



## **MEMORANDUM**

**TO:** Chairman of Senate Finance Committee, Senator Hugh K. Leatherman, Sr.  
Chairman of House Ways & Means Committee, Representative W. Brian White  
Secretary of Commerce, Robert M. Hitt III

**FROM:** David T. Ginn, President & CEO

**COPY:** Chris Huffman, Chief Financial Officer, SC Department of Commerce

**DATE:** October 31, 2013

**RE:** FY2011-12 Appropriation pursuant to Proviso 40.18  
2013 Annual Report

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The Charleston Regional Development Alliance (CRDA) is the regional economic development organization representing Berkeley, Charleston and Dorchester counties. The CRDA leads a global marketing effort to attract and retain world-class businesses and talent, and works directly with companies to facilitate new, high-value business investment within the three-county region. We also collaborate with other entities to ensure a globally competitive, sustainable regional economy.

The Department of Commerce matching funds program has allowed us to leverage private-sector investments to greatly enhance our overall economic development program. A portion of this funding has also been directed to the Palmetto Partners program to help fund statewide, collaborative marketing initiatives.

On behalf of the CRDA Board of Directors, I am pleased to submit the following report providing a comprehensive overview of matching fund expenditures tied to the FY11-12 program. This report covers our activities from October 1, 2012 (when our 2012 report was filed) through June 30, 2013 (when all FY11-12 program funds were expended).

### **Financial Summary**

State appropriations:	\$604,630
State funds used as of 6/30/13:	\$604,630

## **Key Focus Area 1**

### **Global Business Development / Strategic Marketing**

Total state funds applied:                 \$546,134

Includes:

- Prospect Qualification & Lead Generation
- Aerospace Growth Strategy
- Active Project Facilitation
- Outbound Marketing Missions
- Conferences, Trade Shows and Association Meetings
- Inbound Business Development Events / Hosting
- Global Media Outreach
- Online Marketing
- Sales Support

The CRDA drives a global marketing and business development program to attract and retain the world's best companies, entrepreneurs and professional talent. We also serve as consultants and facilitators for companies considering a competitive investment in the region.

The CRDA's marketing and business development activities are designed to align with Opportunity Next, the region's comprehensive economic development strategy introduced in April 2011. They also capitalize on the region's key global business assets, including the Port of Charleston, Boeing, the Clemson University Energy Systems campus, the Medical University of South Carolina, U.S. Military installations / SPAWAR Atlantic, and the region's base of existing industry.

Following is an overview of related activities from October 1, 2012 through June 30, 2013 when all FY11-12 program funds were expended:

#### **A. Prospect Qualification & Lead Generation**

The CRDA contracts with a globally focused prospect qualification and lead generation firm to strategically target relevant companies that a) fall within the region's industry and geographic targets; b) are actively pursuing significant investment opportunities; and c) would consider the Charleston region as a potential location for that investment.

We activated this program in January, 2011 and it has since generated meetings with 102 qualified companies, 90% of which are headquartered outside the United States.

By employing this valuable resource when planning marketing missions, attending tradeshows and hosting in-bound visits, we have significantly increased the quantity and quality of our company interactions. Our plan is to continue our relationship with this outsourced firm at least through October, 2014.

## **B. Aerospace Growth Strategy**

Boeing's growing presence in our region provides a significant opportunity to establish Charleston as a global center for aerospace manufacturing and innovation. As we've learned, the growth of this sector will require a much different economic development strategy than one typically employed when targeting the automotive sector.

To help guide our efforts appropriately, we've contracted with an aerospace industry consultant with in-depth knowledge of the global aerospace supply chain. He has counseled our team on the changing nature of this supply chain as energy efficiency is increasingly emphasized in aircraft design. With his professional guidance, we are executing a multi-part strategy to attract additional aerospace investment to our region.

## **C. Active Project Facilitation**

The CRDA devotes significant resources toward managing and facilitating the site selection process for companies considering our region for competitive business investments. We serve as a confidential resource to help streamline the site selection process, assisting companies with issues ranging from buildings and sites to financing and workforce training.

Between 10/1/12 and 6/30/13, we partnered with the SC Department of Commerce and our three county economic development directors in managing 261 project "leads" (not all site selection criteria known) and 41 project "opportunities" (all site selection criteria known). Many of these "leads" and nearly all of the "opportunities" have visited our region for executive briefings and customized tours of the region, including pre-arranged meetings with relevant officials and visits to potential sites and buildings. Increasingly, the CRDA and relevant economic development partners are also traveling to companies' headquartered locations to discuss project details with key decision makers.

## **D. SpeedNews Conferences**

*SpeedNews* conferences provide senior-level aviation and aerospace leaders, decision makers and industry analysts with information on the latest industry innovations and trends to help guide their business plans for the coming year.

- **13th Annual Aviation Industry Suppliers Conference in Toulouse, France – Sept. 15-22, 2012**

This global conference, held in Toulouse, France, attracted more than 300 industry suppliers for education, networking and tours of Goodrich Aerospace Europe, Liebherr Aerospace Toulouse, and Airbus' A380 Final Assembly Line. During the show, SpeedNews announced it will be creating a new conference focused on aerospace manufacturing to be held in Charleston, SC in the spring of 2013.

- **SpeedNews Annual Commercial Aviation Suppliers Summit in Beverly Hills, CA – March 4-6, 2013**

This high-value conference is geared toward aviation equipment manufacturers, raw material suppliers, analysts, financial institutions and marketing executives. Over 120 delegates attended, 45% of whom were international. The CRDA's CEO attended this conference on behalf of the region to personally invite attendees to the upcoming

SpeedNews Aerospace Manufacturing Conference to be held in Charleston the following month.

- **SpeedNews Aerospace Manufacturing Conference in Charleston, SC – April 9-13, 2013**

As testament to our state's growing reputation as an aerospace hotspot, SpeedNews chose Charleston for a major aerospace manufacturing conference, bringing together the leaders of major aerospace manufacturers and suppliers to discuss the latest industry trends and innovations. CRDA partnered with the Charleston Area Convention & Visitors Bureau, the SC Dept. of Commerce and local aerospace companies to support this high-level conference. Gov. Haley was keynote speaker on the first day, and representatives from Boeing, the SC Dept. of Commerce, the SC Dept. of Transportation and readySC participated in a panel discussion. Delegates also toured TIGHTco, Boeing and Venture Aerobearings. While typical attendance for a SpeedNews conference is 125 delegates, the Charleston conference attracted 175+ delegates.

**E. International Economic Developers Council (IEDC) Annual Conference – Sept. 30-Oct. 3, 2012**

The CRDA's CEO attended this high-value conference which draws site selection consultants and economic development practitioners from around the world. This year's conference, held in Houston, TX, addressed the challenges and opportunities of growing jobs and investment in today's global economy.

**F. Transmission & Distribution SMARTGRIDS Europe – Oct. 9-11, 2012**

To capitalize on the growing interest in the smart grid simulator planned for Clemson University's Energy Systems Campus in North Charleston, the CRDA attended SMARTGRIDS Europe in early October. Held in Amsterdam, Holland, the show attracted more than 1,000 industry professionals, primarily from European and Asian countries. For results, please see MRO Europe summary below as the two shows took place simultaneously in the same location.

**G. MRO Europe – Oct. 9-11, 2012**

While in Amsterdam for the SMARTGRIDS conference, the CRDA also participated in Aviation Week's 15<sup>th</sup> annual MRO Europe conference, which focuses on aircraft maintenance, repair and operations. This year's conference provided a special emphasis on composites, advanced materials and IT, all of which align with the target sectors and competencies identified in the Charleston region's Opportunity Next strategy.

The CRDA's lead generation firm set 18 appointments with qualified companies attending MRO and SMARTGRIDS, plus separate meetings with two companies headquartered in close proximity to the shows.

**H. National Business Aviation Association (NBAA) 65th Annual Meeting & Convention – Oct. 30-31, 2012**

NBAA targets the business aviation industry (ranging from prop planes to jets to helicopters). The Association's Annual Meeting & Convention is the world's largest business aviation trade show, attracting key operators and industry leaders to conduct business, make buying decisions

and set the stage for business aviation activity in the year ahead. The CRDA participated in a statewide partnership which also included the SC Department of Commerce, the SC Power Team and other regional alliances. In addition to company executives on the show floor, the CRDA participated in five pre-set meetings plus productive interactions with company executives on the show floor.

**I. SC State Ports Authority Site Locators' Summit – Nov. 14-16, 2012**

In November 2012, the SCSPA hosted approximately 20 key site location consultants for a familiarization tour of the Charleston region with the CRDA providing invitation and logistics support throughout the event. The CRDA's business development team provided an in-depth overview of Charleston's global business assets, and also hosted guided aerial tours of the region's port facilities, industrial sites and other key business assets.

**J. Site Selectors Guild Conference – Feb. 25-27, 2013**

Founded in 2010 by 12 internationally acclaimed site selectors, the Site Selectors Guild is a professional association comprising the world's most respected site selection consultants. Guild membership is limited to those who are nominated and approved by their peers in the site selection industry.

The Guild limits registration to 150 economic development professionals to ensure participants have the opportunity to meet, interact and build relationships with the 30 leading site selection consultants who participate. The CRDA's CEO and VP Global Business Development participated in the 2013 conference, which was held in Orlando. The SC Dept. of Commerce provided SC gift baskets, which included Charleston-specific items provided by the CRDA, to the site selection consultants attending the conference.

**K. IAMC 2013 Spring Professional Forum – March 16-20, 2013**

The Industrial Asset Management Council (IAMC) is the leading association of industrial asset management and corporate real estate executives, their suppliers and service providers, and economic developers. Members include senior real estate directors from 3M, Alcoa, BASF, PepsiCo, General Mills, Johnson & Johnson, Pfizer and many other large industrial firms.

In 2013, the council held its spring conference in Charleston for the second time. With South Carolina serving as the host state, the CRDA participated in a statewide partnership to financially support related hosting activities. We also served on the conference planning committee, securing direct involvement in the conference by Boeing, the SC Ports Authority, Clemson University and other key SC assets. As the host community, the CRDA provided Charleston welcome bags with local food items and regional information to each attendee.

**L. South Carolina – Israeli Collaboration Sponsorship**

The CRDA is an active participant in this collaborative, statewide effort focused on stimulating SC-Israeli business and research partnerships with a goal of generating economic development, jobs and investments. We are helping to facilitate connections between Israeli companies and those operating in our region, and will be participating in the 2013 mission to Israel to align our efforts with other members of the SC delegation in fostering long-term opportunities for our state.

**M. Latin American Aero and Defense (LAAD) and Security Exposition / Sales Mission – April 8-9, 2013**

The CRDA's VP Global Business Development traveled with the Deputy Secretary of the SC Dept. of Commerce to attend the LAAD Expo in Rio de Janeiro, Brazil, the leading exhibition for the defense and security sector in Latin America. Following the event, they met with 15 companies aligned with Opportunity Next targets, such as members of the Brazilian Aerospace Cluster, along with the Brazilian-American Chamber of Commerce and the U.S. Consulate.

**N. UK / Ireland Sales Mission – April 14-20, 2013**

The UK, Ireland and Denmark are identified as geographic targets in the Opportunity Next regional strategy. The CRDA traveled to this area of western Europe to meet with more than 10 companies pre-qualified by our outsourced consulting firms. We also joined the European office of the SC Dept. of Commerce for a tour of the Advanced Manufacturing Park in Sheffield.

**O. CANSEC 2013 Tradeshow – May 29-30, 2013**

The CRDA represented the Charleston region at Canada's largest defense technology showcase in Ottawa. Our outsourced lead generation firm produced seven qualified meetings for the two-day show. Three of these meetings quickly evolved into short-term leads.

**P. Palmetto Partners Support**

Palmetto Partners is a strategic partnership with the SC Dept. of Commerce and other economic development allies throughout the state to position South Carolina as a premier location for new business investment. The CRDA is actively participating in this statewide partnership, and applying a portion of our state appropriations to support this valuable effort.

**Q. Global Media Outreach**

Research consistently shows that C-level executives are influenced in their perceptions of a community by third-party articles in leading business and trade publications. As such, the CRDA is committed to a strong and consistent media relations program to position the Charleston region as a top location for successful business operations.

We also focus our media outreach efforts on publications that will reach world-class talent and entrepreneurs. Our goal is to showcase the region as an attractive option for starting a business and advancing a career.

In November 2012, the CRDA hosted journalists representing *National Defense* and *Security Products* for the Charleston Defense Contractor's 6<sup>th</sup> annual C5ISR Government & Industry Partnership Summit, a national conference focused on issues related to cyber security. This three-day media event also included tours of the region and meetings with local advanced security and information technology companies. Resulting articles included:

- *National Defense* published two articles on Charleston's defense contractors and advanced security companies. (11/30/12 & 12/20/12)
- *Security Products* published an article highlighting the C5ISR Conference in Charleston, including information about SPAWAR, SCRA, BAE Systems and CDCA. (1/1/13)

- *Security Products* published an article authored by Rebecca Ufkes, President of UEC Electronics, which noted Charleston's expanding pool of engineers. (6/30/13)

In addition to the articles noted above, our global media outreach program produced the following results:

- *Government Executive* published an article titled "Defense Contractors Diversify While Eying Sequestration," which focused on South Carolina's defense industry. The article included comments by Gov. Haley, Sen. Graham, BAE Systems and the CRDA, and noted SPAWAR, Joint Base Charleston, NOAA, SAIC and SRC. (10/1/12)
- *Engineering News-Record* published an article titled "For Panamax Port Expansions, The Freight Wait is Almost Over," which looked at efforts by U.S. ports to prepare for the impending Panama Canal expansion. It included the timeline for Charleston's harbor deepening project and an overview of related investments in road, rail and terminal infrastructure. (12/31/12)
- *USA Today* included a callout of the Charleston region alongside an article about the Federal sequestration. The callout was titled "Charleston's economy girds for leaner defense budgets" and included the following excerpt: "Charleston wants to build a next-generation economy around assets it already has, building up strengths in aerospace, information technology and computer security, clean energy and biomedicine." The callout also noted that "(Moody's Analytics) ranks Charleston's economic vitality in the top 15% of U.S. metropolitan areas." (02/03/13)
- *Financial Times* published an article titled "Southern ascent: Charleston is on the rise as a high-tech hub," which focuses on the region's growing concentration of technology companies. From the article: "Bolstered by local branches of blue-chip companies such as Boeing and Google, Charleston was the ninth best-performing city in the U.S. for job creation and economic growth, according to think-tank the Milken Institute. With its knowledge economy having grown almost 40 percent since 2008, the area has been called America's 'Silicon Harbor.'" (03/30/13)
- *Flightglobal* published an article titled, "Boeing to invest \$1B in expanding Charleston facility," which detailed Boeing's announcement to expand its Charleston-area presence by adding 2,000 employees by 2020. The article also mentions that the new hires will be engineers, information technology specialists and production staff. (4/09/13)
- *Aviation Week* published an article titled "Boeing Looks South Again," which notes that Boeing's \$1 billion expansion in South Carolina was a "no brainer" given the state's manufacturing reputation and local training programs. It is also noted that Boeing is one the region's top employers. The additional 2,000 jobs, some of which will be in the information technology field, will utilize Trident Tech's training programs. (04/15/13)
- Another *Aviation Week* article, "Boeing Considers Everett Program Shift," reports how South Carolina may potentially play a role in Boeing's strategy to increase 787 production. The article showcases the North Charleston Boeing plant as already moving "beyond its initial 787-only role." Also mentioned in the piece is that Boeing recently announced a \$1 billion infrastructure investment and 2,000 new jobs for the South Carolina operation – an expansion pledge that covers the next eight years. (04/29/13)

- *Aviation Week* published an article titled “Boeing Disperses Design, Engineering Work,” which covers Boeing’s decision to expand its operations in the Charleston region to include design and engineering work on the 737 MAX propulsion unit. (6/10/13)

#### **R. Website & GIS Mapping – New Platform Support**

The increasing popularity of smart phones, iPads and other portable devices requires supporting multiple communication platforms with both our website and our GIS-driven mapping and reporting tools. While we completed modified versions of our website and online tools to make them accessible using smart phones and tablet computers, we’ve also continued to expand and evolve our digital platform to deliver a comprehensive, professional online experience to our various target audiences.

#### **S. Search Engine Marketing Campaign**

The CRDA’s website, which houses our GIS-based real estate search and reporting tool, provides a wealth of information about the three-county region’s business and lifestyle attributes. The Opportunity Next regional economic development strategy calls for an aggressive international focus, and we’ve been using search engine marketing, social media campaigns and other strategies to drive additional international traffic to our website.

As a result of these efforts, we’ve seen a significant increase in international website visits. For the fiscal year ending June 30, 2012, site visits were up nearly 20% over the previous fiscal year while the percentage of international visitors more than doubled (from 5% of total site visitors to over 10%).

#### **T. Existing Business Testimonials (website and presentation content)**

To take advantage of the powerful impact of existing local businesses telling the Charleston story, the CRDA has developed a series of business testimonials as well as an “introduction to Charleston” video for opening prospect presentations.

Since our last report, we have produced a testimonial from TRUMPF Medical Systems and have completed the “introduction to Charleston” video for opening prospect presentations. The video includes an overview of the region’s lifestyle attributes plus footage of the Port of Charleston, key industrial sites and other significant business assets. We’ve also produced an aerospace-specific, GIS-based video touting our state’s proximity to several aerospace manufacturers in the Southeast as well as supporting infrastructure and industrial property.

#### **U. Sales Support Materials**

To support business development activities aligned with the region’s Opportunity Next strategy, we have continued to add to the CRDA’s “tool kit” of professionally designed templates, printed sales materials and branded premiums. Since our last report, we have produced:

- A regional map highlighting the region’s port facilities, colleges/universities, airports, military installations, R&D campuses and key office and industrial parks (map is produced by the Charleston Metro Chamber of Commerce with the CRDA providing significant input as well as the back cover design).



- One-page regional profiles, including a general regional overview and a quality of life overview.
  - Branded promotional items, including thumb drives, tumblers, umbrellas plus “coffee table” books featuring Charleston regional photography.
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## **Key Focus Area 2**

### **Regional Competitiveness / Business Intelligence**

Total state funds applied:                      \$51,954

Includes:

- Cluster Support Initiatives
- Competitive Research & Analysis

The Charleston region is a top 100 metropolitan area, putting us in direct competition with communities across the United States and around the world. For the region to compete effectively, the CRDA invests in research and analysis to guide and inform our efforts. We also serve as a regional resource, convener and collaborator in addressing competitiveness issues.

Following is an overview of related activities from October 1, 2012 through June 30, 2013:

#### **A. Biomedical Leadership Initiative**

Great strides have been made in recent years to create the right environment for the biosciences, with significant investments including the SCRA MUSC Innovation Center, expanded research facilities on the MUSC campus, and the Horizon Project in downtown Charleston.

The Opportunity Next strategy recommends the region build on these investments by creating a biomedical cluster leadership position responsible for spearheading biomedical-related economic development activities. To develop a detailed plan, budget and timeline for accomplishing this recommendation, the CRDA contracted with an industry professional with extensive experience in similar initiatives. Regional stakeholders have been receptive to the consultant’s recommendations and are considering the next steps to move the initiative forward.

#### **B. Business Intelligence – Aerospace Focus**

The CRDA has subscribed to both Dun & Bradstreet and Airframer (electronic database of aerospace OEMs and suppliers) to provide current business intelligence and to inform presentations and proposals to companies within the aerospace industry.

#### **C. Metropolitan Export Initiative (MEI)**

The Brookings Institution chose Charleston and seven other communities to participate in an initiative to develop export plans focused on each region’s assets. According to Brookings, 19,000 Charleston-area jobs were tied to exporting in 2010. The planning process began in October 2012 with the CRDA joining representatives from Boeing, World Trade Center Charleston and the Charleston Metro Chamber of Commerce at the Brookings’ headquarters in

Washington DC. The other communities selected for this initiative are San Antonio; Chicago; Columbus, Ohio; Louisville-Lexington, Ky.; San Diego; Des Moines, Iowa; and Tampa Bay, Fla.

The resulting Charleston Metro Export Plan, which was unveiled on August 1, is a collaborative effort developed by a broad spectrum of leaders from both the private and public sector. It includes a policy memo, market assessment, export strategy and implementation plan designed to boost Charleston's exports and help the region's small- and medium-sized exporters grow. The plan's strategies include: coordinating public and private experts to help area exporters; promoting large exporting companies in the Lowcountry; and targeting certain economic clusters and markets for trading relationships.

#### **D. DIG South Sponsorship & Media Event**

Charleston is ranked among the top 10 fastest growing mid-sized metro areas for software and Internet technology. As such, Opportunity Next recommends that the region focus on further developing this high-value competitive asset. To reinforce our region's advantages for IT and software companies, the CRDA partnered with the City of Charleston's Digital Corridor to sponsor DIG South, an interactive conference and expo exploring the intersection of technology, the arts, social media and marketing – with a focus on the knowledge economy (similar to SXSW in Austin, TX). The event was held April 12-14, 2013.

In conjunction with the conference, the CRDA hosted a writer from *Fast Company* magazine for first-hand coverage of the inaugural festival. The resulting article, titled "Workplace Culture Hacks from America's Politest City," positions Charleston as a strategic and attractive international business destination for its competitive assets, skilled and educated workforce, business-friendly climate, creative / entrepreneurial environment and superior quality of life. From the article: "All this generosity is not simply because I'm here from New York to speak at Charleston's first annual DIG South tech conference; it's how this town...operates. Two of the biggest startups in town build solutions that help companies keep employees happy."

#### **E. Talent Attraction and Retention Strategy**

The ability to produce, attract and retain talent is critical to our region's long-term success and global competitiveness. Educated residents with specialized skills and knowledge fuel the performance of existing firms and serve to attract new employers in our target industries.

As recommended in Opportunity Next, the CRDA has partnered with the Charleston Metro Chamber of Commerce to develop a comprehensive strategy for attracting and retaining skilled talent. As a first step, we jointly commissioned a consulting firm to conduct a competitive assessment of our region's "talent attributes" and to benchmark these attributes against other similar communities. The assessment was completed in January 2013.

Based on this study, we have begun working with local employers and regional stakeholders to develop and implement a multidimensional talent attraction and retention campaign which will launch in the summer of 2014.

## **F. Regional Economic Development Strategy – Opportunity Next**

This comprehensive, cluster-based economic development strategy was developed over nine months and presented to the community in April 2011. The Opportunity Next strategy is now guiding the region’s collective efforts to strengthen the local economy.

The CRDA continues to invest in the strategy to keep it current and top-of-mind among regional stakeholders. Between October 2012 and June 2013, funds were used to:

- Convene the “Implementation Alignment Board” comprising nearly two dozen organizations with responsibilities assigned in the plan.
- Revise and update the strategy implementation and reporting website, [www.opportunity-next.com](http://www.opportunity-next.com).
- Reengage the strategy consultants to conduct a “Year Two” progress review and make necessary adjustments to the Opportunity Next strategic plan. We will conduct a “Year Three” progress review in May 2014.

## **G. Center for Business Research**

The CRDA serves as a confidential resource for companies considering our three-county region for competitive business investments. We also serve as a central clearinghouse for regional economic and demographic data, information on new initiatives and business developments, plus other relevant regional updates.

To be sure we have the most current and impactful information available, we contract with the Charleston Metro Chamber’s Center for Business Research to:

- Populate our regional economic development website with the latest data and business information
- Provide assistance with responding to requests for custom information (media requests, proposals and RFIs)
- Conduct economic impact analysis on CRDA-facilitated announcements

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## **Program Administration**

Total state funds applied:                      \$6,542

As a small, marketing-focused organization, the CRDA outsources its bookkeeping and legal functions to professional service providers in the region. As such, we appropriated a small percentage of total funding to obtain professional management of the matching fund program’s financial and legal aspects.

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### **Total Program Costs**

The CRDA appropriated funds from the FY11-12 matching funds program toward business development and regional competitiveness activities from January, 2012 through June 30, 2013 as reported. Below is a summary of associated expenditures during this same time period:

Total state appropriations (FY11-12 program):	\$604,630
Total private-sector match (FY11-12 program):	\$604,630
Total CRDA program expenditures (12/1/11-6/30/12):	\$1,395,300