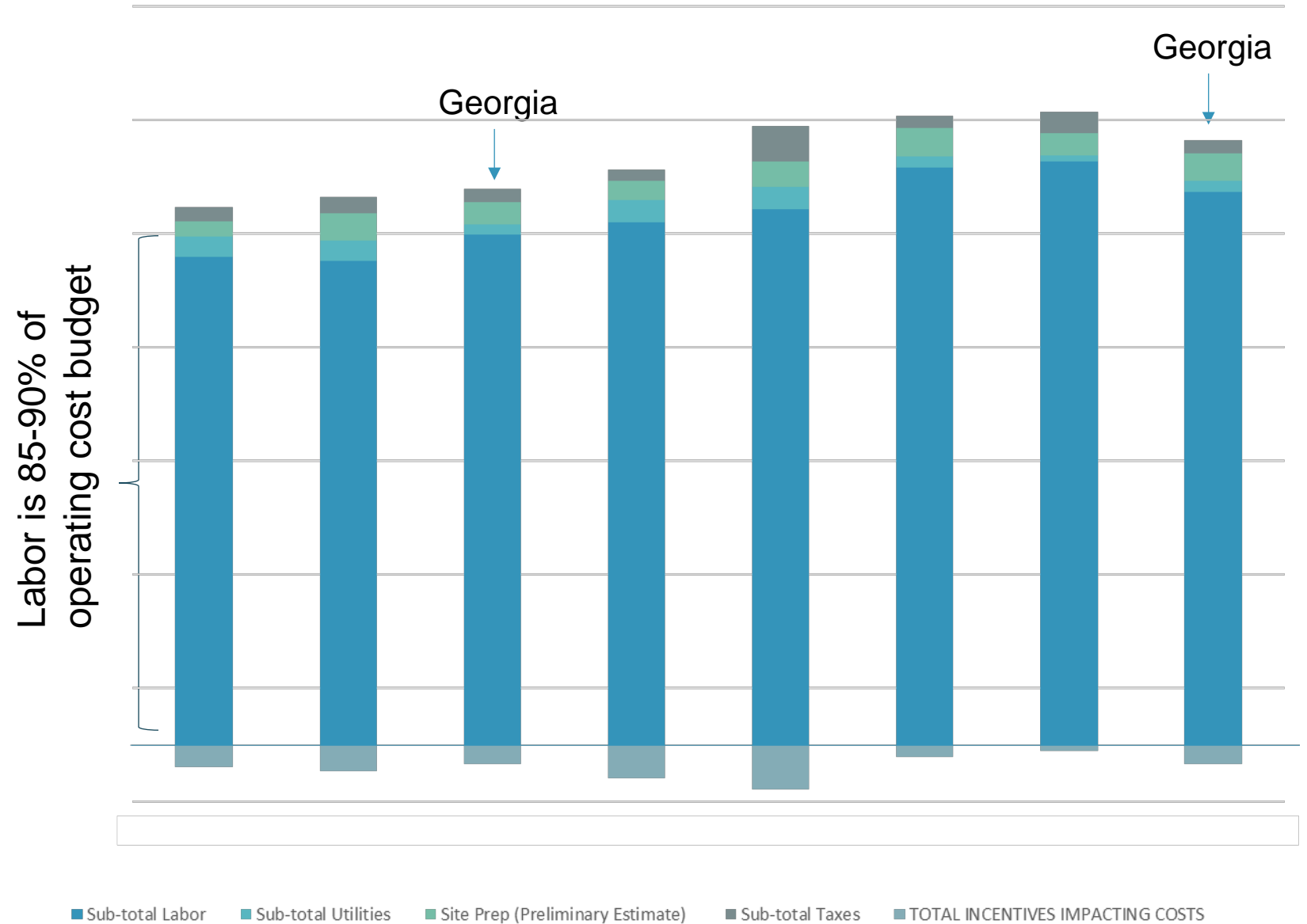
Large, easy to develop site
(500K sq. ft.)

Competitive labor costs

Technical training resources

Relationship

Location Dependent Costs: Labor Intensive Project





Labor and Capital Intensive Case Study: Project Bengal

Investment: \$400 million

Jobs created: 200

Production: 36 MM TPA Tissue and Towel

Search region: OK, TX, GA, AL, MS, SC, TN

Chosen location: Macon, GA

Decision drivers: “Holy Grail” Site and Infrastructure

Logistics cost sweet spot

Energy costs

Availability and quality of workforce

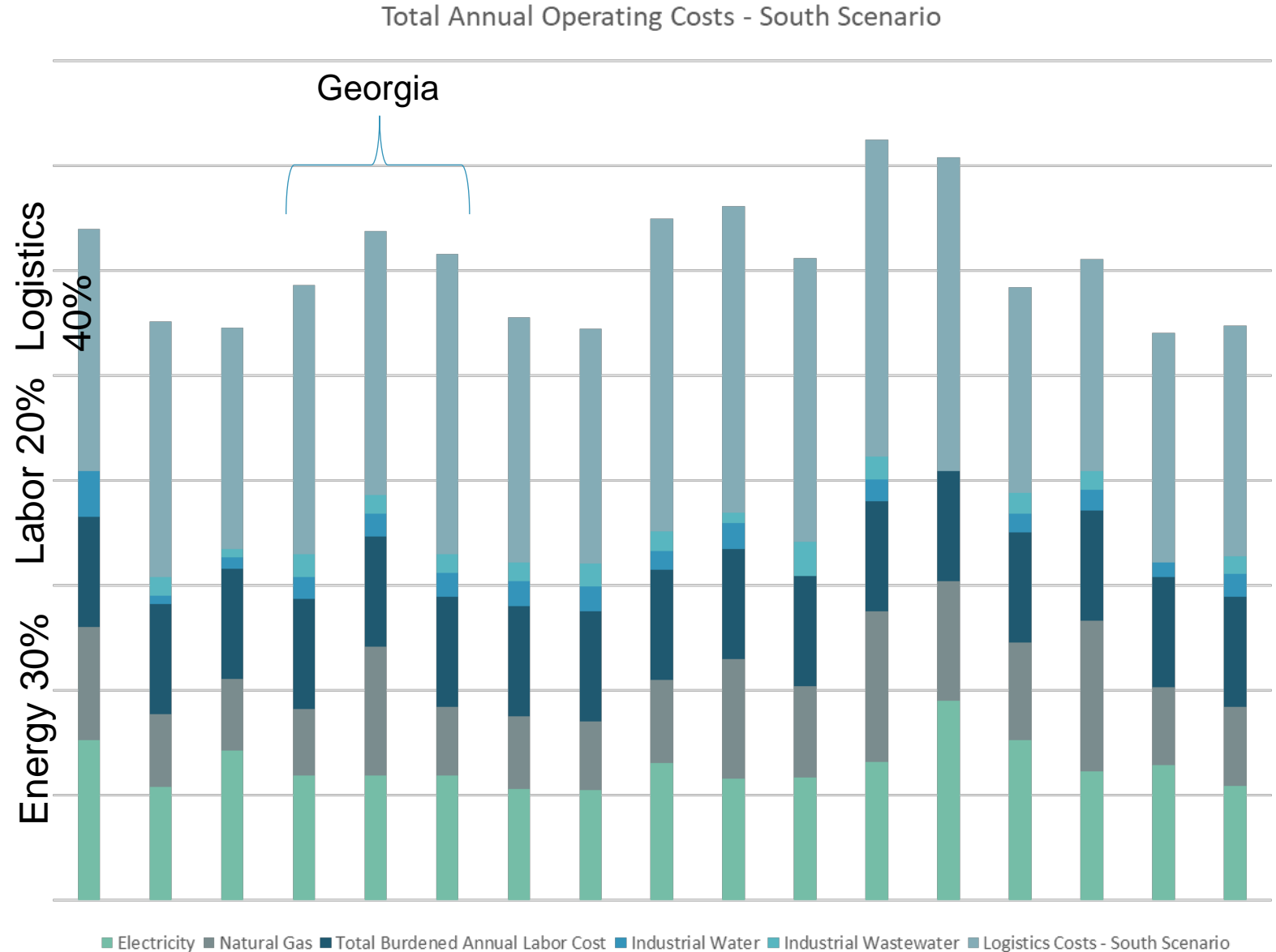
Future plans: Additional TAD machines possible
(1 or 2 more)



Site Selector's Holy Grail

- Minimum 200 developable acres
- Good access to highways
- 75 MW electricity
- 300 mcf per hour of 40 lb. pressure gas
- 5 MGD raw water
- 2.5 MGD wastewater capacity or NPDES capable
- Air quality attainment
- Close proximity to intermodal operation
- Rail served
- Minimum workforce of 100,000 within 45 min drive time
- Team that can make it happen
- Competitive pricing

Location Dependent Costs: Labor and Capital Intensive Project





Case Study: Project Stockholm

Investment: \$265 million

Jobs created: 105 jobs

Process: Refining of >200K TPY ore

Search region: Asia, US Gulf & Atlantic Coast

Chosen location: Project on hold

Decision drivers:

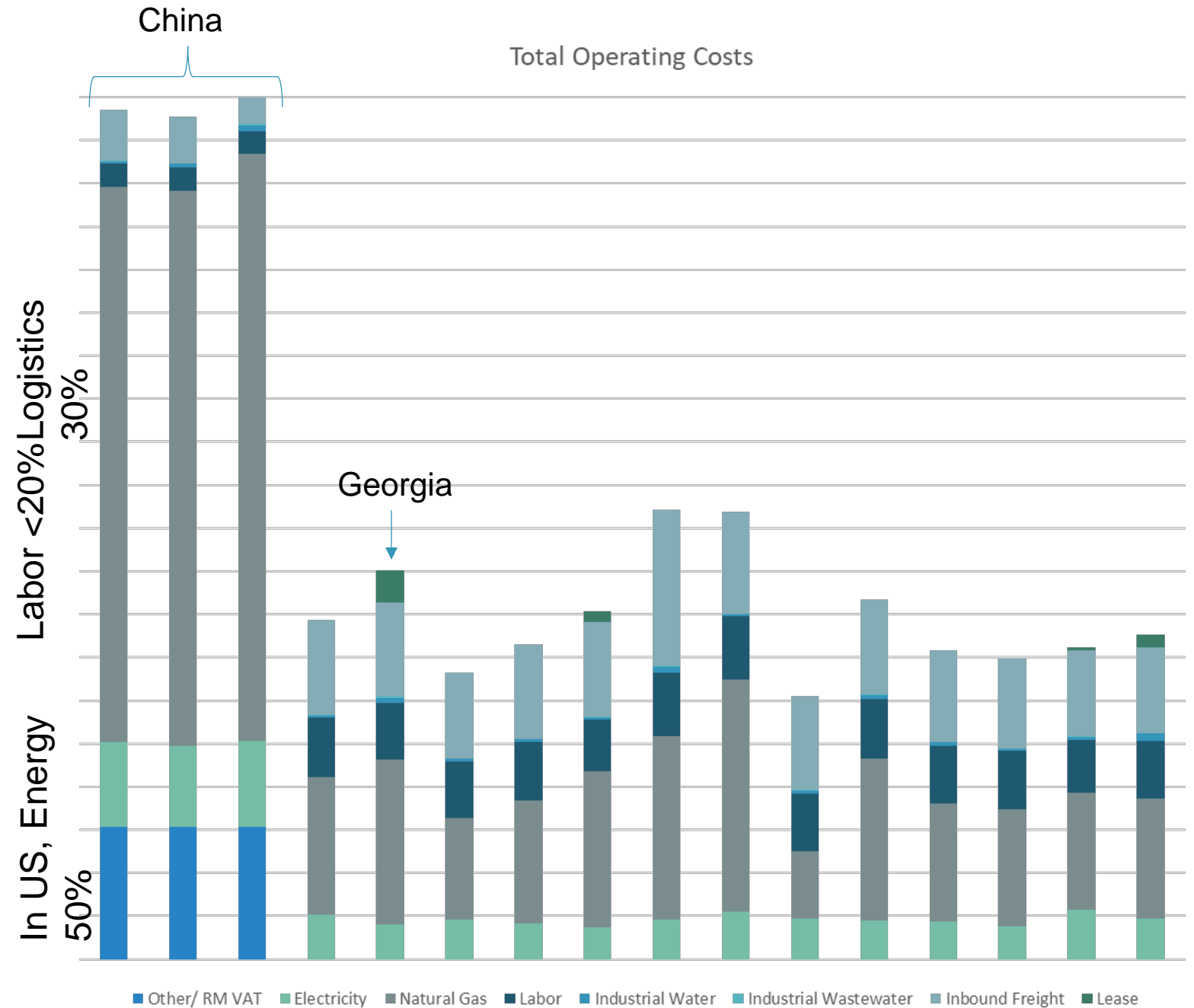
Proximity to markets

Energy costs

**Availability and quality of
workforce**

Future plans: Additional TAD machines
possible (1 or 2 more)

Location Dependent Costs: Capital Intensive Project



2. Ready your Workforce

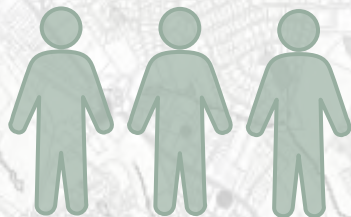
How do you **tip** the workforce scale?

Aging Population
Brain Drain
Outbound Commuters
Outdated Skills
Drug Epidemic



Grow Population
Retain Youth
Inbound Commuters
Retraining Workers
Labor Force Participation

Short-Term



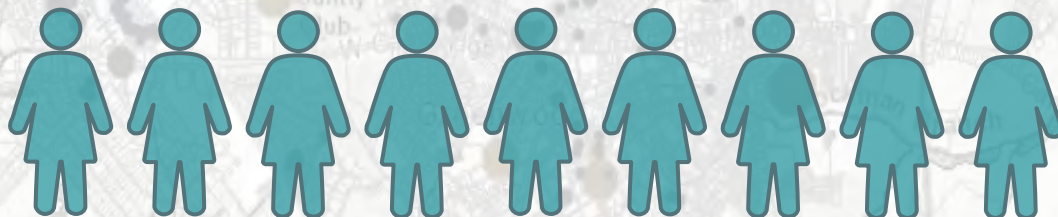
Retain and Retrain Current Workers

Medium-Term



Attract Workers from Elsewhere

Long-Term



**Grow Employment-Ready
Future Workforce in K-12**

What's Your Talent Attraction Strategy?

Harmony, Minnesota
Nice Place to Visit, Even Better Place to Live



**WELCOME HOME TO
JOPLIN**

**You're looking for something new.
We're looking for great people to join the Tulsa community.**

WE'VE GOT A LOT TO SHARE:



**\$10,000
Cash**



**Free Desk
Space**



**Low Cost
of Living**



**Welcoming
Community**

— 3. Build Your Inventory

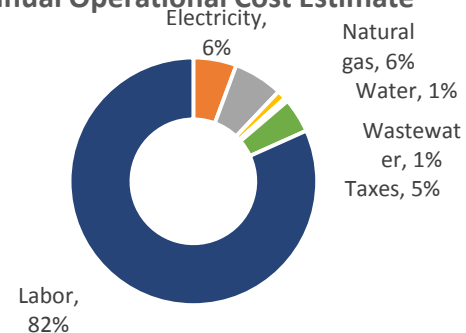




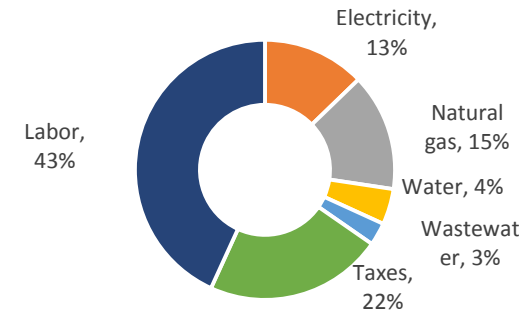
Site Identification & Evaluation

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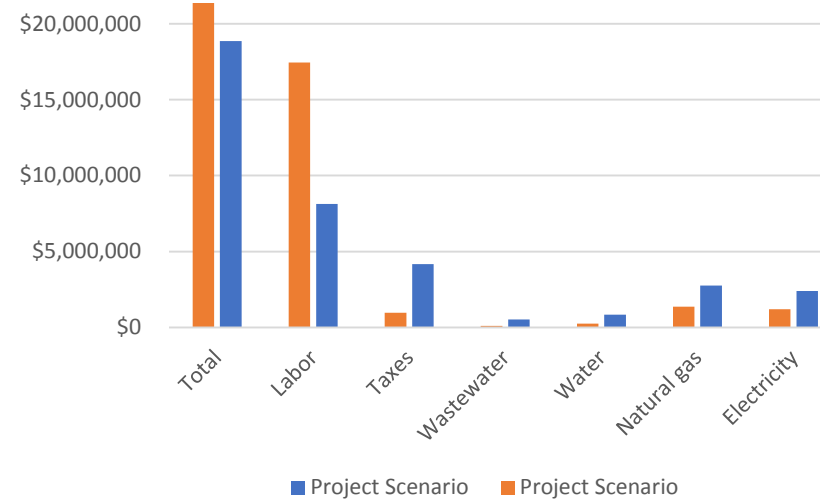
General Manufacturing ROM
Annual Operational Cost Estimate



Heavy-Industrial ROM
Annual Operational Costs Estimate






ROM Annual Operational Cost Estimates

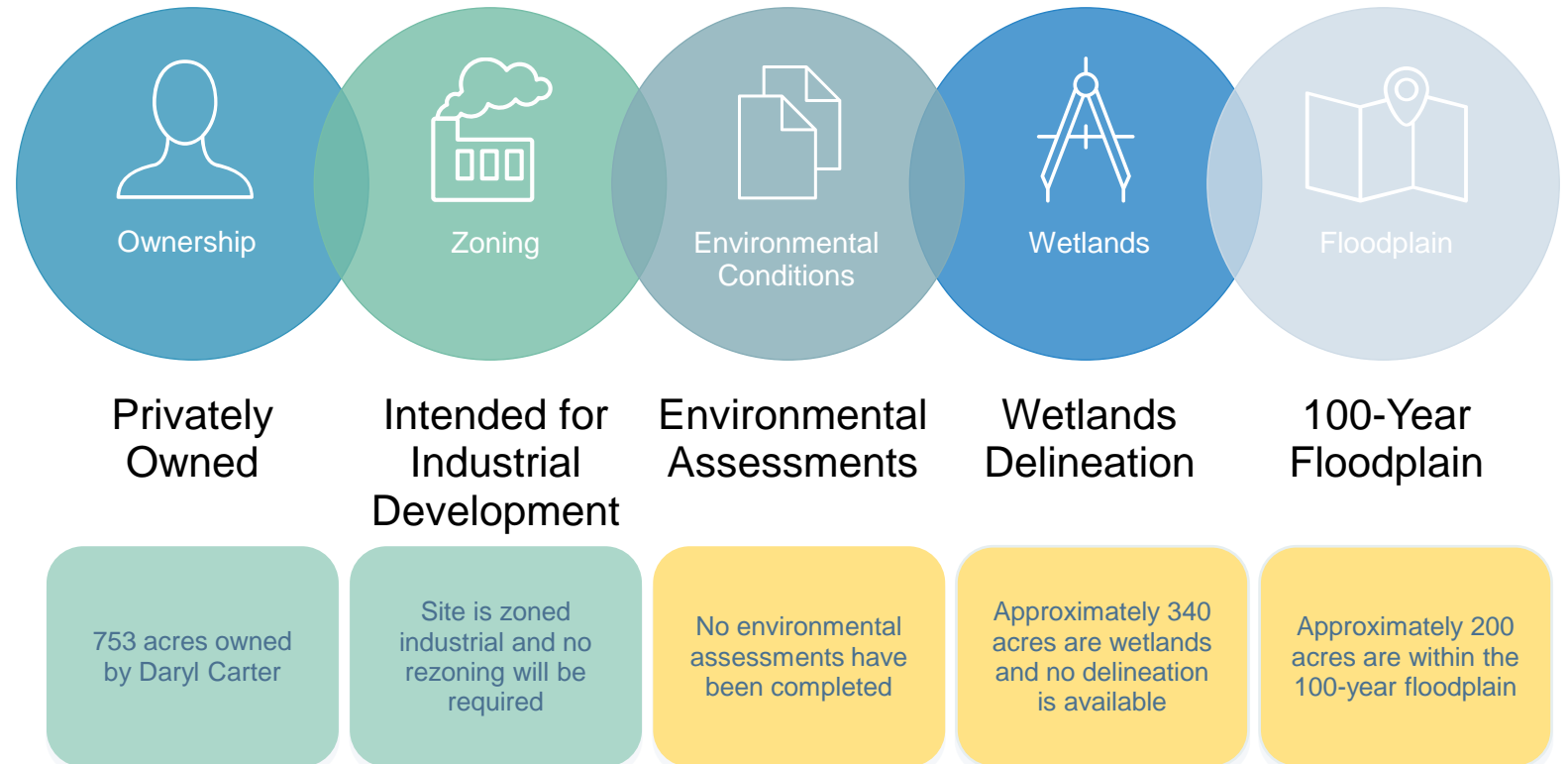


From Acquired Property to Desired Site: Risk Minimization

- **Control the site**
- **Due diligence studies**
 - **Environmental Phase I**
 - **Geotechnical**
 - **Archeological**
 - **Wetlands Delineation**
- **Know the location, capacities, and upgrade costs to all utilities**
 - **Electricity**
 - **Natural gas**
 - **Water (potable, raw, effluent)**
 - **Wastewater (municipal, direct discharge)**
 - **Telecommunications**
 - **Rail**
 - **River**
- **Develop conceptual plans**

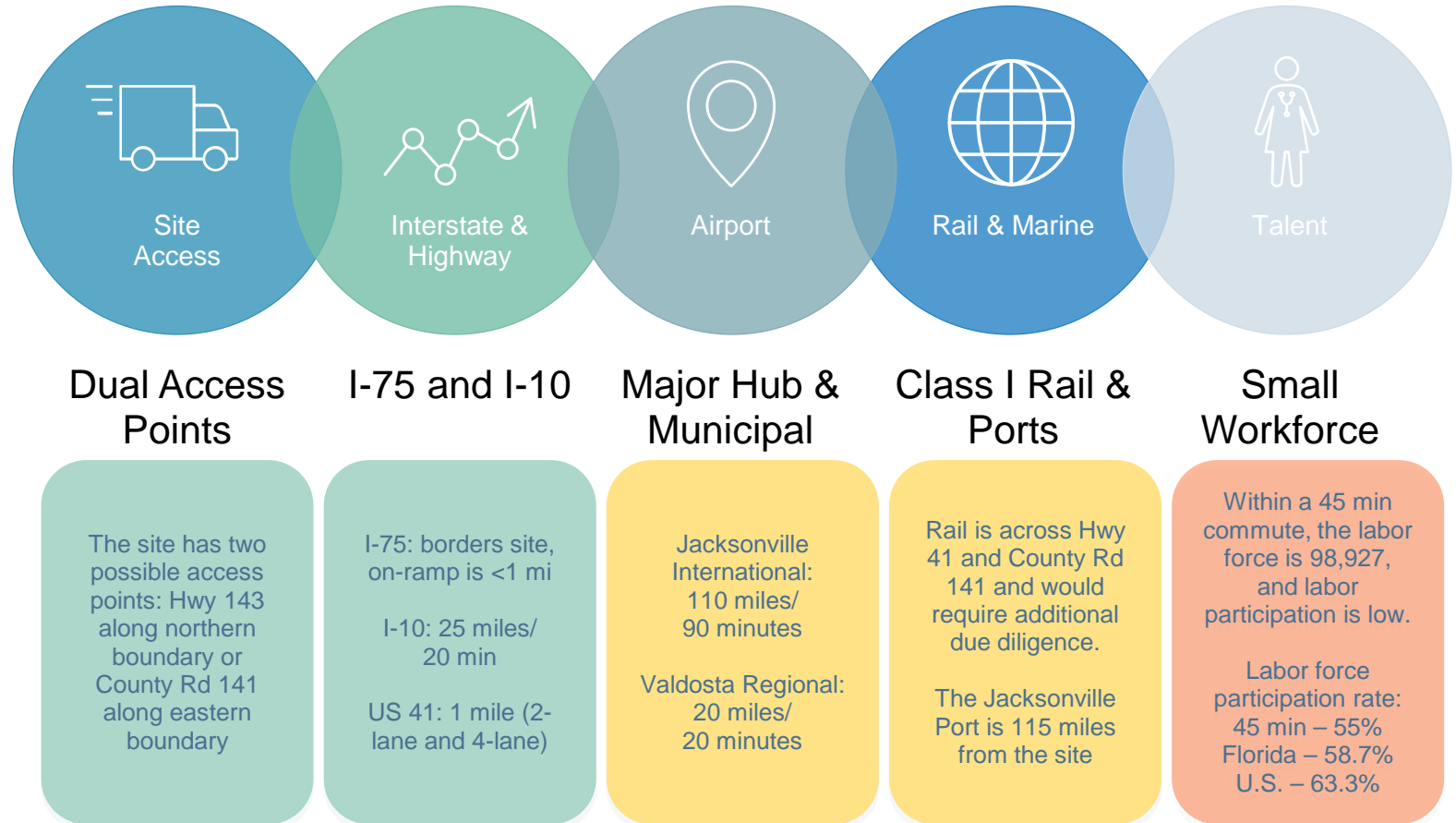
Site Readiness Screening

-  Meets the minimum requirements for business investment
-  Marginal or needs additional due diligence
-  Does not meet the minimum requirements for business investment



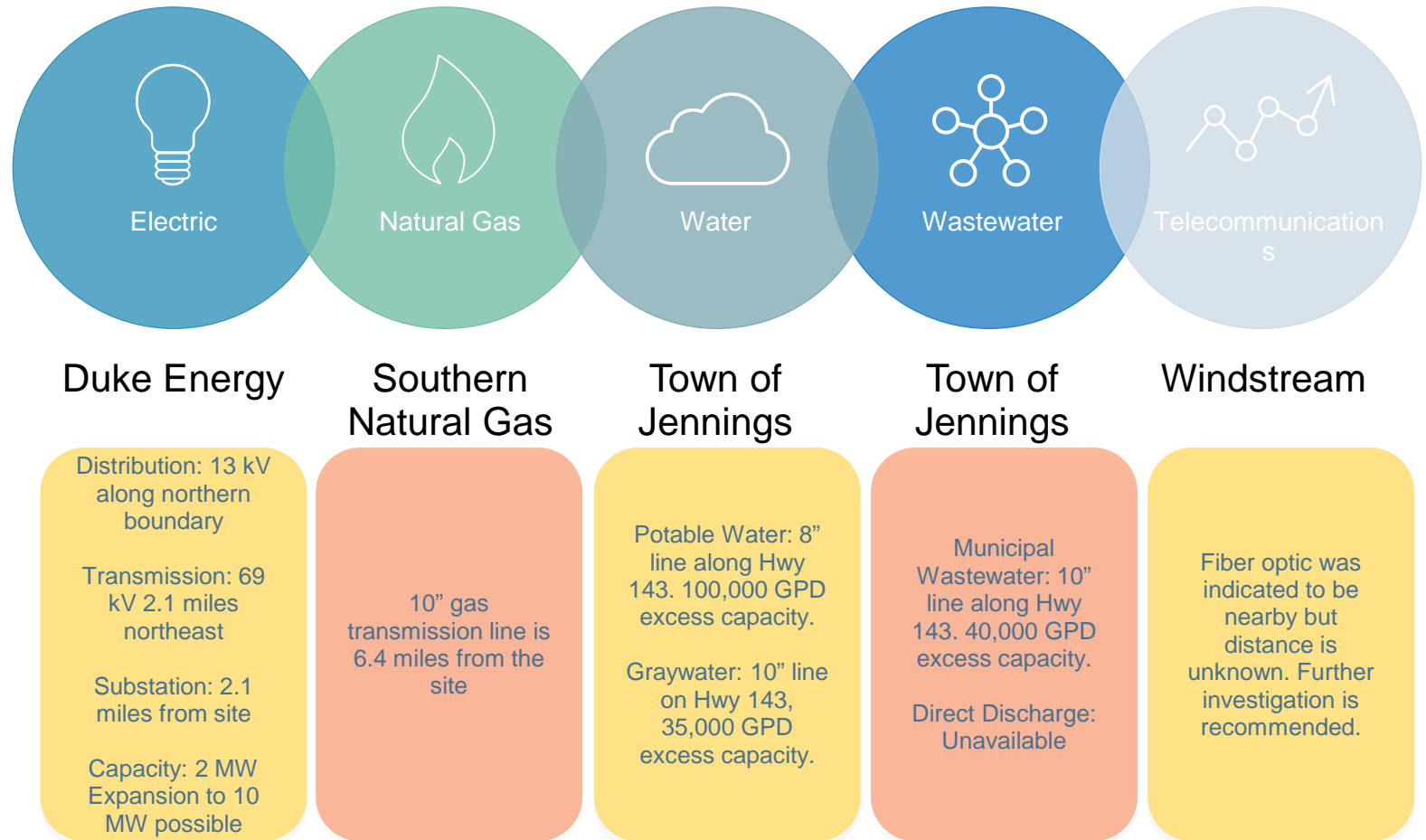
Site Readiness Screening

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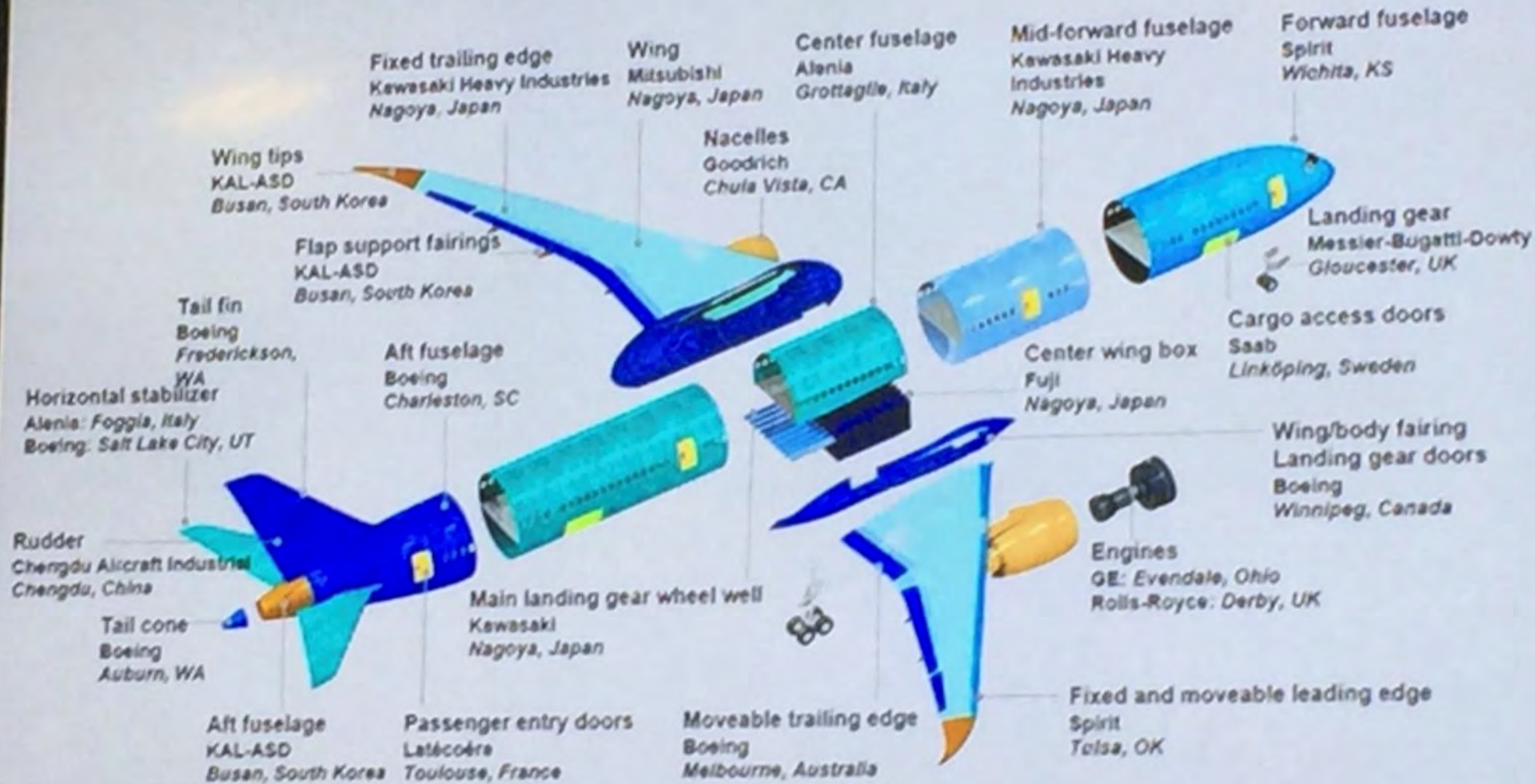


Site Readiness Screening

























- Meets the minimum requirements for business investment
- Marginal or needs additional due diligence
- Does not meet the minimum requirements for business investment



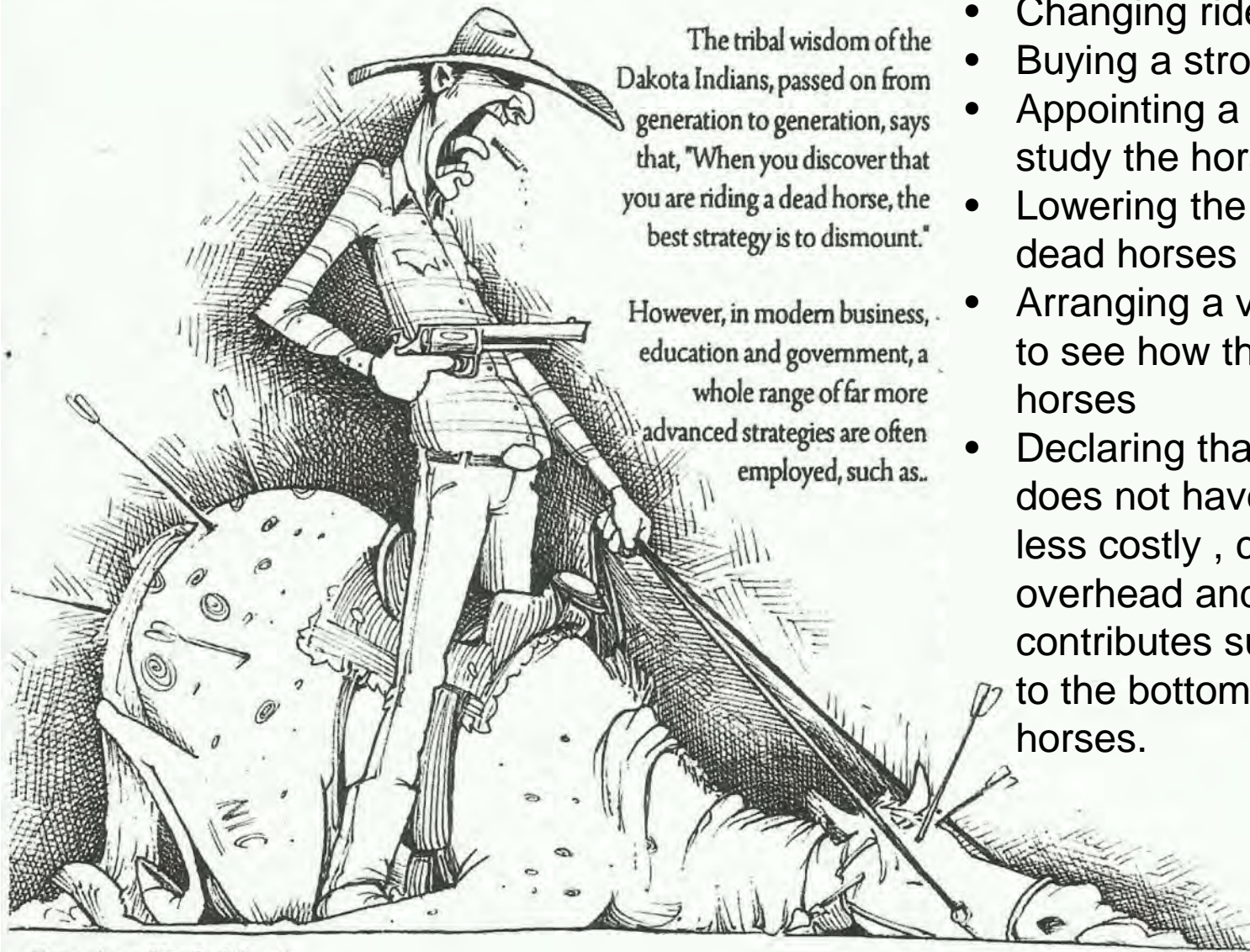
Global Partners Bring the Dream to Life



What's your sweet spot?

	Logistics/ Distribution	Food & Beverage	Timber Processing	General Manufacturing
Minimum Site Requirements				
Utility Infrastructure				
Utility Capacity				
Logistics				
Workforce				
Community				
Cumulative	Well Suited	Not Well Suited	Marginal	Marginal

THE DEAD HORSE THEORY



The tribal wisdom of the Dakota Indians, passed on from generation to generation, says that, "When you discover that you are riding a dead horse, the best strategy is to dismount."

However, in modern business, education and government, a whole range of far more advanced strategies are often employed, such as..

- Changing riders
- Buying a stronger whip
- Appointing a committee to study the horse
- Lowering the standard so that dead horses can be included
- Arranging a visit to other sites to see how they ride dead horses
- Declaring that the dead horse does not have to be fed, it is less costly, carries lower overhead and therefore contributes substantially more to the bottom line than other horses.

Drawing: Kevin Nicoll

<http://go.funpic.h>

GLOBAL LOCATION STRATEGIES

To view video, follow link on webpage.

4. Align Your Team

Community



What's the definition of **success**?



- How do you get there?
- How do you measure it?
- How do you know once it's achieved?



“Success is going from failure to failure without a loss of enthusiasm.”

-Winston Churchill

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