



Cincinnati Fountain Square



# The CEO Resource

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## Naples CEO Group Breaks New Ground in Florida Economic Development Landscape

Southwest Florida has long been a hot spot for retirees and vacation homes, occasionally interspersed with some excellent companies such as Allen Systems Group, the largest privately owned software company in Florida.

While this part of Florida is known by such high end brands as Naples, and where it is common to see Maybachs and housing prices in the seven and eight figures, corporate board rooms are much harder to find.

Although excelling at attracting visitors and residents, the region has struggled with attracting

companies to the area. The result is an economy and tax base overly dependent upon residential property. In Collier County, (Naples) for instance, more than 87 percent of the ad valorem tax revenues collected comes from residential property, and could grow to 90 percent by 2010 if current trends continue. Conversely, the state average is 73 percent. Making matters worse, Collier County's cost to service individuals is \$1.15 for every \$1 it collects versus 75 cents per \$1 for businesses.

In an effort to bolster Collier County and Southwest Florida's

ability to attract corporate headquarters to the region, a group of retired and active chief executive officers and senior business executives recently formed The Regional Business Alliance of Southwest Florida (RBA). The group will leverage its considerable talent, resources and networks to focus its efforts on luring small company headquarters to the region to create more high-paying jobs. The non-profit organization hopes to make Southwest Florida the "small and mid-sized company headquarters of the South by 2015."

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*The CEO Resource* is a periodic hot sheet of resource information for our colleagues, Chief Executives and Senior Management in business and leadership.

Our focus is to help senior management and company owners accelerate their pathways, first to "success" and then to "making a difference"- a significant difference for their families, their stakeholders and their communities. *The CEO Resource* is a time sensitive tool directly responsive to this critical focus.

### KMKC in the News

Thirty-one partners at Keating, Muething & Klekamp law firm, KMK Consulting's parent company, were recently named to the 2005 Ohio Super Lawyers list. This represents over a quarter of KMK's lawyers. Among those selected was Jim McGraw, President & CEO of KMKC.

Ohio Super Lawyers is a highly selective recognition of outstanding lawyers in more than 60 areas of practice. The selection process involved over 35,000 ballots sent to attorneys across Ohio. These "Super Lawyers" represent the top 5% of all attorneys in the state of Ohio and is comprised of attorneys in private practice, prosecutors, in-house counsel, and public service lawyers. Each Super Lawyer was chosen by their peers as being among the best in their profession.

## Tampa Bay Partnership Celebrates 10 Year Anniversary

The Tampa Bay Partnership (TBP), the economic development organization serving the 7county region of Tampa, Florida celebrated its 10 year anniversary at its annual luncheon in November.

As one of the nation's preeminent examples of successful and large regional public/private partnerships, the Tampa Bay Partnership has witnessed a number of milestones in the last 10 years. Some of these landmarks and accomplishments:

- TBP becomes an independent organization on April 19, 1994
- Stuart Rogel becomes the first Executive Director hired in 1994 to lead the new regional effort
- Polk County joins the TBP in 1995 to become the 6th county in the regional effort

- Launches first advertising campaign in 1995 placing over 33 full page ads in national publications
- Hernando County joins TBP in 1997 becoming the 7th county in the regional effort
- Launches first web site in 1997
- Hosts first regional leadership conference in 1999 which has evolved into one of the top tier such conferences in the business
- Tampa Bay hosts Super Bowl XXXV in 2001
- Twenty percent increase in population between 1993 and 2003
- Twenty-five percent increase in labor force between 1993 and 2003
- Forty-six percent increase in

per capita income between 1993 and 2003

What's next? While the Partnership started as a regional marketing organization, its newest business plan (Phase III) launched a year ago officially and robustly expanded the Partnership's role into regional public policy impacting economic development at the state and federal levels. In addition, the Partnership has evolved into the leadership organization of the seven county, 3.6 million population, region. Within this context, the Tampa Bay Partnership is boldly pursuing a path that encompasses the establishment of a long term vision, both for the region and also for its own organization.

(cont. on p. 5)



## Entire Region Benefits from Cincinnati Partnership's Impressive Performance

### Cincinnati USA Partnership creates 'nurturing' community for businesses

Ken Lowe



At the beginning of this year, I wrote in this space about Cincinnati USA's solid economic development track record, our vast potential, and our collective success being dependent on collaboration in thought and deed.

As the economic landscape becomes more global and more competitive, working together as a single region — which is how the rest of the world sees us — is not only a plan of action, but a requirement for viability.

We're a year into the second five-year phase of the Cincinnati USA Partnership, the initiative designed to stimulate economic growth by unifying the many strengths and resources in our three-state, 15-county region. We're making excellent progress and identifying high-yield opportunities as we measure ourselves against three overarching goals:

**Attract new businesses to the region, and do what is necessary to retain those that are already here.**

We continue to win high rankings as a place for new business investment; for our arts, cultural heritage and overall quality of life; and as a community that nurtures and promotes innovation. We continue to work aggressively, collaboratively and successfully to develop lasting relationships with site location consultants and corporate real estate executives — the people with the most influence over business relocation decisions.

The Partnership's Community Call Blitz program extended a business-retention, problem-solving hand to 1,500 area companies this year. And our online home, [www.CincinnatiUSA.org](http://www.CincinnatiUSA.org), has logged a record 400,000 user sessions this year.

**Launch a marketing campaign to raise the region's profile both domestically and internationally.**

Working with Procter & Gamble and branding/design firm Landor Associates, and leveraging broad civic, governmental and business engagement, the Partnership is developing a regional brand for Cincinnati USA to streamline and leverage our economic development and tourism marketing opportunities.

Far beyond logos and taglines, this comprehensive effort will define and position our region nationally and internationally. When details are announced in the spring, we'll have a blueprint for more effectively marketing ourselves to generate increased investment.

**Target quantum leaps in performance in the high-growth minority and technology segments of the economy.**



Jim Rogers,  
Cinergy  
CEO and  
new chair of  
the Minority  
Business

Accelerator (MBA), recently challenged area businesses to push spending with locally-based minority enterprises past the \$500 million mark by 2008. Meanwhile, this year the MBA provided direct assistance to nearly 40 minority-owned companies seeking to expand their operations within the region.

CincyTech USA, our catalyst for growth in the crucial high-tech sector, helped the region secure nearly \$50 million of Ohio's Third Frontier funds to spur development and job creation. This momentum will be accelerated through our array of thriving "new economy" industry clusters.

In summary, Cincinnati USA has begun to demonstrate to the world — and, more importantly, to ourselves — that jurisdictional lines pose no boundaries in creating a welcoming and nurturing business environment. Together we're shaping perceptions, tapping potential, and trusting

good things can follow.

*Ken Lowe is the President and Chief Executive Officer of The E.W. Scripps Co. and Chairman of the Cincinnati USA Partnership.*

Reprinted from the December 17, 2004 [CINCINNATI BUSINESS COURIER](http://cincinnati.bizjournals.com/cincinnati) (<http://cincinnati.bizjournals.com/cincinnati>)

KMKC consultants have provided leadership and program assessment, strategic planning and capital formation services to the Cincinnati USA Partnership since its inception 21 years ago as the Blue Chip Campaign for Economic Development. ■



## Site Selection- Incentives Still Play Key Role

Activity in the site selection industry has continued to grow over the last year. While the majority of companies maintained the same number of facilities, businesses are continuing to expand their operations to respond to increased sales, new market penetration, and new product lines.

A recent survey by Area Development Magazine gives us another valuable look at what corporate executives across the country view as the most important factors when determining their location/expansion strategies.

### Survey results

The adjacent chart is a summary of the responses from the *Area Development's* readership. The majority of the respondents (74%) are involved in manufacturing while the remaining companies are involved in warehousing/distribution, financial services, information technology, professional services, and other. Thirty-six percent have between 100 and 499 employees, 10% have 500-999 employees, and 31% have 1,000 or more employees.

During the last year, 55% of the respondents did not change their number of facilities, 19% added one or two, 10% added three or more, 11% eliminated one or two and 6% eliminated three or more facilities.

### What do these survey results mean?

In recent years, real estate executives and site selection consultants have stressed the importance that state and local incentives play in the decision-making process for companies expanding or relocating their facilities. In fact, this category was the #1 site selection factor in 2003. This year's survey tells us that while incentives are still a major factor, they are no longer the factor.

We would argue that incentives were never the be all and end all of site selection. For any community to attract or retain businesses, there needs to be a framework from which to sell: a skilled workforce; a reasonable cost structure; local and state government that is "customer-friendly"; corporate leadership that is actively involved in promoting and investing in the area; good connectivity; and quality of life amenities. Industry clusters are also becoming more important as communities assess their

existing strengths and focus their attraction efforts on building upon existing assets.

Given all of these factors, however, jurisdictions are still entrenched in a fierce battle over structuring the most competitive incentive packages. In situations where competing areas are close on the core factors as sited above, grants, low-interest loans, tax exemptions, tax credits, and training funds can put the stronger jurisdiction on the top. Local and state governments are well aware of this and are continuously reviewing their existing programs and introducing new ones that improve their competitive position.

The bottom line is that companies are most interested in finding locations that minimize their costs. State and local incentives, tax exemptions, labor costs, corporate tax rates, energy costs, and construction costs are major factors considered.

Incentives have essentially become commoditized. 2003 was the reflection of the coalescing of the end of a "down economy cycle" where incentives drove activity and a buyer's market. Today we have a much stronger economy and September 11 is a cataclysmic historical event that is not a daily market factor. Companies are hiring again, expanding their operations and investing in capital improvements, and the elements that distinguish a great site are back to being place driven rather than tax driven.

In terms of KMKC's incentive work, it remains strong and we continue to represent companies pursuing relocation or expansion plans. As incentive programs have become commoditized, having skilled practitioners on your side to negotiate with local and state government economic development professionals and obtain the best packages (on both sides of the deals) is critical. The pattern is consistent with an upturn in activity and a growing sophistication and seriousness in how companies approach their market decisions.

As we discussed in our last issue, the 6<sup>th</sup> Circuit Court of Appeals ruling regarding

COMBINED RATINGS* OF 2004 FACTORS			
SITE SELECTION FACTORS		2003	2004
<b>RANKING</b>			
1	Labor costs	89.7	96.4
2	Highway accessibility	88.9	90.2
3	Availability of skilled labor	89.0	89.1
4	State and local incentives	92.7	87.5
5	Energy availability and costs	80.8	85.8
6	Corporate tax rate	85.1	84.4
7	Occupancy or construction costs	86.3	83.6
8	Tax Exemptions	86.2	83.3
9	Availability of telecommunications services	77.9	82.3
10	Environmental regulations	72.9	80.7
10T	Availability of high-speed Internet access	n/a	80.7
11	Cost of land	77.3	76.6
12	Availability of land	78.1	75.7
13	Low union profile	71.6	75.5
14	Proximity to major markets	80.0	72.7
15	Right-to-work	60.8	69.5
16	Raw materials availability	55.8	64.9
17	Availability of long-term financing	57.5	63.0
18	Proximity to suppliers	58.5	62.4
19	Availability of unskilled labor	55.8	59.4
20	Accessibility to major airport	53.1	53.8
21	Training programs	47.3	50.4
22	Proximity to technical university	34.0	32.4
23	Railroad service	27.9	26.9
24	Waterway or oceanport accessibility	18.5	21.1

\*All figures are percentages and are the total of "very important" and "important" ratings of the *Area Development Corporate Survey*  
 \*SOURCE: *Area Development Magazine 19th Annual Corporate Survey*

Ohio's Machinery & Equipment Tax Credit has left many states to question whether their similar programs will be at risk if the judgment is upheld. The full 12-member Court refused on January 18, 2005 to review the case. The State of Ohio now has 90 days to appeal to the U.S. Supreme Court. While very worrisome, this case is not considered by most economic development commentators to be a sea change in the business of incentives. In spite of the uncertainty, incentives are still a major factor in the site selection process and will continue to play a large role in the 6<sup>th</sup> Circuit's states once there is resolution from the U.S. Supreme Court or new legislation.

For more information, contact Jim Benedict at (513) 639-3963 or [jbenedict@kmkconsulting.com](mailto:jbenedict@kmkconsulting.com). ■



# Clients in the News

## Omaha Chamber and Its Partnership Attracting Multiple Awards



The December 2004 cover of Business Facilities magazine features three of the handful of key leaders responsible for the significant success of the Greater Omaha Economic Development Partnership, Bruce Rohde ConAgra CEO and GO! Chairman, Mayor Mike Fahey and Rod Moseman, Vice President Economic Development.

Business Facilities awarded the Chamber its Platinum Award for Economic Development Achievement and its Gold Award in Public-Private Partnership. These were on the heels of the Mid-America Economic Development Council honoring the Chamber with its Excellence Award for Overall Marketing for its program targeting the space and defense industries.

KMKC assisted the Omaha Chamber in creating the GO! Partnership.

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## St. Louis BioBelt Praised

“There is not a region in the country that has made as much progress, in as short a period

## KMKC Update

Chip Gerhardt was recently appointed to the Board of Trustees of the Down Syndrome Association of Greater Cincinnati (DSAGC). The DSAGC provides information, resources and support to individuals with Down syndrome, their families, and their communities. Chip is also a member of the Government Affairs Committee of the National Down Syndrome Society. For more information about these organizations, visit them online at <http://www.dsagc.com> and <http://www.ndss.org>.

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Jim Benedict recently joined the Cincinnati USA Partnership’s Regional Business

of time in the biosciences as St. Louis. It is a rare example of a community coming together,” according to a just released study by Battelle Memorial Institute.

Among the report’s commendations: St. Louis venture funds have raised over \$400



Million, most of which is targeted to local life-science start-ups; the only city with two bio-tech incubators; a unique BioGenerator providing researchers and entrepreneurs with early funding and support to get new companies off the ground.

KMKC is assisting the Regional Chamber & Growth Association with a new marketing and deal making program called the Economic Development Alliance of Greater St. Louis, directed by Steve Johnson, which will focus about \$2 Million annually on marketing and sales, adding more awareness to the BioBelt brand.

For more information, contact Paul Jacobs at ( 5 1 3 ) 5 7 9 - 6 5 8 1 o r [pjacobs@kmkconsulting.com](mailto:pjacobs@kmkconsulting.com).

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Retention Committee (RBRC). The RBRC is a group of 33 volunteers who visit Greater Cincinnati companies to determine the needs of the local businesses and to ultimately make each business stronger, more successful, and committed to staying and growing in the Cincinnati USA region. The RBRC and the Cincinnati USA Partnership assist companies with a number of important issues like access to financing, cutting bureaucratic “red tape” and site selection.

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Bob Jennings was recently quoted in Area Development Magazine’s special Industry Report entitled *Public Power Partners* discussing the increased role of public-power

## BIO/START Recognized by National Business Incubation Association



The National Business Incubation Association (NBIA) has recently published its all new comprehensive guide to business incubation. With the leading chapter dedicated to the role of business incubators in local and regional economic development, this comprehensive guide cites BIO/START in Cincinnati multiple times as an example of best in class on a variety of issues.

Jim McGraw, President & CEO of KMKC, is a Board Member of BIO/START, Cincinnati’s health care and life science incubator. Chip Gerhardt, Vice President of KMKC, is actively involved in its local and state government affairs issues.

For more information on BIO/START, visit them online at <http://www.biostart.org/>.

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entities in economic development. To read the report, visit Area Development online at <http://www.area-development.com>

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## Southwest Florida Business Leadership Stepping Up (cont.)

The RBA is the outgrowth of a KMKC analysis of the Economic Development Council of Collier County and its Chairman's Circle. Dick Botthof was the head of the Chairman's Circle and now serves as Executive Director of the RBA. KMKC worked with the EDC of Collier County on a comprehensive structural assessment a year ago, and played a significant role in the creation of the RBA. KMKC continues to provide strategic support to this CEO group.



A major concurrent initiative of the RBA is the creation of a \$100 Million equity and mezzanine debt fund to be used as a tool in their business recruitment strategy. On January 14th, Florida Gulfshore Capital, LLC was introduced to the RBA membership (the next issue of this newsletter will describe in detail this new fund).

While some unfamiliar with the landscape may see the RBA and EDC as competitors, the leadership of the respective organizations see themselves as complementary to one another and as assets for the entire Southwest Florida region.

According to Mr. Botthof, "We are essentially a support organization to the Economic Development Council. We are here to support their efforts and help them recruit companies. Whereas the EDC is big-picture focused, we are targeting specific companies that are identified by our members." The RBA plans to target companies in the biomedical, manufacturing and aviation industries.

## Tampa Bay Partnership (cont.)

While the leadership of Tampa Bay and its Partnership recognize they enjoy one of the strongest and most dynamic markets in the country, they are aggressively developing new benchmarks of quality, carefully adhering to the notion that there is no standing still and that cutting edge economic development is a constantly moving benchmark.



Tammie Nemecek, the EDC's President & CEO, adds that "It's a marketing arm for the EDC. That's really what this organization is. We are putting more tools in our toolbox. I think for many years we've been all talking about this untapped resource with the retired CEOs that we have here. So this is our opportunity to provide an outlet for them to be engaged in our local economy."

The RBA's goals for 2005 are to: recruit 50 local CEOs as members of the Alliance; secure \$100 Million in capital to create an equity fund that will be used to assist deal flow in the region; and recruit two companies to the area that pay average annual wages of over \$45,000.

The Alliance is well on its way to meeting those goals. It was announced on December 29, 2004 that the headquarters for Advocate Aircraft Taxation Company, an aviation consulting firm in Indianapolis, will relocate to Collier County. The company assists clients with lease agreements, purchase contracts and other compliance documents for the Federal Aviation Administration. The move to Naples is targeted to create 60 jobs at an average annual wage of \$62,000.

Twelve retired and active executives serve on the RBA Board of Directors:

- Co-Chairmen: Dolph von Arx, Chairman of NCH Healthcare System and Paul Marinelli, President and CEO of Barron Collier Cos.

- Treasurer: Jim Lozelle, Former Executive Vice President of Tower Automotive
- Scott Lutgert, Chairman and Chief Executive Officer of The Lutgert Cos.
- Jerry Williams, CEO and President of Naples-based Orion Bancorp
- Arthur Allen, President and CEO of Allen Systems Group Inc.
- Tom Monaghan, Chairman of Ave Maria University and Founder of Domino's Pizza
- Dick Censits, Former Chief Financial Officer of Campbell Soup Co.



REGIONAL BUSINESS ALLIANCE  
OF SOUTHWEST FLORIDA, INC.

"The RBA is the manifestation of Naples and Southwest Florida's most competitive advantage- its significant abundance of CEOs," says KMKC's Jim McGraw. "Beyond this rather unique approach, the energy, passion and executive networks of the RBA members will drive an agenda and a journey for the long-term prosperity of this region that is yet to be understood by most residents."

For additional information about the RBA, please contact Jim McGraw at (513) 579-6932. ■

KMK Consulting has provided leadership assessment, strategic planning and capital formation services to TBP since its inception in April of 1994. Jim McGraw of KMK Consulting, was the original architect of the Partnership and has directed its three capital campaigns, the last concluding at the end of 2003.

For more information about the Tampa Bay Partnership, visit them online at <http://www.tampabay.org> or contact Jim McGraw at (513) 579-6932. ■