



## 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:** FY2012-13 Appropriation pursuant to Proviso 40.17  
2013 Annual Report

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On behalf of the Charleston Regional Development Alliance Board of Directors, I am pleased to submit the following report providing a comprehensive overview of economic development activities supported by the FY12-13 South Carolina matching funds program through September 30, 2013.

The Charleston Regional Development Alliance (CRDA) is the regional economic development organization representing Berkeley, Charleston and Dorchester counties. Our organization 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.

If you have questions or would like additional information about any of the activities outlined in this report, please contact me directly at 843-760-4524 or [djinn@crda.org](mailto:djinn@crda.org).

### **Financial Summary**

State appropriations:	\$730,028
State funds used as of 9/30/13:	\$517,404

## **Key Focus Area 1**

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

Estimated state appropriations:     \$374,525  
State funds used as of 9/30/13:     \$208,447

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 for which we've allocated FY12-13 state matching funds through September 30, 2013:

#### **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 tradeshow 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**

The CRDA is actively engaged with Boeing and our local partners to identify companies in our region with the capabilities to support the growth of this important industry sector. We've established regular meetings with Boeing to align our efforts and are participating on the Boeing Supplier Diversity Council.

We've also retained an aerospace industry consultant with in-depth knowledge of the global aerospace supply chain to provide insight and guidance to our related business development efforts. 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.

Since July 1, 2013, we've allocated funds from the FY12-13 matching funds program to support these mission-critical activities. For the three months ending Sept. 30, 2013 we partnered with the SC Department of Commerce and our three county economic development directors to manage 131 project "leads" (not all site selection criteria known) and 27 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. We've also traveled to companies' headquartered locations to discuss project details with key decision makers.

## **D. Kent Valley Sales Mission – May 6-10, 2013**

The CRDA's business development team and our three county economic development directors traveled to the Pacific Northwest for a sales mission this past spring, which included a tour of both the Boeing fabrication center and 787 final assembly plant. CRDA's outsourced lead generation firm produced 12 qualified meetings during the mission, four of which turned into short-term leads.

## **E. Paris International Air Show – June 17-23, 2013**

The CRDA joined economic developers from across South Carolina, led by the SC Department of Commerce, for the Paris International Air Show during the week of June 17, 2013. This signature event attracted over 140,000 trade visitors, more than 2,200 exhibitors and delegates from 102 countries across the globe.

Throughout the week of the show, members of the CRDA team met with 22 qualified companies interested in learning more about doing business in South Carolina and the Charleston region. International journalists are also prime targets for our state's aerospace story, and the CRDA team, along with the Dept. of Commerce, participated in four media interviews. This resulted in strong coverage both during and after the show, including:

- *International Aerospace* (distributed at the show) featured a full page article titled “Charleston to woo aerospace investments with ‘Opportunity Next’ strategy,” which detailed the Charleston region’s efforts to grow its aerospace industry sector. From the article: “While Charleston, South Carolina is already well-known for our work in the government sector, we are developing a diversified aerospace sector which incorporates major commercial work. Since 2007, Charleston’s commercial aviation sector employment grew from 9% to 49%. We are continuing to work to attract additional Boeing suppliers, sub-assembly operations, advanced materials manufacturing and to extend the region’s composites expertise.” (6/17)
- *Show News* (distributed at the show) featured two articles on aerospace in SC. The first, titled “South Carolina: Overcoming Adversity,” analyzed the Charleston region’s economic growth since the Navy Base closure in 1995, in particular the growth of the aerospace sector. SC Commerce Secretary, Bobby Hitt, was also quoted in the article. (6/18)

The second, titled “South Carolina Wins Narrow-Body Work,” focuses on the announcement by Boeing that it would begin building key elements of the engine nacelle for the 737 Max in the Charleston region. From the article: “The establishment of Propulsion South Carolina is part of a broader expansion of design engineering and information technology work for North Charleston, in support of the company’s pledge to invest \$1 billion and create 2,000 jobs there.” (6/19)

In addition to media interviews, the CRDA’s PR strategy included programmed tweets, LinkedIn posts, Facebook posts, special website announcements, a blog post and international text and display ads.

#### **F. Boeing Suppliers Summit – June 27-28, 2013**

This inaugural event, hosted at BoeingSC’s manufacturing campus in North Charleston, included more than 100 delegates representing 65-70 domestic and international companies (both existing and potential suppliers). In partnership with the SC Department of Commerce and SCANA, the CRDA hosted an evening reception at the Charleston City Gallery. The CRDA’s VP Global Business Development also moderated a panel discussion which focused on the advantages of South Carolina and the Charleston region for the aerospace industry. Three of our existing leads attended the conference, one of which is now a qualified project.

#### **G. IAA 65<sup>th</sup> International Motor Show (aka Frankfurt Auto Show) – Sept. 9-13, 2013**

Senior members of the CRDA Business Development team joined the SC delegation, led by Gov. Haley and Commerce Secretary Hitt, at the annual Frankfurt Auto Show in Germany. In preparation for the show, we employed our lead generation firm to expand opportunities for qualified company meetings. While in Frankfurt, the CRDA met with five companies in partnership with the Department of Commerce, held another qualified meeting through our lead generation firm, participated in a statewide reception and met with a reporter for *Automotive Industries*.

In addition to media interviews, the CRDA’s PR strategy included programmed tweets, LinkedIn posts, Facebook posts, special website announcements, a blog post and international text and display ads.

**H. International Economic Developers Council (IEDC) Annual Conference – Oct. 6-9, 2013**

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 Philadelphia, PA, addressed current challenges impacting economic developers as well as existing trends in our dynamic economy. More details and results of this conference will be included in our 2014 annual report.

**I. 2013 National Business Aviation Association (NBAA) Annual Meeting & Convention – Oct. 22-24, 2013**

NBAA targets the business aviation industry (ranging from prop planes to jets to helicopters), and its Annual Meeting & Convention is the world's largest business aviation trade show. The show attracts 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 Santee Cooper and the SC Power Team. In addition to company executives on the show floor, the CRDA met with companies pre-qualified by our lead generation firm. More details and results of this conference will be included in our 2014 annual report.

**J. BABC-PNW Aerospace Conference – Oct. 22, 2013**

CRDA's VP Global Business Development represented the state of SC in a panel discussion of the aerospace industry during the British American Business Council of the Pacific Northwest's Aerospace Conference. The discussion focused on "Broadening Horizons for Local Suppliers," and featured delegates from South Carolina, Washington state, Kansas, Alabama and Washington DC. More details will be included in our 2014 annual report.

**K. 18th Annual SpeedNews Regional & Business Aviation Industry Suppliers Conference – Nov. 6-8, 2013**

This high level conference, which will be held this year in Scottsdale, Arizona, is designed for equipment manufacturers, raw material suppliers, MRO and IT suppliers and industry analysts. The CRDA is currently making preparations to participate. More details and results of this conference will be included in our 2014 annual report.

**L. SEUS-Japan Association Annual Meeting – Nov. 17-19, 2013**

The 36th meeting of the U.S. Southeast - Japan Association (SEUS-Japan) will be held next month in Biloxi, Miss. The Association was launched in 1975 to promote trade, investment, understanding and friendship between Japan and seven states within the U.S. Southeast: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee. Its annual meetings alternate each year between Japan and the Southeastern U.S. and attract high level representatives from both the private and public sectors. The CRDA's Board Chairman and CEO will attend the 2013 event. More details and results will be included in our 2014 annual report.

**M. SC-Israel Business Research Mission – Dec. 7-12, 2013**

The CRDA's Board Chairman and CEO will participate in this collaborative, statewide mission focused on stimulating SC-Israeli business and research partnerships with a goal of generating

economic development, jobs and investments. More details and results will be included in our 2014 annual report.

**N. Area Development Consultants Forum – Dec. 8-10, 2013**

These target-rich conferences are an important element of the CRDA's comprehensive business development program, providing opportunities to build relationships with and generate top-of-mind awareness among this critical target audience. On average, more than a third of CRDA projects (and nearly all capital intensive projects) are led by professional site selection consultants.

In December, Area Development will hold one of its popular Forums here in Charleston, providing a significant opportunity to showcase South Carolina's competitive business and lifestyle assets. More details and results will be included in our 2014 annual report.

**O. Joint base Charleston 2014 Honorary Commanders**

This annual program is designed to extend a cross-flow of information and exchange of ideas between local military personnel and local civic leaders. With advanced security included among our region's target industry sectors, involvement with this program serves to strengthen our relationships with local military leaders. More details and results will be included in our 2014 annual report.

**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.

In addition to the articles noted earlier in this report, our global media outreach program produced the following results:

- *fDi Magazine* published an article titled "The Great Aerospace Battle," which focused on the worldwide push involving many destinations vying for potential investment from aerospace manufacturers. As the article explains, much of this push is related to the anticipated future global demand for aircraft, expected to be 20,000 units over the next 20 years. Boeing's investment in Charleston is mentioned in the section of the article entitled "Competitive Incentives," which details the \$450 million in incentives that South Carolina offered Boeing in order to create its North Charleston delivery center. The article also mentions Boeing's recent announcement to invest another \$1 billion and create 2,000 new jobs in the region over an eight-year span. (June/July 2013)

- Global HR Talk Radio aired a segment featuring the CRDA's VP for Regional Competitiveness along with the CEO of local tech company, PeopleMatter. The interview kicked off with an overview of the economic development landscape in the Charleston region followed by an in-depth discussion as to why the area is so attractive to technology startups and entrepreneurs. (June 2013)
- An article published in *Successful Meetings* highlights why Charleston is an ideal location to host aerospace-related meetings and business events. In the article, titled "Company Towns: How Meetings Can Capitalize on Local Industries," the author explains that Charleston is an ideal location because of the heavy industry presence as a result of Boeing and other aerospace companies, the city's beautiful southern charm and its central location on the East Coast, halfway between New York and Florida. (July 2013)
- *Industry Week* published news of Weber Automotive's plans to establish a new manufacturing center in Charleston County. The article was titled "Vehicle Components Maker's New Plant Adds to South Carolina's Growing Auto Sector." (07/09/13)
- *Automotive Industries*, *Area Development* and *Industry Week* all recapped the news of Daimler's \$4.6M investment toward a new manufacturing facility in the Charleston region. Combined, these online stories reached 213,000 unique website visitors with an editorial impact of \$15.5K.

#### **R. Website – Next Generation Content & Design**

Internet technology and web access platforms are rapidly evolving, and the CRDA is working closely with our interactive media partner to develop a strategy for creating a next-generation website to launch in FY14-15. While we introduced a mobile site to support smart phones and tablet devices within the past 12 months, the main CRDA website is nearly six years old. To begin the process, we are researching best-in-class websites as well as content expectations among our various audience targets. Our goal is to finalize our implementation plan by spring 2014 and begin creating the new site by early summer.

#### **S. Online / Email Marketing Campaigns**

To support the CRDA's global business development program, our marketing team has developed an electronic "toolbox" for creating awareness of and generating interest in our three-county region. Elements of this toolbox include:

- Automated email for systemized follow-up with new contacts and long-term leads
- Programmed tweets aligned with industry events and outbound marketing missions
- Strategic posts on LinkedIn, Facebook and the CRDA blog
- Search engine display ads linked to targeted key words
- Quarterly email campaign to site selection consultants focused on new regional developments

#### **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. To date, we've used funds

from the FY12-13 matching funds program to shoot footage for an Information Technology focused video. Plans call for this video to be completed within the next few months.

#### **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 sales materials. Using FY12-13 matching funds, we are currently producing a brochure targeting the information technology industry.

**Global Business Development / Strategic Marketing costs to date:** The overall cost of this program to date, including the portion paid for with private-sector funds, is \$68,500.

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### **Key Focus Area 2**

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

Estimated state appropriations:	\$85,000
State funds used as of 9/30/13:	\$43,857

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 related activities for which we've allocated FY12-13 state matching funds through September 30, 2013:

#### **A. 2013 Regional Economic Scorecard**

For the past four years, the CRDA has partnered with the Charleston Metro Chamber of Commerce and SC Biz News, publisher of the *Charleston Regional Business Journal*, to produce an annual assessment of our region's economic progress. This annual Scorecard is intended to help guide discussions and actions by local business, government, community and workforce leaders regarding strategies for shaping our region's economic future.

For the 2013 report, the Lowcountry Graduate Center and the Riley Center for Livable Communities at the College of Charleston gathered and analyzed the comparative data. A task force of local business and community leaders also provided input and direction for the project.

This year's Scorecard shows that our three-county region's economy is performing better than the U.S. overall, and continues to strengthen since the launch of the Opportunity Next strategy in April 2011. Employment in the region has grown two times faster than the U.S. since 2010. All of the region's jobs lost in 2009 have been recovered, and unemployment is lower than the



national average and dropping at a faster pace. Correlated with the region's strengthening economy, regional population growth since 2010 has been three times the national average. In fact, Charleston's regional population is projected to reach 1 million residents within the next 15 years. This growth will escalate tough challenges on regional transportation infrastructure, housing affordability, and the skilled human capital needed to fill higher wage industry sectors.

To expose local leaders to the information contained in the report, the CRDA and our project partners:

- Presented the report at a *Charleston Regional Business Journal* Power Breakfast (300 attendees)
- Distributed printed copies via the *Charleston Regional Business Journal* (9,000 circulation)
- Presented the report to the boards of directors for the CRDA, Charleston Metro Chamber and Greater Summerville/Dorchester Chamber
- Presented report findings to several community organizations and other key stakeholder groups
- To date, approximately 12,000 copies of the report have been distributed

#### **B. DIG South Sponsorship & Media Event – April 9-11, 2014**

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 will once again sponsor and participate in 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). More details and results for the 2014 event will be included in our 2014 annual report.

#### **C. 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 partnered with the Charleston Metro Chamber of Commerce to conduct a competitive assessment of our region's "talent attributes" and to benchmark these attributes against other similar communities. This assessment was completed in January 2013.

Based on this study, we are now convening local employers and regional stakeholders to develop and implement a multidimensional talent attraction and retention campaign specifically focused on high-demand skills, which will launch in the summer of 2014.

#### **D. Best Practices / Fact Finding Missions**

The CRDA considers best practices research a critical to developing a full understanding of an issue from multiple and varied perspectives. By learning from the experiences of others, we can discover what works and what doesn't work, as well as how to replicate successes and avoid mistakes. Over the past several months, the CRDA has been involved with a number of best practices "field trips" designed to help our region address key competitiveness issues:

- **Raleigh / Durham, NC**

The Raleigh, NC area has one of the most dynamic innovation economies in the United States. The area thrives on a healthy balance of medical research, innovative technology, top-rated universities and young, educated talent.

To help state and local leaders gain insight into Raleigh’s “secret sauce” for success, the CRDA facilitated three high-level visits to the area:

***May 8-10, 2013 – Leadership Best Practices***

The itinerary included meetings with Research Triangle Park, SAS, WakeMed Center for Innovative Learning, NC Biotech and The Underground (home to some of the most influential and instrumental startups, incubators and thought leaders in the Southeast). The Wake County economic development team also provided information about Raleigh’s highly successful talent attraction / retention strategy. Participants included top leaders from MUSC, Santee Cooper, the Charleston Naval Complex Redevelopment Authority, MeadWestvaco Community Development & Land Management, The InterTech Group, BB&T and First Federal.

***July 25 – Building a Technology Ecosystem I***

The visit focused on The Underground at American Tobacco Campus, an award-winning historic district that once housed Durham’s booming tobacco industry. Participants included SC’s Commerce Secretary, the Mayor of Charleston, Charleston County’s Economic Development Director, the President of MUSC, the CEO of a fast-growing tech company, a local real estate developer and the CRDA’s VP for Regional Competitiveness.

***Sept. 11-12 – Building a Technology Ecosystem II***

The visit included both The Underground at American Tobacco Campus as well as Innovate Raleigh, a partnership between NC State University, the City of Raleigh, Raleigh Economic Development, Wake County Economic Development, and the Downtown Raleigh Alliance to catalyze innovation efforts in the Triangle region. Participants included senior staff from the SC Department of Commerce, Charleston-area entrepreneur / innovation stakeholders (DIG South, The Harbor Accelerator), and the CRDA’s VP for Regional Competitiveness.

- **San Antonio, TX – Oct. 9-11**

Each year, the Charleston Metro Chamber of Commerce brings together Charleston area business and community leaders for a multi-day visit to a successful metro area somewhere within the U.S. These events are designed to stimulate discussion, generate ideas and spur action toward addressing important issues within our region. The CRDA’s VP for Regional Competitiveness participated with 30 other local leaders in the visit to San Antonio, which focused on innovation, skilled talent, K-12 education, cybersecurity and export strategies.

**E. 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

**Regional Competitiveness / Business Intelligence costs to date:** The overall cost of this program to date, including the portion paid for with private-sector funds, is \$85,058.

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### **Key Focus Area 3 Product Development**

Estimated state appropriations:     \$263,500  
State funds used as of 9/30/13:     \$263,500

To accommodate new and expanding businesses in our three-county region, efforts are underway to increase the region's portfolio of office and industrial real estate. As such, the CRDA is working with the economic developers in Berkeley, Charleston and Dorchester counties to expedite the certification of key industrial sites as well as the construction of move-in ready spec buildings.

Following is an overview related activities for which we've allocated FY12-13 state matching funds through September 30, 2013:

#### **F. Industrial Site – Berkeley County**

Berkeley County is moving forward with the acquisition of the former Turner Mill Site in the Town of St. Stephen and will soon be preparing the site for industrial use. The longer term plan is to upgrade water and sewer services and submit the site for the site certification program. St. Stephen is in a rural area of the county and has been struggling economically for several years. Through the development of this site, the County hopes to bring much needed opportunity to community residents.

#### **G. Speculative Building – Dorchester County**

As the fastest growing county in South Carolina, Dorchester County is focused on developing additional industrial parks and buildings within its boundaries to meet the employment needs of its expanding population. One such project is Pine Hill Commerce Park, located along US 17A about 20 miles from Interstate 26. The county has partnered with SCANA and Trident Construction to construct a 50,000-square-foot Class A speculative building within the Park. Funding support for a portion of this project was allocated from the FY12-13 matching funds program, with additional support allocated in FY13-14.

**Product Development costs to date:** The overall cost of this program to date, including the portion paid for with private-sector funds, is \$527,000.

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### **Program Administration**

Estimated state appropriations:	\$7,000
State funds used as of 9/31/12:	\$1,600

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.