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Economic development persists in state

Continued growth for established companies could help attract new businesses in the future

By Cosby Woodruff

A lack of major project announcements and the state's falling rankings on a once-touted national list do not mean Alabama is losing traction in economic development, according to some of the people charged with growing the state's manufacturing base.

That, they insist, will keep the state better positioned to attract new business when the economy improves and companies start expanding again.

Unless a surprise announcement pops up in the next seven weeks, 2009 will end without a major plant committed, with full funding, for the state. In fact, one of the major deals from recent years, the new Air Force tanker project slated for Mobile, remains in limbo.

As economic development announcements go, they range from small community events to major celebrations with leading company officials and top elected officers. The one in Alabama that most closely resembles that for 2009 was the September announcement that start-up automobile company Hybrid Kinetic Motors plans a massive south Alabama plant that will take a decade to fully build and become operational.

After company officials made the announcement, complete with Gov. Bob Riley, they went out and started raising money for the company.

Locally, economic development announcements have generally fallen into one of two categories: jobs saved for a local company or small expansions for local companies moving to new locations.

Bill Canary, CEO of the Business Council of Alabama, said those kinds of investments will pay dividends in the future.

"That shows why this is a great place," he said. "It is not just a great place to start, it is a great place to grow."

Site Selection magazine, an Atlanta-based economic development publication, recently ranked the state No. 7 in its annual list of states with the top business climate. Alabama ranked No. 3 on the same survey a year earlier.

Components of the survey included new plant announcements in 2008 and new plant announcements for the first half of this year. Alabama ranked No. 7 for 2008, but only No. 15 for the first part of this year.

Canary said new plants create publicity, but that is not where the jobs are.

"About 80 percent of job growth comes from existing businesses," he said.

Bill Taylor, who recently retired as the head of the Mercedes-Benz manufacturing plant in Alabama and became the leader of the Economic Development Partnership of Alabama, said the state must

change its recruitment strategy and help businesses in the state change as well.

"If there is any organization that is doing the same things today as it did last year, it doesn't have much of a life expectancy," he said.

As the era of the mega-project closes, economic development becomes more localized, and many city and county leaders are not prepared for that challenge, he said.

"Do they even know what site selection looks like?" he wondered. "We are finding a lot of opportunities to help communities get better structure."

State economic development leaders don't just need to look at communities, they need to look at companies.

"Do we understand the needs of the companies, do we understand what they do?" he said.

He said that while he led the Mercedes plant, he made a point of visiting suppliers on a regular basis so that he would understand their issues. Economic development officials must do the same for companies in their communities if they are going to help those companies grow.

"Don't we want to fill up our existing businesses before we bring in others?" he said.

"If these folks are not successful, then we haven't done our jobs."

Taylor said that when Mercedes decided to become Alabama's first automotive plant, it was drawn by the state's teamwork approach to recruiting new businesses.

"On any major project since then, it has been the same picture," he said.
