The Anatomy of a Project

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Making the deployment decision: Linear deployment versus convergence

Key location drivers tend to be based on the project type (e.g. manufacturing vs. office) and the ultimate deployment objective
The Site Selection Approach – A Five-Step Process

Site selection is a process that methodically narrows the options to those best supporting the location strategy and overall business case.

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<thead>
<tr>
<th>Discover</th>
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<th>Negotiations</th>
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<td>- Project drivers</td>
<td>- Desktop screening of countries/MSA's/counties (long list)</td>
<td>- Issue RFI</td>
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<td>- Project specifications</td>
<td>- Brief field investigations</td>
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<td>- Search area</td>
<td>- High level costs and conditions comparison</td>
<td>- Identify short-list of candidates</td>
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<tr>
<td>- Define evaluation criteria (CLF's)</td>
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<tr>
<td>- Project execution planning</td>
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Initial Methodology to Screen to “Long-List”

Locations are assessed on a series of quantitative factors to narrow down the search area using client defined ‘fatal flaws’ and ‘must haves’

366 US Metropolitan Areas

- **Screen 1**
  - Eliminated: 193
  - Retained: 173

- **Screen 2**
  - Eliminated: 110
  - Retained: 63

- **Screen 3**
  - Eliminated: 22
  - Retained: 41

- **Screen 4**
  - Eliminated: 13
  - Retained: 28

- **Screen 5**
  - Eliminated: 18
  - Retained: 10

Retain 8-12 for comparative analysis

**Sample Screening Criteria**

- Population (Size and Growth)
- Occupation/Skill Presence
- Industry Presence
- Education Attainment
- Labor Cost
- Natural Disaster
- Time Zones
- Airport Access
- Direct Flights

**Manufacturing focused**

- Port Proximity
- Interstate Access
- Attainment Area
- Right to Work
## Comparative Analysis – Example Critical Location Factors

With the client we identify and prioritize Critical Location Factors (“CLFs”) to reflect the specific project strategy and evaluate the location merit to meet strategic needs.

An RFI and Brief Field Investigations can be utilized during this phase to gather additional information for the analysis.

<table>
<thead>
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<th>Potential Location Factors</th>
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<tbody>
<tr>
<td><strong>Human resources</strong></td>
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<tr>
<td>▪ Language</td>
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<tr>
<td>▪ <em>Workforce availability/skills</em></td>
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<tr>
<td>▪ Competition</td>
</tr>
<tr>
<td>▪ Labor relations</td>
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<tr>
<td>▪ Depth of talent pool</td>
</tr>
<tr>
<td>▪ Colleges/universities/training</td>
</tr>
<tr>
<td>▪ Scalability/sustainability</td>
</tr>
</tbody>
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<tr>
<th><strong>Market strategy</strong></th>
<th><strong>Infrastructure</strong></th>
<th><strong>Character of life</strong></th>
<th><strong>Risks</strong></th>
</tr>
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<tbody>
<tr>
<td>▪ Industry Presence</td>
<td>▪ <strong>Utilities: availability, capacity, and service</strong></td>
<td>▪ Cost of living</td>
<td>▪ Natural disaster</td>
</tr>
<tr>
<td>▪ Customer/market access</td>
<td>▪ <strong>Telecom capabilities / reliability</strong></td>
<td>▪ <strong>Crime and safety</strong></td>
<td>▪ Retention of existing workforce</td>
</tr>
<tr>
<td>▪ Local innovation</td>
<td>▪ <strong>Transportation access (air, highway, port, rail)</strong></td>
<td>▪ <strong>Education system</strong></td>
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<tr>
<td>▪ Portfolio diversification</td>
<td></td>
<td>▪ <strong>Housing</strong></td>
<td></td>
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<tr>
<td>▪ Time zone</td>
<td></td>
<td>▪ <strong>Culture and recreation</strong></td>
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<tr>
<td>▪ Language skills</td>
<td></td>
<td>▪ <strong>Healthcare</strong></td>
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<td></td>
<td></td>
<td>▪ Climate</td>
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<td></td>
<td><strong>Costs</strong></td>
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<tr>
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<td>▪ One-Time (e.g. land/building, construction, site prep)</td>
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<td>▪ Ongoing (e.g. labor, utilities)</td>
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*Location Factors communities can influence*
Conclusions: Conditions vs. Cost

Following the conditional evaluation and initial cost modeling results, the surviving candidates are compared against one another, typically in a 2x2 matrix format, reflecting relative conditions and cost tradeoffs between locations.

- Typically, the top 3–5 candidates demonstrating the most favorable combination of operating costs and conditions are selected for the Validate phase.
Validate Phase and Methodology

The Validate Phase is focused on meeting local stakeholders to learn more about candidate communities’ operating environment and ability to develop the site.

### Validate Stakeholders and Meeting Objectives

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<th>Entity</th>
<th>Meeting Focus</th>
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<tr>
<td>State and Local Economic Development Agencies</td>
<td>Region overview, local geography, labor, infrastructure, and high level incentives</td>
</tr>
<tr>
<td>Recruiting Agencies and Local Employers</td>
<td>Local labor market dynamics – Availability, Quality, Cost</td>
</tr>
<tr>
<td>Representatives from Local Academic Institutions</td>
<td>Pipeline for talent Partnerships with local companies</td>
</tr>
<tr>
<td>Property Rep/Owner, Utility Representatives, and Construction Contractors</td>
<td>Site suitability Timing and cost develop the site</td>
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Negotiations and Implementation Phases

Negotiations is an iterative process that can last multiple months

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- Incentives research  
- High level costs and conditions comparison  
- Identify short-list of candidates | - Real estate  
- Labor market  
- Community and regulatory environment  
- Detailed costs and conditions comparison  
- Identify finalist candidates | - Impact analysis  
- Issue RFP  
- Real estate  
- Incentives  
- Conduct detailed negotiations (multiple rounds)  
- MOU and contract | - Transition planning  
- Facilities plan  
- Vendor selection  
- Construction ramp-up |

Negotiations is an iterative process that can last multiple months.
10 things you can do to better position your community for the shortlist
Making the short list: The goals of each party

Your Goal: Stay in the Game

Our Goal: Eliminate the Weak
10 things you can do to better position your community for the shortlist

10. Compete as a team:
   - Have a unified metro approach and message to attract business
   - Coordinate with the State and Regional entities to ensure you have a business friendly environment
   - Energetic participation by all – locals, county, state, utilities, DOT, rail, etc.

9. Make a good first impression – be competent, credible, and compatible

8. Be specific, thorough, and accurate in your responses to Requests for Information, and prepared to provide this info at a moments notice

7. Be well-prepared with multiple site/building options - without real estate, one cannot win projects
   - Have developers involved early
   - Many have publicly-controlled industrial parks with fully-served infrastructure

6. Have a comprehensive knowledge of your real estate timing and costs for site readiness - Certified sites are a plus (risk mitigation)
10 things you can do to better position your community for the shortlist (continued)

5. Push the boundaries of what may work, but only if the site candidates meet the minimum criteria

4. Respect the client’s need for confidentiality at all times

3. Make sure your existing companies are happy

2. Be prepared to offer meaningful incentives for projects that will provide a substantial ROI for the community

1. Exhibit Intangibles
   - Risk minimization
   - Cooperative, enthusiastic, positive, and sincere leadership
   - Consultative economic development
   - Solutions-oriented negotiations (“we’ll find a way”)
   - Tireless momentum that overcomes obstacles
Questions?