

# ECONOMIC DEVELOPMENT WEB SITE REQUEST EXECUTIVE SUMMARY

## Introduction

The County Executive has charged the Planning & Economic Development Services Division with maximizing their efforts to attract and retain business in Oakland County. A quote from a press release issued on November 10, 2005 sums up the priority he has assigned this directive:

“This is not the time to cower in the bunker or pull back. As our competition circles the wagons, I intend to aggressively pursue new business expansion into this county. With reports that the Delphi bankruptcy could result in the loss of 12,500 U.S. jobs, plant closings and a reduction of \$390 million in state and local taxes in 2007, Patterson said aggressive and innovative strategies are needed now to prepare for the future. Our residents rely on Oakland County to be a leader in the state’s economic recovery, Patterson said. Nothing less will do.”

The Division has responded to this directive by reorganizing staff, reprioritizing staff activities and seeking ways to enhance the County’s ability to attract business on a global scale.

## Economic Development Marketing Surveys

A recent (September 2005) survey conducted by Development Counsellors International of U.S. corporate executives with site selection responsibilities highlights the fact that the one of the most effective means of marketing Oakland County to key corporate decision makers is through our web site.

Many of the marketing techniques that rated high in the survey are already incorporated into Oakland County’s business attraction marketing strategy. One notable exception is the availability of an Oakland County web site optimized for ease of use by corporate decision makers. As the survey documented:

“Planned visits to corporate executives, Internet/website, and public relations/publicity received the highest ratings among all economic development marketing tools. **Internet/website showed the greatest increase**, climbing from 34% in 2002 to 53% in the current study.”

“Sixty-five percent of respondents indicated a **strong likelihood** that they would use an economic development organizations website in their next site location search.”

“When asked at what point in a site selection search would they typically contact an economic development organization, 48% of respondents selected, ‘*After we have developed a short list of potential communities.*’”

The fact that these key decision makers are relying more and more on community web sites to create their short list of communities to contact, demonstrates that Oakland County must have the best business attraction web site in the Country if we are to effectively implement the County Executive’s directive.

The Internet is an important site selection tool used by companies. According to Dennis Donovan, Senior Managing Partner of the Wadley-Donovan Group, 85% of expansion and relocation decisions are made without the help of a professional consultant. These companies are seeking out information on their own and the Internet is a key source of that information. 85% percent of site selection searches begin on the Internet (Global Corporate Xpansion) and, according to a study by consulting firm Whittaker Associates Inc., 84 percent of site selectors access information from the Internet in their site-selection process.

"Make no mistake, communities that have a Web presence will be the communities that bring in big business and reap tremendous rewards" - *Trent Boozer, president of U.S. Sites and Development*

"Our research has shown that 80% of the initial site selection process is now being done on the internet. Therefore, allocating significant resources to your economic development website is essential in today's competitive marketplace. This dramatic shift has lead to a significantly compressed site selection process." - David T. Ginn, President & CEO, Charleston Regional Development Alliance

"If your [economic development] web-site isn't easy to find, easy to navigate, full of current facts and figures, strong on case histories and comparable data, you might as well go into some other form of business" - Ted M. Levine, Founder and Chairman of Development Counsellors International, in *The IEDC Economic Development Journal*

## **Economic Development Web Site Review**

The Division hired the leading expert in economic development web sites, Mark James, to review Oakland County’s web site. Information Technology staff reviewed the results of Mr. James recommendations and discussed those recommendations with him. They fully support the recommendations presented by Mr. James for reorganizing and enhancing the County’s web site to optimize it for use by site location corporate decision makers.

## **Project Scope**

The goals of this project are:

- Create one or more “paths” that will lead key corporate site location decision makers directly to the information they need to add Oakland County to their short list
- Specific emphasis will be placed on optimizing the web site for use by corporate decision makers in emerging sectors businesses
- Reorganization of existing information on the County’s web site into a super marketing piece
- Increase the number of leads (potential investors in Oakland County)
- Create the ability of Oakland County to respond 24/7 to global requests for information
- Enhance the ability of staff to provide quicker responses to requests even when they are on global trade missions
- Include a function for users to create their own customized marketing pieces
- Automate responses to information requests
- Reduce the time required to prepare and deliver customized prospect proposals. Potentially be able to deliver proposals within hours of receiving the request regardless of where in the world the staff person may currently be located
- Increase the cost effectiveness of responding to requests
- Enhance the Division’s ability to track leads

## **Return on Investment**

This project will create a super marketing piece for Oakland County. It will reach businesses globally 24 hours a day, 7 days a week. Proactive marketing efforts will ensure that potential leads are directed to the web site.

The anticipated results of this super marketing piece will be a substantial increase in leads which will generate a 10% increase in successful site location activity. Based on a 5 year historical average of successful business development activity that 10% increase in attraction and expansion activity will result in over \$40,839 in additional revenue per year for the County general fund. It will also result in over \$455,196 per year in additional revenue to all taxing authorities (including the County).

In addition to its revenue generating potential, this project will result in both cost savings and staff productivity gains. It is anticipated that this super marketing

piece will result in a reduction in the cost for the development and production of marketing materials. The anticipated cost savings are projected to be \$14,500 per year. In addition, the elimination of replacement for the CDROM marketing piece is anticipated to save \$60,000. This piece is updated every couple of years at a cost of \$10,000 and completely redone every 5 years (scheduled for 2007) at a cost of \$50,000.

The productivity gains from automating responses to information requests that the Division receives are anticipated to be valued in excess of \$33,000 per year. Please refer to the "Return on Investment from Development of a County Economic Development Website" report for details.

**AVERAGE COUNTY TAX GENERATION PER SUCCESSFUL PROJECT**

<b>Year</b>	<b># of Successes</b>	<b>Total Investment</b>	<b>County Tax Generation</b>	<b>Total Tax Generation</b>
<b>2001</b>	16	\$229,005,000	\$507,246	\$5,679,324
<b>2002</b>	13	\$214,950,000	\$476,114	\$5,330,760
<b>2003</b>	18	\$200,809,000	\$444,791	\$4,980,063
<b>2004</b>	14	\$130,700,000	\$289,500	\$3,138,440
<b>2005</b>	15	\$146,420,000	\$324,320	\$3,631,216
<b>TOTAL</b>	76	\$921,884,000	\$2,041,971	\$22,759,803

**County Tax Generation:** \$4.43 per \$1,000 of SEV  
 (Includes County Operating and Parks and Rec) (50% of investment value)

**Total Tax Generation:** \$49.60 per \$1,000 of SEV  
 (50% of investment value)

**The average new tax generation to the County General Fund per year:** \$408,394

**5 percent increase in the number of successes will equal:** \$20,419

**10 percent increase in the number of successes will equal:** \$40,839

## RETURN ON INVESTMENT FROM DEVELOPMENT OF A COUNTY ECONOMIC DEVELOPMENT WEB SITE

### REVENUE GENERATION

#### **10% INCREASE IN SUCCESSFUL PROJECTS**

As the premier marketing tool for business attraction and expansion it is expected to significantly increase our global lead generation activity.

The increase in revenue is based on a per year average for the last 5 years of revenue generation from business development activity within our division.

Expected increase in County General Fund revenue per year:	<b>\$40,839</b>
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Expected increase in property tax revenue to ALL County taxing authorities per year:	<b>\$455,196</b>
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### SAVINGS AND VALUE OF STAFF PRODUCTIVITY GAINS

#### **REDUCTION IN PRINTED MARKETING MATERIALS**

10% per year reduction of budget in the following categories

Printing	\$4,500
Marketing Material Development	\$10,000

#### **ELIMINATION OF CDROM MARKETING PIECE**

The anticipated replacement of the CDROM marketing piece in 2007 will be eliminated from the 2007 budget and the planned update in 2009.

Cost Savings from elimination of CDROM	\$60,000
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#### **AUTOMATION OF RESPONSES TO INFORMATION REQUESTS**

The web site will free up staff time to focus on other business development activities (Assumes an average cost of \$47 per hour for professional staff)

**Research and Development Requests**

Each request requires an average of 2 hours to prepare

Average 300 requests per year

Reduce staff handled requests by half

Value: \$14,100

**General Inquiries**

Each request requires an average of 1 hour to prepare

Average 100 requests per year

Reduce staff handled requests by half

Value: \$2,350

**Prospect Proposals**

Each request requires an average of 2 hours to prepare.

Average 60 requests per year

Reduce staff handled requests by half

Value: \$2,820

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**TOTAL SAVINGS AND**

**VALUE OF STAFF PRODUCTIVITY GAINS PER YEAR: \$33,700**

**ONE TIME COST SAVINGS IN 2007: \$50,000**

**ONE TIME COST SAVINGS IN 2009: \$10,000**