

**South Carolina  
Department of Commerce**

**2000-2001 Accountability Report**



**TEAM SOUTH CAROLINA**

**We perform. You win.**

## SECTION I EXECUTIVE SUMMARY

### 1. MAJOR ACHIEVEMENTS

The South Carolina Department of Commerce was created as the result of the 1993 restructuring of the State Development Board, the Aeronautics Commission, the South Carolina Public Railways Commission, the Governor’s Community Development Block Grant Program, the Savannah Valley Development Authority and in 1999, the State Film Office. While each division of Commerce has its own focus, all of the divisions in some way support the economic development mission.

The Governor’s vision is a world-class economy that provides prosperity to citizens in all areas of the State. It is his priority to develop a world-class workforce, to perpetuate a positive climate that attracts new industry and nurtures and supports existing industry, to strengthen rural economies, to develop and maintain infrastructure, and to stimulate and sustain the growth of technology businesses. To this end, the Department of Commerce’s primary focus is jobs creation, capital investment, new industry locations, community and rural development, industry retention, and industry expansion. To turn the Governor’s vision into reality, Commerce’s top priorities are to achieve a greater per capita share of capital investment, jobs, and new and expanding industries as compared with other states in the Southeast. For many years, the Department has done just that—and this year was no different.

During calendar year 2000, a record 1,628 companies reported capital investments totaling \$6.13 billion, *far exceeding its per capita share of 7.5%* (30.2% and 14.2%, respectively). This is the second highest capital investment figure South Carolina has ever achieved. It also reflects a nine percent increase in investment by the state’s existing businesses. In addition, a record-breaking 35,132 jobs were created, representing *over 12.9% of the jobs created in the region*. This was 3,500 more jobs than in 1999 and 11 percent more than the previous record. The number of jobs created by international investors—8,097—was one percent higher than the previous record. Meanwhile, the average annual wage—\$32,790—for the jobs created this year was 9.3 percent higher than in 1999. Commerce was directly involved in 173 of the company negotiations, representing \$4.766 billion in capital investment and 21,153 jobs.

Of the 35,132 jobs created, the rural (Non-MSA) counties tallied 10,065 jobs during 2000. This represented announced capital investment of \$1.656 billion and 475 companies—another new record.

International Trade promotion activities introduced South Carolina companies to 113 new markets in countries such as Brazil, Germany, Italy, the United Kingdom, Singapore, China, Taiwan, Thailand, Hong Kong, Australia, Mexico and Malaysia through trade fairs and missions. The opening of a China Trade Office increased the State’s abilities to retain and

expand industry in South Carolina through more effective marketing and trade activities. Community and rural development programs produced record participation in community leadership training. The number of SC Economic Development School sessions was doubled to accommodate more than 350 participants. A record 312 people attended the Governor’s Rural Summit. In addition, the state’s 31 “least developed” and “under developed” counties made considerable progress in preparing to compete for new jobs and investment—six implemented new strategic plans (bringing the total to 17), and five new speculative buildings were completed (bringing the total number available to 10). All of these activities indicate the strong cooperation and teamwork between the Department and local communities to strengthen rural and urban economies through improved leadership and strategic planning.

The State Film Office hired a new director and involved the state’s film community in the development of a new strategic plan to attract more feature and commercial film and television production to the state—which results in more investment in South Carolina’s communities, as well as recognition around the world as a quality place to visit, work and live.

The SC Public Railways Division achieved its safety goal of no lost time accidents, met its construction project goal under budget, and met its railway switching targets of 8.31 cars per hour at the Ports Utilities Commission and 5.04 cars per hour at the Port Terminal Railroad.

Finally, the Aeronautics Division completed a management study which resulted in the sale of a 1975 Lear 35 jet aircraft, the acquisition of a fractional ownership share in a Hawker 800 XP jet aircraft, and the phase-out of the division’s airport maintenance function (eliminating five staff positions in July 2001). Meanwhile, the division acquired the SC Comprehensive Aviation Resource System (SCCAIRS), a PC-based data management tool that will allow more effective management of airport planning and development data, a key program which supports the economic development process.

## **2. MISSION**

- **Economic Development** - To expand and diversify the capital investment and employment base of South Carolina.
- **State Film Office** - To foster film production and the growth of an indigenous visual media industry in South Carolina.
- **State Aeronautics Division** - To foster air commerce by overseeing the safety and development of the state’s airports and by providing safe and reliable air transportation for state government and its business prospects
- **SC Public Railways Division** - To provide safe and efficient operation of all state-owned rail facilities in support of South Carolina’s railway transportation needs.
- **Community Development Block Grants** To administer federal housing and infrastructure funding in economically distressed communities of the state.
- **Coordinating Council for Economic Development** - To manage state incentive and grant programs in support of economic development.

- **Savannah Valley Development Division** - To obtain an acceptable development plan for the Lake Russell Project.

### **3. VALUES**

The vision of the Department of Commerce is to attain the highest rate of attraction and expansion of industry and job creation of all Southeastern states based on population. In support of this vision, the Department has adopted the following Values:

- **Professional Competence** – We expect of ourselves the highest standards of performance reflecting our commitment to excellence.
- **Personal Integrity** – We accept personal integrity and ethical behavior as intrinsic parts of our job performance.
- **Teamwork** – We believe in teamwork and that the success of any part of the organization is a success for the entire organization. Conversely, the success of the organization is the result and reflection of the individuals who are part of the team.
- **Quality Work Product** – We expect our work products to be consistently superior. These products establish an identification of excellence in all that we do.
- **Dedication to Service** – The way we serve our customers conveys our commitment to professionalism, excellence and moral behavior. Customer satisfaction is our hallmark. By serving our customers and coworkers well, we enhance their ability to provide quality services to the citizens of South Carolina.
- **Dependability** – Our work is thorough and reliable; those we serve have confidence that our service and products can be trusted.
- **Change** – We accept change as part of our daily working environment by adapting not only to changing technologies and opportunities, but also to the changing needs of those we serve.

### **4. KEY STRATEGIC GOALS**

#### **A. Economic Development**

1. Achieve a greater per capita share of investment, job creation and new and expanding industries as compared with other Southeastern states.
2. Increase attraction and expansion of technology intensive industries.
3. Increase investment and employment in rural South Carolina.
4. Increase the preparedness of South Carolina counties through the development/improvement of industrial parks/speculative buildings, through increased leadership training, and through countywide strategic planning, as compared to the previous three years.
5. Increase the export value of South Carolina goods per manufacturing job.
6. Visit 700 South Carolina companies to assist with key business issues and gather customer satisfaction data.
7. Develop markets in South Carolina for recovered materials and products using recycled content to improve solid waste management, resource conservation and economic development.

**B. State Film Office**

1. Attract and expand the production of feature films, made-for-television movies, commercials, music videos, and photo and print productions in South Carolina.
2. Market South Carolina as a prime film location.
3. Develop the infrastructure for film and video production.
4. Showcase the advantages of film production to in-state allies.

**C. State Aeronautics Division**

1. Provide safe and reliable air transportation for state government.
2. Conduct safety inspections of all of the state’s public-use airports during the calendar year.
3. Effectively award and monitor airport development grants to meet the ever-increasing needs of the state’s airports.
4. Complete a management study of Division services by the end of the fiscal year.

**D. SC Public Railways Division**

1. Operate the railroads without “lost time” accidents and increase overall safety record.
2. Increase customer base and service quality and response time.

**E. Community Development Block Grants Program**

1. Prepare five-year plan and receive HUD approval by the end of the fiscal year.
2. Streamline program procedures and eliminate duplication and inefficiencies.
3. Distribute 100% of the 2000 allocation for housing, infrastructure, public facilities and economic development.

**F. Coordinating Council for Economic Development**

1. Revise and enhance financial reporting for senior management.
2. Develop and present training seminars to educate Enterprise participants on program requirements.
3. Establish a compliance program and liaison with Department of Revenue.

**G. Savannah Valley Development Division**

1. Obtain additional land for the Lake Russell Project
2. Support passage of legislation impacting the project and complete a new lease with the Corps of Engineers.
3. Keep maximum resources available for the project by avoiding non-essential expenses, maximizing earnings on deposits, reducing audit costs, minimizing maintenance and legal expenses.

**5. OPPORTUNITIES AND BARRIERS**

The Fiscal Year 2001-2002 budget cuts have caused considerable down-sizing of several programs. The Department’s cuts are as follows:

Operating budget – state funds: <b>(14.23%)</b>	\$2,202,816
Recurring funding from supplemental appropriations:	665,000
<u>Recurring funding in 2000 not provided in 2001</u>	<u>750,000</u>
<b>Total budget reduction:</b>	<b>\$3,623,816</b>

**In addition, Commerce lost the following:**

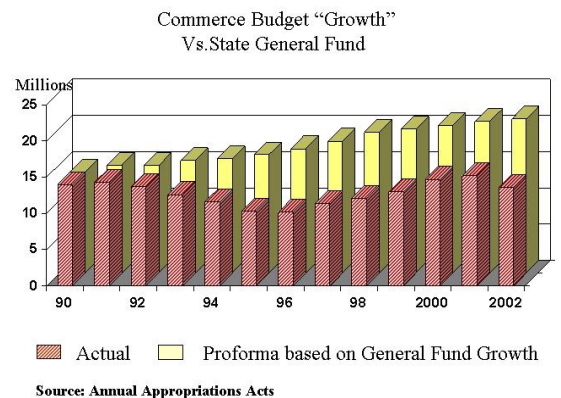
Mid-year cuts (1.5%)	\$ 157,966
Carry-forward money to cover state shortfall	
Operating Funds	\$ 225,509
Airport development funds	\$ 376,508

In comparing the FY 2000 budget to the FY 2002 budget, the actual cuts were 23.41%. These cuts have resulted in the following major program reductions for FY 2002:

- Closing of the Hong Kong Trade Office.
- Reduction of over \$500,000 in promotional funds.
- Tighter operating budgets for remaining foreign offices.
- Phase-out of airport maintenance functions and a reduction in force.
- Reduction of three project manager positions in the business recruitment area.
- Reductions in administrative staff that limit Commerce’s ability to support key operating programs timely.
- Reductions in prospect research and building and sites analysts.

Additional cost containment goals include reduction in travel expenses of \$125,000, a reduction in office space rental by 10%, improved budget monitoring systems (intranet budget monitoring program for Divisions, increased monitoring of expenditures (travel, telephone, mail, supplies, agency cars) and further analysis of programs and services to identify cost-saving opportunities.

State funding for Commerce’s core economic development operations has been decreasing over the last twelve years compared to the state’s general fund budget. Budget changes have actually resulted in a 2002 operating budget for economic development that is less than the budget of the agencies that were merged to form Commerce, without adjusting for inflation. Our economic development purchasing dollar has been severely eroded, as this chart illustrates.



**SECTION II**  
**BUSINESS OVERVIEW**

The Department of Commerce’s Business Development, International Trade and Existing Business Services, Community and Rural Development, Coordinating Council for Economic Development, the Community Development Block Grant, and Savannah Valley Development Divisions are located at 1201 Main Street in downtown Columbia. These divisions employ on the average 136 FTE employees and 14 temporary employees. A European business development and trade office is located in Munich, Germany and employs one FTE employee and 2 contract employees. The Tokyo Office has three contract employees and the Hong Kong Trade Office that opened this year (and subsequently closed as a result of budget cuts) had two contract employees.

The Aeronautics Division offices, aircraft and maintenance functions are located at the Columbia Airport, where they employ approximately 20 FTE employees.

The State Film Office is located at 1201 Main Street where it employs five FTE employees.

The SC Public Railways Division is located in Charleston, where it operates four short line railroads and employs 38 people. Railways is a lump sum division for both budget and personnel administration. Employees are not covered by the State Personnel Act, since most employment and benefits programs are determined in union agreements. The Federal Railway Act and Federal Railway Administration regulations govern most activities.

**1. AVERAGE NUMBER OF EMPLOYEES - FY 2000-2001**

FTE (Permanent) Employees -	162
Temporary Employees -	16
European Office	3 ( 1 FTE and 2 contract employees)
Tokyo Office	3 (contract employees)
Hong Kong Office	2 (contract employees)
<u>Railway Division*</u>	<u>38</u> (22 non-union and 16 union)
Total Employees	224

**2. OPERATION LOCATIONS**

Main Office -	1201 Main Street, Suite 1700, Columbia, SC
Aeronautics Division -	Columbia Metropolitan Airport – Wilder Flight Facility
SC Railways Division -	540 East Bay Street, Charleston, SC
European Office	Munich, Germany
Hong Kong Office	(closed Spring 2001 due to budget cuts)
Tokyo Office	Tokyo, Japan

### 3. EXPENDITURES/APPROPRIATIONS CHART

#### Base Budget Expenditures and Appropriations

Major Budget Categories	1999-2000 Actual Expenditures		2000-2001 Actual Expenditures		2001-2002 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
<b>Personal Service</b>	\$8,032,266	\$6,411,882	\$8,719,402	\$6,981,252	\$7,616,493	\$6,374,890
<b>Other Operating</b>	\$10,254,181	\$6,850,921	\$7,453,123	\$6,424,952	\$7,388,901	\$5,054,895
<b>Special Items</b>	\$776,411	\$300,000	\$678,285	\$423,492	\$1,646,000	\$746,000
<b>Permanent Improvements</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Case Services</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Distributions to Subdivisions</b>	\$71,820,862	\$89,999	\$61,926,829	\$7,500	\$56,875,000	\$0
<b>Fringe Benefits</b>	\$1,871,056	\$1,539,608	\$2,054,506	\$1,676,858	\$1,746,334	\$1,421,034
<b>Non-recurring</b>	\$200,000	\$200,000	\$100,000	\$100,000	\$0	\$0
<b>Total</b>	<b>\$92,954,776</b>	<b>\$15,392,410</b>	<b>\$80,932,145</b>	<b>\$15,614,054</b>	<b>\$75,272,728</b>	<b>\$13,596,819</b>

#### Other Expenditures

Sources of Funds	1999-2000 Actual Expenditures	2000-2001 Actual Expenditures
Supplemental Bills	\$7,714,342	\$1,117,553
Capital Reserve Funds	\$995,198	\$1,265,000
Bonds	\$2,060,082	\$8,198,443

### 4. KEY CUSTOMERS

- **Economic Development**
  - Companies that are planning to expand or to establish a new operation in the Southeastern United States.
  - SC companies who need or desire export, job creation and international market development assistance.
  - Communities desiring to expand their industrial and jobs base.
  - State and local officials, leaders and volunteers.
- **State Aeronautics Division**
  - State government employees requiring use of state aircraft



- Governor and Commerce staff and their customers (company executives)
- South Carolina’s public airports
- **SC Public Railways Division**
  - CSX and Norfolk Southern Railroads
  - State Ports Authority
  - Shippers and receivers of rail cargo.
- **State Film Office**
  - Film, television and print producers
  - State and local governments and the public.
- **Coordinating Council for Economic Development and CDBG**
  - Local governments, regional planning agencies and councils of government
  - Local economic developers and community allies
  - Companies creating jobs and investing in South Carolina
  - Grant administrators
- **Savannah Valley Development Division**
  - Abbeville county citizens, officials and economic developers
  - Abbeville county legislative delegation
  - Citizens of Savannah Lakes region of South Carolina

## **5. KEY SUPPLIERS**

- **Economic Development**
  - Local Economic Development Organizations
  - State, City and County Government Organizations (Revenue, Center for Accelerated Technology Training, DHEC, Natural Resources, Transportation, Employment Security, State Ports Authority)
  - Public and Private Utilities and other allies
  - Banking, Legal and Accounting Firms
  - International Business Community
- **State Aeronautics Division**
  - Federal Aviation Authority
  - Airport consultants and contractors
- **State Film Office**
  - South Carolina film crews
  - Film location owners or community leaders
- **SC Public Railways Division**
  - Railroad equipment vendors and service specialists
  - Economic development allies
- **Coordinating Council for Economic Development and CDBG**
  - General Assembly
  - Federal Government
- **Savannah Valley Development Division**
  - Abbeville county officials, legislative delegation and economic developers
  - Land development companies—The Melrose Company
  - Southeastern US citizens interested in lakeside recreation and residential opportunities

## **6. MAJOR PRODUCTS AND SERVICES**

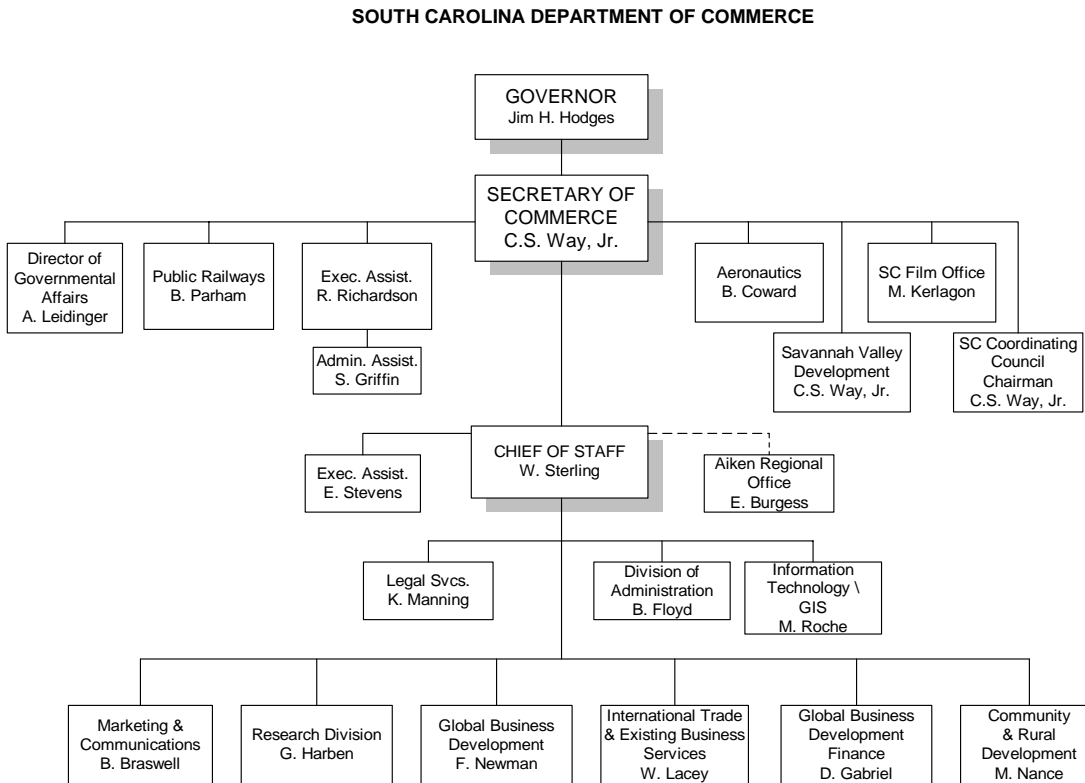
- **Products**

- Company locations--jobs creation and capital investments
- Business research publications (Industrial Directory, International Directory, Computer and Software Service Directory, Metalworking Directory, Export Directory, Resource Guide for Existing Industry, Business Incentives, Joint Venture Acquisition Guide, How to Start a Small Business, Director of International Companies in South Carolina, CallSouthCarolina web site, TeamSC web site, Capital Investment Report, customized industry marketing documents.
- Federal and State grants for housing, infrastructure and airport development
- Film productions and related investments
- Film locations and crews
- Film location marketing materials
- Rail spurs for industry sites
- Resort property development

- **Services**

- Facilitation of company locations and visitations
- Community development consulting, strategic planning and leadership training
- Existing industry assistance and problem resolution
- Industry research and marketing
- Trade research, information and assistance
- Recycling consultation
- Film recruitment and location scouting assistance
- Film industry development, promotion and education
- Airport development funding and assistance
- Air transportation, airport and aircraft maintenance
- Railroad construction, maintenance and cargo transportation
- Coordination of financial and contract issues for Lake Russell Project.
- Identification of a developer for the Lake Russell Project
- Financial packaging and financial services
- Grants and incentive program management, advice, auditing and analysis

7. ORGANIZATIONAL STRUCTURE



Rev. 7/1/01

**SECTION III**  
**ELEMENTS OF MALCOLM BALDRIGE CRITERIA**

**Category 1 - Leadership**

**A. Senior Leadership Deployment and Communication of Goals and Processes**

**1. Short and long term direction**

The key strategic goals for the Department are determined by the organizational mission, the Governor’s strategic plan, the Department’s strategic plan, and input from customers and partners (community, company, education, economic development and government). Between 1994 and 1999, studies of the state’s performance and business climate were conducted to develop recommendations to enhance future economic development growth. These studies were distributed to ally groups and Commerce staff. Short term goals are

developed by the Secretary of Commerce, Chief of Staff and division directors, who then share them with staff.

**2. Performance Expectations**

Following a January evaluation of goal achievements for the prior calendar year, the Secretary of Commerce, Chief of Staff and Chief Development Officer develop new jobs and capital investment goals. These goals are translated by top management into division and program goals. Sales incentive and employee performance planning meetings are then conducted and implemented in February.

**3. Organizational values**

New employees attend a one-day orientation session presented by the Chief of Staff and the division directors, where the organization's mission, values, personnel policies and specific program goals are discussed. The Department's written policies and procedures reinforce the values through ethics, performance, discipline, incentives, employee bonus and related policies.

**4. Empowerment and innovation** - Spot bonus and incentive pay programs recognize goal achievement, innovation and customer service.

**5. Organizational and employee learning**

The Department's training plan outlines training requirements for the various technical, supervisory, management, and Baldrige-related courses. Supervisors are required to include annual training objectives on the employee's performance appraisal and are evaluated based on their support of the training and performance evaluation process.

**6. Ethical behavior**

Information regarding the Ethics Act is emphasized in the new employee orientation session. Disciplinary policies emphasize confidentiality of information and adherence to procedures. Annual updates regarding ethics requirements and reporting are provided and monitored by the department's attorney and the Governor's Office. Applicants are carefully screened through interviews; criminal, employment history, credit and educational checks. The "Values and Vision" statement and Departmental hiring and disciplinary policies reinforce these processes.

**B. Promotion of Customer Focus by Senior Leadership**

Employees learn about customers and suppliers in new employee orientation training. An employee spot bonus program recognizes outstanding customer service and process improvement. Programs are staffed to assist and identify existing business, community, and related needs through surveys, focus groups, individual meetings, consulting services and research materials beneficial to the customer. Baldrige and process improvement training emphasizes the importance of customer service. Staff participation in customer-focused events, such as the annual Industry Appreciation week, Governor's Rural Summit and quarterly ally (customers and partners) meetings is encouraged. Commerce provides instructional and consulting services for local developers and allies at the South Carolina Economic Developers School in Charleston. Staff also provides instructional services and participates in the Economic Development Institutes around the United States. All Commerce staff that work with customers are encouraged to attend both schools to learn about customers and suppliers' changing needs.

**C. Key Performance Measures Reviewed by Senior Leadership**

1. Amount of capital investment and number of jobs created.
2. Rural investment and jobs creation.
3. Wage level of new jobs compared with wage level of existing jobs.
4. Project lead generation.
5. Number of trade events and leads generated through those events.
6. Amount of new trade generated.
7. Number of existing businesses visited and our responses to identified company concerns.
8. Export value per manufacturing job.
9. Number of counties with strategic economic development plans implemented.
10. Number and location of industrial parks and speculative buildings.
11. Number of participants and quality of leadership training services.
12. Number of flights and passenger miles and type of customer.
13. Number of airport development projects and funding allocation.
14. Number of accidents/incidents in railway and aviation activities.
15. Number of film productions and amount of investment.
16. Progress on special projects and employee performance.
17. Quality and timeliness of weekly grant and departmental financial reports.
18. Railway Division operational statistics and safety measures.
19. Progress of legislation, development agreement process and budget for Lake Russell Project.

**D. Senior leadership’s methods for improvement of leadership and management:** The Chief of Staff meets once a year with each division’s staff to discuss organizational concerns and needs. Issues raised in these meetings are discussed with division directors to develop organizational solutions. The executive staff meets weekly to discuss issues and solutions as a team. Past analyses of exit interview information led to the development of a sales incentive pay program and discipline process training. The Secretary and Chief of Staff will gather more scientific employee satisfaction information during the next fiscal year.

**E. Methods used to address the public impact of products, programs, services, facilities and operations:** The staff works closely with community leaders and local economic developers to identify issues, goals and barriers. Impact is measured through assessment of quality of life, capital investment, jobs creation, unemployment, strategic planning implementation and related information. Quarterly ally meetings provide a forum to share and discuss issues. An industry call program and a business climate survey identify company issues. An in-house ombudsman program focuses on resolution of issues.

**F. Communication of key organizational priorities for improvement:** Top management meets to discuss issues and priorities. Solutions developed through this process are then communicated to all staff. When appropriate, performance appraisal planning documents are updated to reflect changes. Changes affecting services and programs with the communities, industries and our allies are presented and discussed at quarterly allies meetings, the South Carolina Economic Developers’ School, in Commerce publications and web sites and in face-to-face meetings.

## **Category 2 - Strategic Planning**

### **A. The Strategic Planning process, participants, and considerations**

#### **1. Customer needs and expectations**

Throughout the year, staff gathers feedback from customers through the ombudsman program, community and industry visitation programs and face-to-face meetings with communities, allies and companies. Professional meetings such as the International Development Research Council (IDRC), an organization comprised of corporate real estate executives of Fortune 500 companies, provide critical feedback regarding company successful location processes. The South Carolina Economic Developers' Association provides customer feedback through networking, association meetings and publications. Community surveys and customer focus groups are also used to identify customer needs. The Aeronautics Division will visit airport representatives in the fall of 2001 to develop new methods for addressing airport maintenance issues and incorporate the results into their strategic plan. The Film Office recently developed a strategic plan with customer input.

#### **2. Financial, societal and other risks**

All of the Commerce processes include feedback from its customers, stakeholders and suppliers. Meetings with customers include key players such as the Department of Revenue (business taxes), the Department of Health and Environmental Control (environmental issues and permits), grant and other financial advisors (project financing and incentives), community representatives (local issues), the State Board for Technical and Comprehensive Education (training), Employment Security Commission (labor availability), the State Ports Authority and SC Railways Division (transportation issues), and so on. Employees attend community meetings regarding location issues and involve legislators and government officials in issues which affect citizens.

#### **3. Human resource capabilities and needs**

Staffing, pay, incentive, recruitment and related human resources programs are annually evaluated and revised based on informal discussion with staff and management. Focus groups that encourage feedback and suggestions regarding services and issues are conducted bi-annually. Information from exit interviews, training sessions, informal employee discussions, employee relations issues, professional journals, and human resources research provides a basis for new or revised processes and activities. Changes are proposed to executive staff for approval and implementation.

The SC Public Railways Division's pay and benefits are established and revised based on union bargaining agreements. The Commerce Human Resources Director provides assistance in policy development and related issues as they arise.

#### **4. Operational capabilities and needs**

The Director of Administration develops an annual budget and expenditure plan based on an analysis of existing needs and projected needs of the divisions. Projections are shared with the Secretary of Commerce, Chief of Staff and division directors for further revisions, after which the budget is implemented for the year.

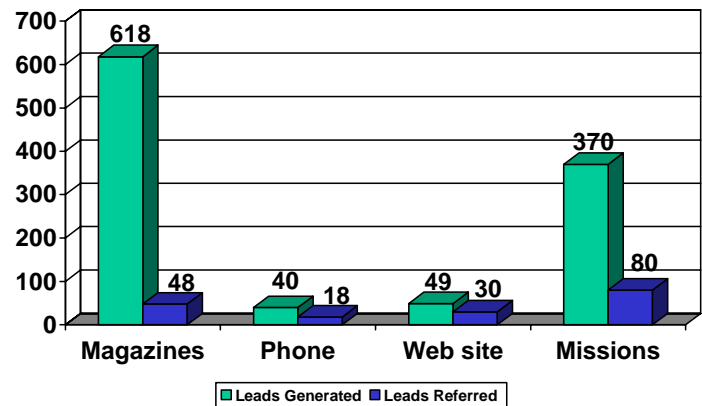
### Section III – Elements of Malcolm Baldrige Criteria

The executive staff members of the SC Public Railways Division develop a capital expenditure plan based on an analysis of existing equipment condition and usage, current and proposed service requirements, new and current maintenance needs and requirements, and related operational issues.

#### B. Tracking of action plans that address key strategic objectives

For those divisions directly involved in the economic development process, the annual goals are tracked through weekly staff meetings, weekly and quarterly status reports, monthly budget reports, project progress reports (CAMS), and community and business visitation programs. Customer information is recorded and monitored through our computerized data management system (CAMS - Comprehensive Agency Management System). The system allows staff to record and share information regarding clients, investment project management activities and existing business visitation program responses. Data tracked includes current and prospective company capital investment history, export involvement, goods produced, suppliers, customers, anticipated investment and employment data, project timetables, and various other items of interest. The project management component tracks project progress, staff involvement and lead generation sources (advertising, web page, ally referral, marketing mission, or trade show contact). Business visitation responses are also tracked and analyzed as an important measure of business climate.

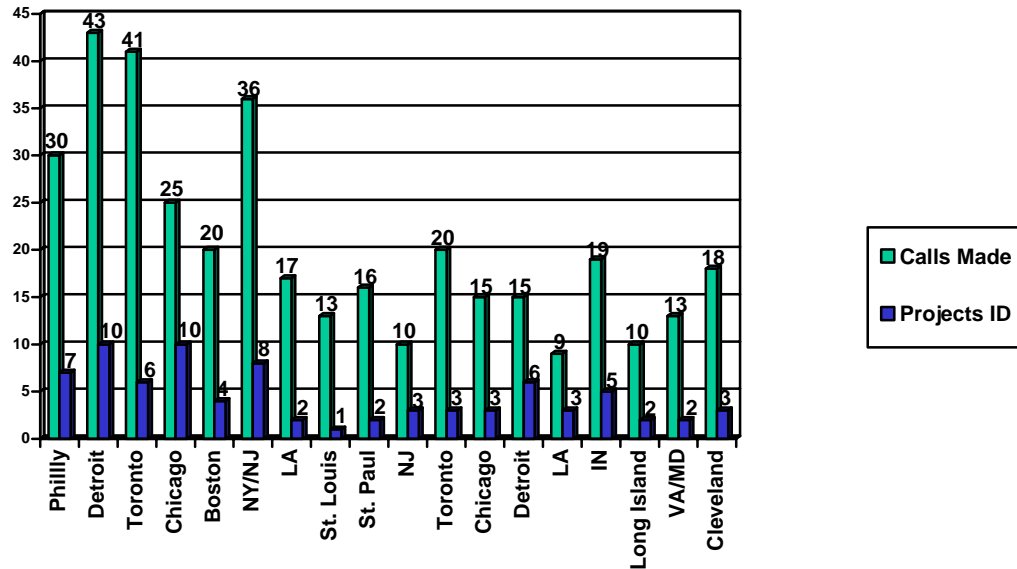
Calendar Year 2000 Lead Generation and Referral Values



Lead generation is a fundamental support process in identifying companies seeking to relocate. It is critical to identify the most effective method to produce the best and greatest number of companies.

Missions are tracked for number of calls made and number of projects identified in each city. This information assists in both obtaining leads and planning missions for the following year. An example of a tracking report follows:

Calendar Year 2000 Marketing Visits and Projects Identified



C. **Communication and deployment of strategic objectives, action plans and performance measures** - Goals and measures are tracked through the annual goal setting and performance planning process described in Category I. This is supplemented by formal presentations at South Carolina Economic Developers Association meetings, quarterly ally meetings, articles in the “Developer,” (Commerce newsletter), and on the TeamSC and CallSC web sites. The Department’s governmental affairs representative works closely with members of the legislature to communicate goals and strategies and foster support for activities.

**Category 3 – Customer Focus**

**A. KEY CUSTOMERS AND STAKEHOLDERS**

**1. Economic Development**

- Companies that are making site location decisions (manufacturing, distribution, processing, headquarters, research and development, and service industries)
- SC companies who need or desire export, job creation and international marketing assistance.
- State and local government officials, community leaders and volunteers.
- Communities desiring to expand their industrial and jobs base.

**2. Aeronautics**

- State government employees requiring use of state aircraft
- Governor and Commerce staff and their customers (company representatives)
- South Carolina’s public airports

**3. SC Public Railways**

- CSX and Norfolk Southern Railroads
- State Ports Authority
- Shippers and receivers of rail cargo.



**4. State Film Office**

- Film, television and print producers
- State and local governments and the public

**5. Savannah Valley Development Division**

- Abbeville county officials, citizens, economic developers and legislative delegation
- Citizens of Savannah Lakes region of South Carolina

**B. Identification of Customers and Customer Key Requirements**

- 1. New Investment Projects:** Specific industries are targeted based on state and community goals, economic and business research. Advertising, marketing and other activities generate company expansion or location leads, which are referred to a project manager. The project manager identifies the company's key requirements through direct contact with the client and information provided by our in-house research team.
- 2. Existing Industry Customers:** A field agent program monitors concerns and issues and a business climate survey tracks issues and progress.
- 3. Community Development –** The Department's mission identifies the customer base. Community visitation programs, feedback from Governor's Rural Summit and training program participants further identify customers and needs.
- 4. Trade Development:** Specific customers are identified by information obtained from trade shows, marketing missions, community visits and research that identify trends and areas of development and investment opportunity.
- 5. State Aeronautics Division –** Legislation and the mission statement identify the state's airports as customers. Safety inspections identify those in need of maintenance or safety solutions. The annual grant application process identifies airport development customers and their requirements. The Secretary of Commerce determines aircraft usage. Customer feedback determines flight requirements and services.
- 6. SC Railways Division –** New industry customers are identified by the Department of Commerce and/or directly request services from the Railways Division.
- 7. State Film Office -** Customers are identified through industry forecast studies which indicate growth trends in the entertainment industry segments. Comparisons of the needs of the most lucrative markets to the state's ability to meet those needs determine the customer focus.

**C. Managing Changing Customer Needs**

The Department's processes focus on customer and business needs. Examples include the business climate survey, the business ombudsman, an industry call program, and a community consulting program. Additionally, staff is encouraged to update skills and knowledge through specific skills training and development in their fields of expertise. Examples of required training include the South Carolina Economic Developers School, which is co-sponsored by the South Carolina Economic Development Association and the Department of Commerce; the Economic Development Institute, which is a national economic development educational program; and sales and presentation training for project management staff.

**D. Customer Input into Service Improvement**

Industry requirements, surveys, call program responses, and information contained in the CAMS system are analyzed annually to modify incentives, web sites, marketing programs, outreach

programs, and to establish new targets and budgets. Community and ally focus groups identify more effective communication methods and program modifications. Informal feedback from staff and customers provides valuable information to improve the Community Development Block Grants procedures.

**E. Customer satisfaction measures**

The Department conducts an aggressive industry call program to identify industry satisfaction and identify issues that the Department can assist in solving. Key issues, problems and concerns identified in the program are tracked, such as business conditions, expansion opportunities, response time, type of response, layoffs and closures, leads passed, transportation and utility needs. Staff regularly meets with communities to assist with community job and readiness problems and to solicit feedback regarding services and programs. Quarterly meetings with the economic development professional and ally groups provide a forum for discussions regarding needs, issues and services. Special focus groups provide feedback regarding communication and program issues. Attendance at leadership training seminars and the Governor's Rural Summit is used as an indicator of the effectiveness of the Department.

**F. Building Customer Relationships**

- 1. Existing industries** – The industry call program is an excellent example of customer relationship-building. Unsolicited visits are made to local industries to identify and resolve their business problems. Commerce organizes an annual Industry Appreciation Week to recognize and thank South Carolina's existing industries through participation in a variety of events sponsored by Commerce and local economic developers.
- 2. Prospective Industries** – The Department's research and project management staff ensure industry questions are answered effectively, accurately and timely. Printed materials are of the highest quality and receive national awards for content and presentation. Presentation facilities, research materials and staff presentations demonstrate the State and Commerce's commitment to technology and business excellence. Staff ensures that the appropriate decision-makers in the process are represented during meetings with prospects.
- 3. Community and economic development allies** – The Community and Rural Development Division's staff is assigned to assist specific regions of the state in preparing for quality economic development. The annual Governor's Rural Summit recognizes outstanding achievements in community development and provides a forum for discussion of future issues and solutions. Customer surveys identify strengths and weaknesses in leadership training.
- 4. Public and private airports** – Staff spend considerable time visiting public and private airports to conduct safety inspections, to perform airport maintenance, and to provide airport development grant assistance.
- 5. Film Production Staff, Local Communities and Film Professionals** – The director involves the film community in the development of the Film Office strategic plan. Frequent community focus groups are held to resolve issues relating to current and future productions. Production companies receive assistance in locating sites, film professionals and equipment, as well as problem-solving assistance throughout the production.

## **Category 4 – Information and Analysis**

### **A. Determination of Operations, Processes and Systems Measures**

The Department measures those goals, objectives, outcomes and processes that it directly impacts. Economic Development measures job creation, capital investment, increased exports, and assistance provided to South Carolina companies and communities. The Film Office measures number of productions and related investments. Aeronautics measures safety, grant expenditures and number and quality of flights. Railways measures safety and operational efficiency.

The Department also measures for quality control. For example, staff reviews the number of site visits, number of available buildings, number of web site visits, number of community profiles on the web site, number of customized prospect proposals and incentive summaries produced for customers, and number and value of projects managed by a project manager.

### **B. Ensuring Data Quality, Reliability, Completeness and Availability for Decision-making**

The Department undertakes an annual capital investment survey to demonstrate to the public, key stakeholders and key customers the type and level of activity taking place in the State. This data is verified through alternative sources, such as newspaper articles, Commerce project announcements, and surveys returned from companies as part of our ongoing business climate survey. Aeronautics and Railways staff must file a variety of pre and post operational reports and gather data according to federal requirements. These reports have built-in checks and balances to ensure data are accurate. Financial and grant auditing ensure financial effectiveness and adherence to procedures.

### **C. Use of Data and Information Analysis for Decision-making**

1. Analysis of industries helps determine those we should target based on growth potential and overall economic benefit to the state.
2. Analysis of the Commerce performance in capital investment and jobs creation, exports activities, and community readiness assists in establishing key strategic short and long-term goals.
3. Analysis of development projects assists in tracking progress of projects, staff and activities; and provides a basis for agency and staff performance evaluations as well as staffing needs.
4. Analysis of community readiness, available buildings, and available sites aids in facilitating the company's location decision.
5. Analysis of the number of prospect proposals and other materials prepared for customers assists in determining staffing and other budgetary needs.
6. Analysis of number and quality of corporate leads enables Commerce to eliminate less effective lead-generation programs and realign resources to obtain better leads.
7. Analysis of film production assists in educating communities and allies, as well as setting goals, evaluating performance and analyzing budget needs.
8. Analysis of number of flights, railway activities, safety incidents, and grant disposition enables staff to determine flight needs, budgets, staff and performance, as well as correct processes.

9. Analysis of profit and loss, cost variances, train movement and safety provides the basis for making alterations in railways processes, staffing, and supplier services.

## **Category 5 – Human Resources**

### **A. Motivational Programs**

#### **1. Pay Programs**

- **Sales Incentive Pay** – An incentive payment of from 0-25% of annual salary motivates the project manager to make the sales calls and aggressively pursue prospects.
- **Special Performance Increases** – These awards recognize outstanding performance, quality of work, productivity, contributions to workplace safety, costs savings, cost reduction, or cost containment, and other significant contributions to the objectives and mission of the Department.
- **Spot Bonus Program** – This program recognizes a one-time outstanding customer service incident, special project, creative solution, work improvement, or other significant contribution.

2. **Training Programs** The Department’s training plan requires completion of certain core courses for different job groups. Individuals are annually selected to attend the Executive Institute, Governor’s Excel Leadership and Leadership Columbia programs.

3. **Performance Appraisal Process** – Supervisors receive in-house training regarding the importance of the appraisal planning, career counseling, training, communication and evaluation process.

4. **Variable and Flexible Work Schedules** – Employees are provided the opportunity to schedule work hours to meet work and personal life demands more effectively.

### **B. Identification and Implementation of Employee Training**

1. **Departmental Training Plan** – An employee team is responsible for development and modification of the Department’s Training Plan. Attendance and costs are tracked for budgeting, planning, and modification of programs.

2. **New Employee Orientation and Surveys** – All employees complete a one-day orientation session with the Chief of Staff and division directors. Human Resources provides a half-day orientation to policies and procedures and assigns a mentor to assist the employee in learning more specific aspects of organizational procedures. Data is later collected from the new employee regarding needs for further policy and procedure and general training.

3. **Management and Leadership Development:** The Chief of Staff annually selects individuals to participate in the Executive Institute and the Governor’s EXCEL Leadership Program, and Leadership Columbia. Division Directors choose individuals to participate in the Certified Public Manager Program.

4. **Special Management Initiatives:** In 1998, top management made a decision to adopt Baldrige theory to improve organizational processes and promote teamwork. The Department appointed a Baldrige coordinator. To date, executive staff and most agency staff have been trained in the Baldrige process. Teams have developed a training policy and initial draft of an employee recognition program. The executive staff has identified the

Department's key business drivers, performance measures, new mission statement, vision and values statements.

### **C. Employee Performance Management System**

The Employee Performance Management System (EPMS) is an essential part of the organization's annual planning process. A February universal review date coincides with the annual public announcement of capital investment and jobs figures each January. Commerce uses a combined position description and performance planning document to simplify procedures and ensure that position descriptions and performance documents are always up to date. Top management's emphasis on performance planning has resulted in a 100% completion of planning and evaluation documents and consistently up-to-date position descriptions. The Human Resources Office provides performance planning and tracking consulting and encourages on-going performance communication between supervisors and employees. A quarterly review of performance appraisal and position description documents is required by the Chief of Staff to ensure job duties and success criteria remain accurate throughout the year.

### **D. Employee Satisfaction Methods and Measures**

- 1. New Employee Orientation Surveys** - Employee and supervisor surveys provide feedback on the employee's initial indoctrination to the Department of Commerce and the new job. Questions address timely provision of equipment, telephone voice mail, computer access and training, receipt of a work instructions, introductions to staff, and related information.
- 2. Mentors** – A co-worker is assigned to show the new employee around during their first month of employment and provides informal feedback regarding the new employee process and the employee's needs.
- 3. Exit interviews** – Human Resources obtain information regarding the employee's work environment, reason for leaving, quality of supervision and other organizational practices in a face-to-face interview.
- 4. Employee Turnover Statistics** – Human Resources informally monitors overall turnover and specifically monitors critical employee turnover statistics. A specific example is the creation of a sales incentive pay plan that was developed as a result of high turnover in project management positions.
- 5. Employee Relations Counseling and Coaching** - The Human Resources Office provides confidential counseling to employees and supervisors to help them constructively discuss and resolve work issues.
- 6. Special Employee Events** - In addition to the more formal methods of motivation, the Department provides an annual Christmas party, summer picnic and division retreats to recognize staff for their contributions, to plan future activities and to encourage teamwork.

### **E. Safety and Wellness**

- 1. Policies** – Written policies regarding affirmative action, sexual and other harassment, discipline and performance management are communicated and enforced.
- 2. Drug Tests and Physical Examinations**– Employees who operate heavy equipment, pilots, and railway employees receive random drug tests. Pilots and railway workers have annual physicals and/or hearing/eye examinations to maintain employment.

3. **Aircraft and Railroad Safety** – Safety inspections and other safety procedures follow the Federal Aviation Administration and Federal Railroad Administration guidelines.
4. **Counseling and Referral Services** – The Human Resources Office provides employment counseling and referrals to professional employee assistance groups. No discipline or performance action may be taken without the advice of Human Resources and the Secretary of Commerce.
5. **Security** – A recent security locking system has been installed on one of our floors. Others that are currently protected by elevator and stair codes will be further secured as budgets permit. Building security monitors main entrances and access to floors after 6:00 p.m. and before 7:00 a.m. each day.

**F. Community Involvement**

The Human Resources Office is active in local and national human resources organizations and the state’s human resources advisory committee. The staff coordinates a variety of fund-raising or volunteer activities for the Department, such as the Salvation Army bell-ringing, annual Good Health Appeal, and Red Cross emergency activities.

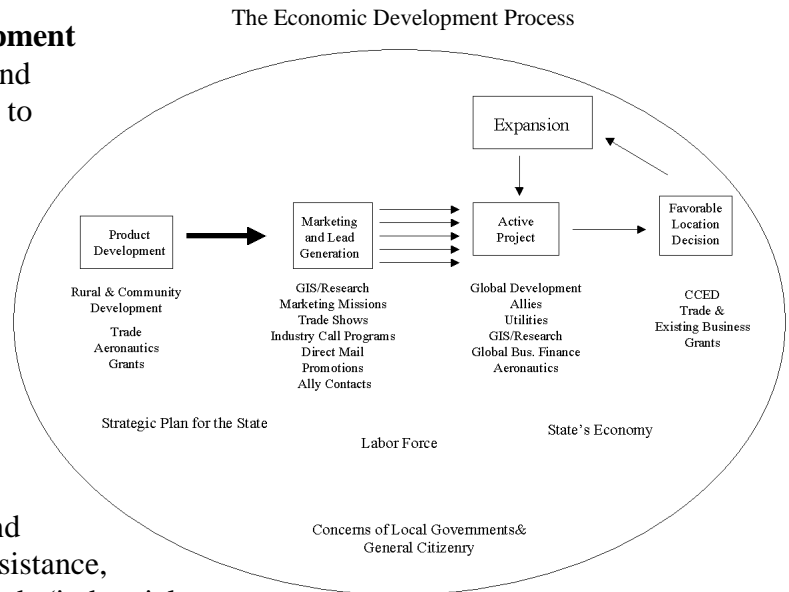
**Category 6 – Process Management**

**A. Key Design and Delivery Processes**

**1. Product Development**

**a. Community and Rural Development**

Community leadership training and product development is designed to help communities improve their potential for attracting new industries to their communities. Key leadership training processes provided by the Department include the Governor’s Rural Summit and the South Carolina Economic Developers’ School. Key product development processes include community consulting and assessment, strategic planning assistance, and funding for infrastructure needs (industrial parks, speculative buildings, etc.). Content is revised annually, based on program evaluations, attendance and other information gathered from participants. Staff assigned to the communities track community progress and maintain a “report card” that measures the readiness of the community at any given time.



- b. Airport Safety and Development** – The Aeronautics Division assists communities in the safety and development of their airports through funding and inspection services.

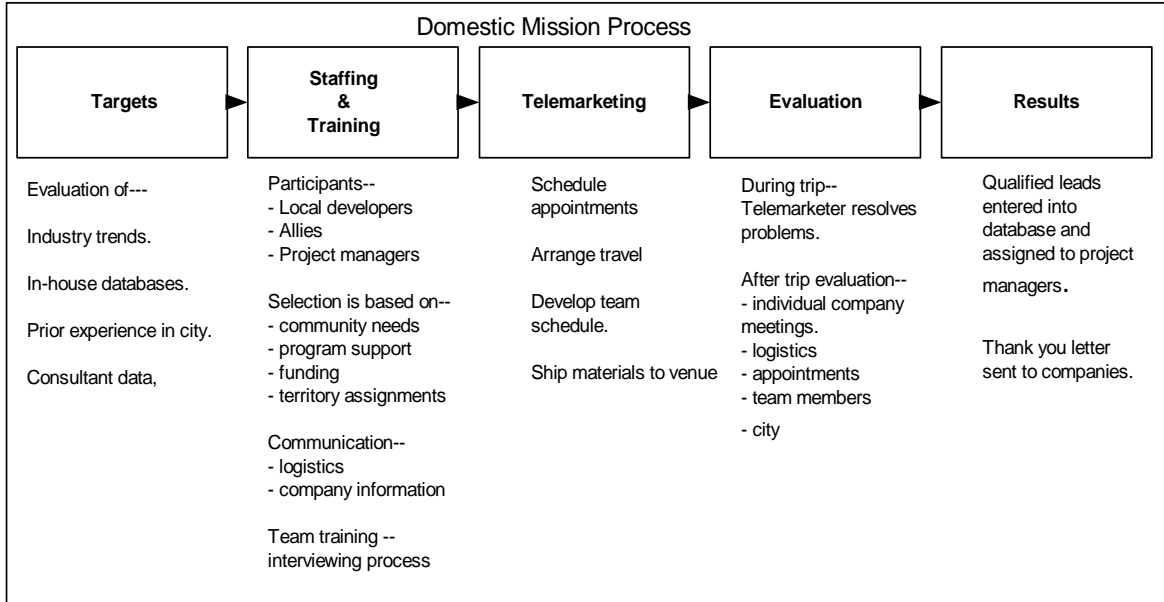
Annual inspections, customers feedback and FAA regulations and grant funding requirements drive the process.

- c. **Trade Development** – Trade development is a critical component for industry retention and expansion in South Carolina. Key processes include participation in trade shows and missions to assist companies in expanding their export opportunities. Feedback from participants provides the foundation for revisions to processes.

## 2. Marketing and Lead Generation

- a. **Research and Geographic Information Systems** – To compete in the business recruitment arena, accurate information regarding targeted industries and specific South Carolina business and environmental characteristics must be immediately available to project managers who are working with a prospective company or responding to random company inquiries. Key processes include gathering and maintenance of data and production of customized prospect proposals, reports and GIS maps. Annual surveys, publications and related research ensure data are current. State-of-the-art computer, GIS and other software programs provide professional customized marketing materials on short deadlines. Feedback from customers, professional associates, and industry professionals; as well as business and industry research provides a basis for revisions. Examples of key information available include:
- **Sites and Buildings Database** – This database houses all of the available sites and buildings known to staff. The building manager is on the road one to two days a week, reviewing buildings for inclusion in the database. A new site verification was initiated this year to confirm the availability of all sites in the database.
  - **Stock Publications** – The agency produces 13 stock publications, and all are available on the TeamSC web site. Each publication is reviewed annually to include updated information and statistics.
  - **Directories** – The agency produces three to five major directories per year. Every company in each directory is surveyed annually to update address, employment and contact data. Sources utilized include existing Commerce databases, announcements, and local allies.
  - **Labor Profiles** – Commerce produces 170 labor profiles every year. These profiles were updated twice a year from existing government sources. This year, a massive revamp of the labor profiles was initiated to better integrate existing Commerce, federal and state data.

**b. Marketing Missions** – Economic development is a relationship business. Marketing missions (both domestic and international) allow the Department to establish face-to-face contact with companies that have projects and meet the required parameters of business this state would like to capture. An example of the mission process follows:



**c. Advertising** - It is important to build the proper image of South Carolina and its business environment in order to create leads. Advertising in trade publications and general business media is an efficient means of creating the right perception so that prospects consider South Carolina a viable location for successful business.

- **Web site marketing** - The TeamSC Web site is a critical marketing tool, not only as a methodology for carrying vast amounts of information to the customer, but as a return mechanism for creating leads. It also builds a database; provides information about customer information inquiries; and tracks hits for various direct mail responses.
- **Direct Mail Programs** - Direct mail programs targeting key industries are designed to provide information about the state as well as gather leads. The industry report direct mail is a tool to provide ally visibility through cooperative marketing. These mailers can be used by project managers as collateral materials to reinforce their sales efforts. By directing prospects to a unique page on the TeamSC Web site, hits are tracked and prospects are invited to join a mailing list to get special information offerings.
- **Promotions** - Special event programs are designed to maintain and/or improve existing relationships that have the opportunity to result in significant economic benefits to our state. Principle guests and staff are surveyed after the completion of events for future modifications.
- **Industry Call Programs** – Principal processes include annual interviews with existing industries and a business climate survey. Results of these processes are



used to assist the companies in resolving problems, to modify programs and legislation, to support marketing needs, and to provide industry expansion leads to project management staff.

3. **Active Project Stage** – Project managers coordinate an industry location through telephone calls, visits to the company, and company executive visits to review South Carolina’s business location benefits. This process includes the facilitation of meetings with key decision-makers regarding training, available buildings, sites, incentives, infrastructure, grants, financing mechanisms, taxes, labor, and other location concerns. Key to the sales process is the image of the state and its representatives in terms of response time, quality of information and presentation. The Research and GIS processes noted in “2A” above, the knowledge of our project managers and quality of their presentations, as well as their timely responses to industry needs and time constraints, are critical to the company location process. Other support processes include air transportation for prospects and staff to effectively and efficiently view multiple plant sites and a state-of-the-art presentation center which illustrates the state’s commitment to technology. The SC Public Railways Division also supports projects through railway transportation and consulting with project managers and industry customers.
4. **Location Decision Stage** – When the company announces its intention to locate or expand its business in South Carolina, the various incentives, grants and other funding mechanisms are implemented and monitored throughout the life of the agreements. The company location is supported by the project manager and Commerce staff through grant and construction monitoring, community problem-solving, ground-breaking ceremony coordination, and related processes. Thereafter, companies are supported by the Commerce ombudsman, industry call, trade, and related processes.

## **B. Management of Key Production and Delivery Processes to Meet Performance Requirements**

1. **Domestic Missions** – A private contractor is used to identify prospective customers based on criteria developed by Commerce research, marketing and business development staff. Geographic areas are identified relative to the data available, the number of appointments and number of qualified leads. As appointments are developed, each is discussed in terms of how it meets required parameters. Post-mission, each appointment is discussed in detail again to rate its quality. As leads turn into prospects, the caliber of lead is evaluated and a cost per lead is generated.
2. **Web Site Marketing** – A full-time web master is employed for constant updating of the sites to increase the number of web hits and ensure search engines find the site. User suggestions are solicited and other web sites are monitored on a regular basis. An analysis of page hits and repeat users are two of the many attributes that are monitored for effectiveness. The contact page is monitored constantly to provide an immediate response to inquiries.
3. **Advertising** – Advertising is designed to reach readers who are decision- makers in key industry, primarily manufacturing and/or high tech. Inquiry requests versus true leads are monitored by publication. Starch reports offer valuable information about how ads are

perceived by qualified readers. Lead generation is tracked and publications are monitored for cost per lead and number of information inquiries as compared to the number of qualified leads.

**C. Key Support Processes and Support Process Improvement Methods**

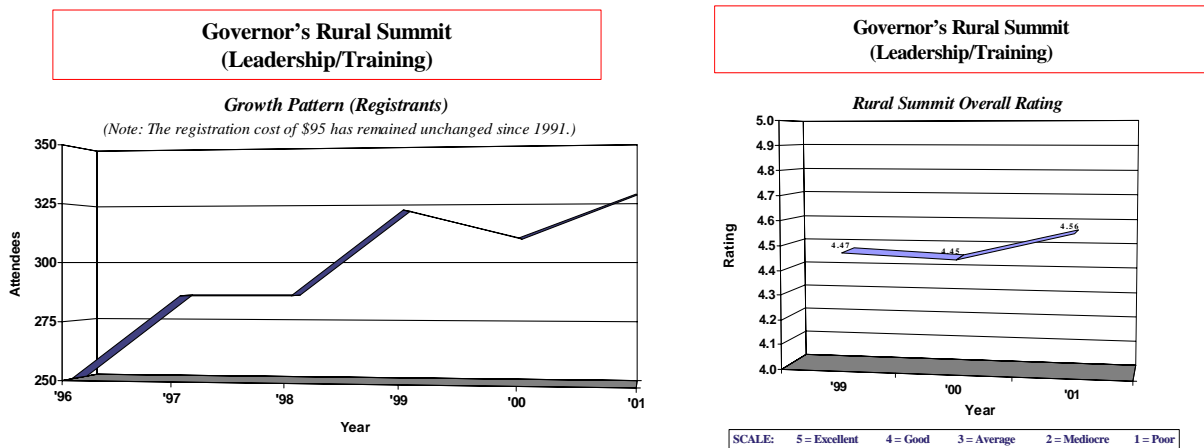
1. **Information Technology** - The Comprehensive Agency Management System (CAMS) is designed to manage critical customer information and allow this information to be shared among those involved in the industry recruitment and retention process. Users are continuously interviewed to ensure the tools meet the changing needs of the organization. Training of technical staff is critical and receives priority consideration in the budget. New technology is continuously reviewed to determine the most effective and cost-efficient methods of meeting Departmental goals. Web sites are constantly monitored for hits, number of pages accessed and length of time spent on site.
2. **Research** – Prospect proposal preparation and industry research provide information critical to the active project stage. While information is constantly compared to industry needs, the Department also hosts a quarterly forum of local and regional economic development professionals specializing in research. Feedback on products and services generated by the Department is solicited for the express purpose of revising materials and processes.
3. **Accounting and procurement** – Two critical processes include (1) the timely reimbursement of travel expenses for those who are involved in missions and project management, and (2) the timely procurement of materials and supplies to support the recruiting process. A bi-annual survey of staff is conducted to improve these and related processes.

**Category 7 – Results**

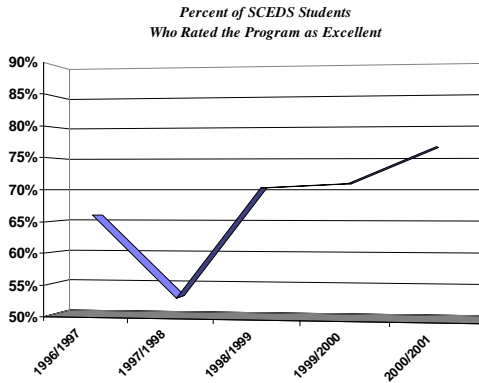
**A. Key Performance Measures of Customer Satisfaction**

**1. Leadership training**

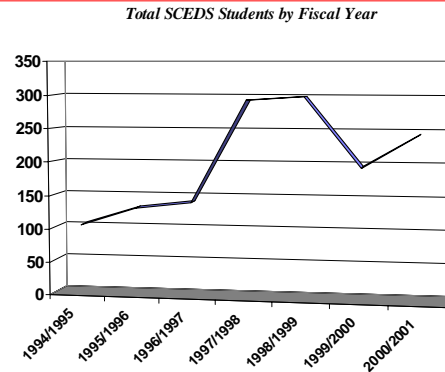
Leadership training has become an integral part of the department’s program. The Governor’s Rural Summit and the South Carolina Economic Developers’ School are the corner stones of the leadership training component. Attendance and training program ratings are good indicators of customer satisfaction as noted in the charts following:



**South Carolina Economic Developers' School Student Rating By Percent**



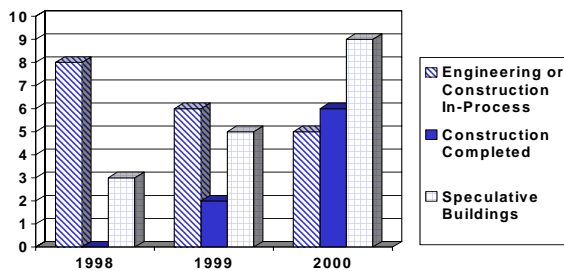
**South Carolina Economic Developers' School Enrollment By Fiscal Year**



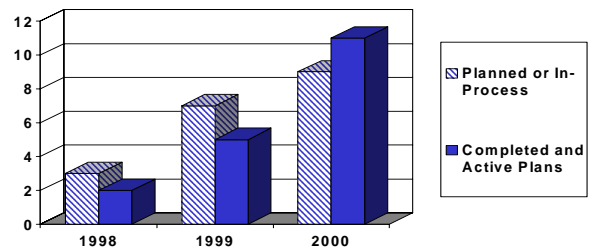
**2. Product Development**

Successful economic development cannot be accomplished without something to sell. “Product development,” the construction of industrial parks and speculative buildings based on key strategic planning is a must. The department is focused on these three areas (leadership development, industrial parks and speculative buildings, and strategic economic development planning) to improve rural South Carolina’s competitiveness in the marketplace.

**New and Expanded Industrial Parks/Speculative Buildings—Rural**

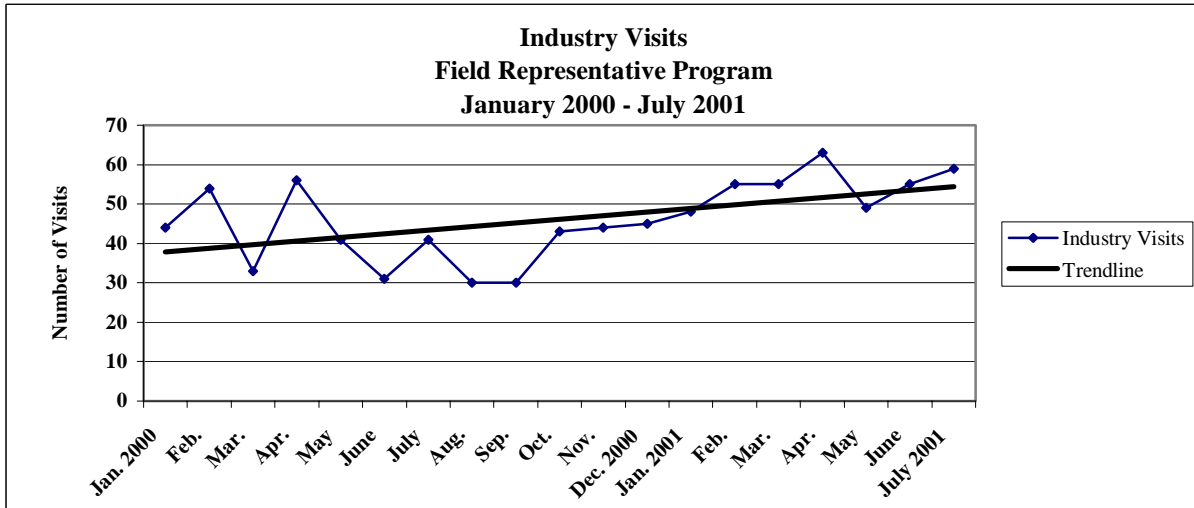


**Strategic Plans—Rural**

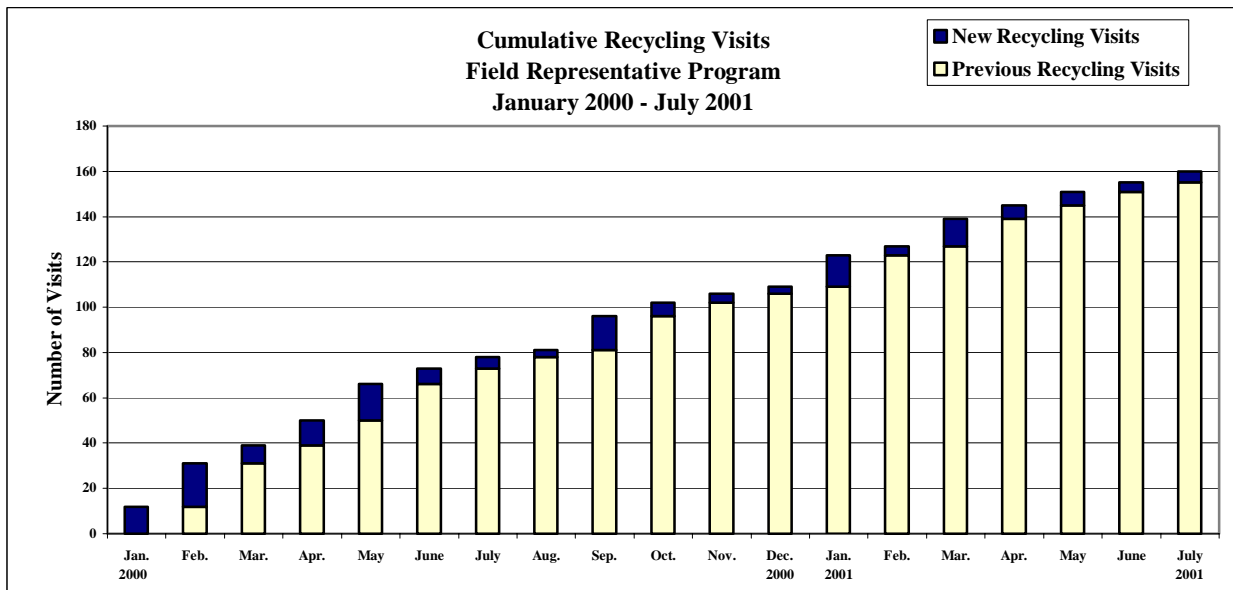


**3. Existing Business Services – Field Agent Program**

Commerce’s principal means of contacting industry customers and identifying needs is the Existing Business Services Field Representative Program. Four senior level retired manufacturing executives meet one-on-one with South Carolina companies throughout the state. Last year 95% of the South Carolina companies contacted accepted Commerce’s request to visit their company, a strong measure of customer satisfaction. Companies visited totaled 492 and consisted primarily of manufacturers. This number is slightly lower due to having only 2-3 field reps during most of the year. Next year the staff will visit 700 companies.



#### 4. Recycling Market Development Council



This year the field rep program provided assistance to the Recycling Market Development Council and EPA by making specific calls on companies engaged in recycling. Since the start of the program in January 2000, 160 companies have been visited. Information collected from these calls is used to help companies find markets for their waste streams, and likewise to help other companies find new material suppliers. In 2000, the recycling business created 1038 new jobs and invested \$241 million.

**B. Key Performance Measures for Mission Accomplishment**

**1. Per Capita Share of Capital Investment, Jobs Creation, Industry Locations and Expansions:**

Commerce’s key strategic goal is to achieve greater per capita share of investment, job creation, and number of company locations and expansions than other states in the Southeast. The chart below shows that South Carolina’s share is 7.5%.

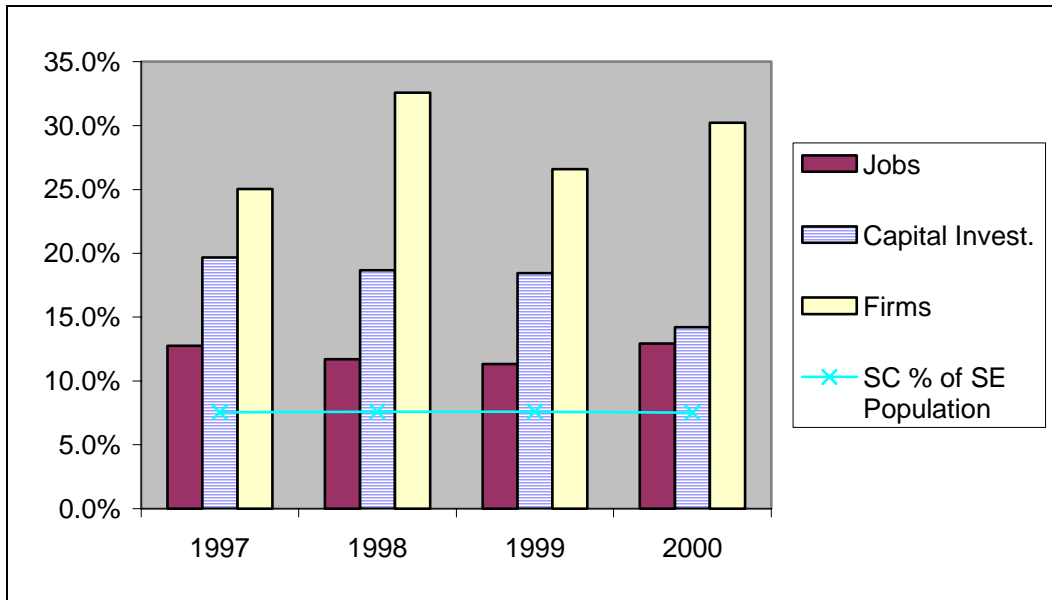
	2000	1999	1998	1997
<b>State</b>	Population	Population	Population	Population
<b>Alabama</b>	4,447,100	4,369,862	4,351,037	4,319,000
<b>Florida</b>	15,982,378	15,111,244	14,908,230	14,703,523
<b>Georgia</b>	8,186,453	7,788,240	7,636,522	7,486,000
<b>North Carolina</b>	8,049,313	7,650,789	7,545,828	7,425,000
<b>South Carolina</b>	4,012,012	3,885,736	3,839,578	3,760,000
<b>Tennessee</b>	5,689,283	5,483,535	5,432,679	5,368,000
<b>Virginia</b>	7,078,515	6,872,912	6,789,225	6,734,000
<b>Total</b>	53,445,054	51,162,318	50,503,099	49,795,523
<b>SC Share</b>	7.5%	7.6%	7.6%	7.6%

The next chart demonstrates that South Carolina exceeded **the 7.5% share in 2000**.

**30.2% of the Southeast region’s company locations and expansions, 14.2% of the Southeast region’s capital investment, and 12.9% of the Southeast region’s jobs.**

South Carolina has continually exceeded its share since 1997.

**SOUTH CAROLINA’S PER CAPITA SHARE OF REGIONAL JOBS AND CAPITAL INVESTMENT**



**2. Total Capital Investment, Jobs and Companies 1997—2000**

The following table compares the region’s capital investment, jobs creation, number of company locations and per capita capital investment since 1997. In 2000, South Carolina reported a record number of jobs and 3,500 more jobs than the previous year. Capital investment was the second highest in South Carolina history. 8,097 of these jobs were created by international investors. Between 1997 and 2000, South Carolina has consistently achieved the highest per capita investment in the region.

**TOTAL JOBS, CAPITAL INVESTMENT, INDUSTRIES AND PER CAPITA INVESTMENT AS COMPARED TO SOUTHEAST REGION**

YEAR	ALABAMA	FLORIDA	GEORGIA	N.C.	S.C.	TENNESSEE	VIRGINIA
<b>1997</b>							
Firms	605	317	207	1,342	1,337	1,197	339
Jobs	22,693	31,418	29,260	56,982	29,303	32,283	27,712
Investment	\$2,768,054,000	\$1,358,900,000	\$5,304,351,000	\$5,500,000,000	\$5,501,921,000	\$4,800,000,000	\$2,731,510,000
Population	4,319,000	14,703,523	7,486,000	7,425,000	3,760,000	5,368,000	6,734,000
Per Capita CI	\$641	\$92	\$709	\$741	\$1,463	\$894	\$406
<b>1998</b>							
Firms	540	541	384	869	1,395	106	450
Jobs	18,554	65,178	29,906	46,261	31,632	31,500	47,099
Investment	\$2,014,181,000	\$4,498,840,000	\$3,839,607,000	\$7,818,095,000	\$5,833,375,000	\$5,000,000,000	\$2,280,300,000
Population	4,351,037	14,908,230	7,636,522	7,545,828	3,839,578	5,432,679	6,789,225
Per Capita CI	\$463	\$302	\$503	\$1,036	\$1,519	\$920	\$336
<b>1999</b>							
Firms	629	576	76	1,055	1,476	1,300	438
Jobs	25,923	48,435	26,312	42,089	29,874	45,000	46,372
Investment	\$3,629,500,000	\$4,285,797,000	\$5,541,762,000	\$5,500,000,000	\$6,377,259,000	\$6,000,000,000	\$3,246,410,000
Population	4,369,862	15,111,244	7,788,240	7,650,789	3,885,736	5,483,535	6,872,912
Per Capita CI	\$831	\$284	\$712	\$719	\$1,641	\$1,094	\$472
<b>2000</b>							
Firms	563	545	89	730	1,628	1,376	453
Jobs	23,460	48,524	34,483	39,778	35,132	41,683	48,771
Investment	\$5,418,503,000	\$4,792,971,000	\$6,627,710,000	\$6,600,000,000	\$6,134,374,000	\$7,084,613,000	\$6,478,940,000
Population	4,447,100	15,982,378	8,186,453	8,049,313	4,012,012	5,689,283	7,078,515
Per Capita CI	\$1,218	\$300	\$810	\$820	\$1,529	\$1,245	\$915

**3. Capital Investment and Jobs Creation Goals for Project Managers and Sales Incentive Program:** The figures below represent the overall sales targets and results for the Global Business Development Division. The results of these achievements are used to evaluate project manager performance and award incentive payments.

**PROJECT MANAGER SALES GOALS AND RESULTS**

Goals/Results	1998	1999	2000
Jobs Goal	12,944	12,944	12,950
Jobs Created	17,327	15,931	21,153
Investment Goal	\$2.951 B	\$2.900 B	\$3.000 B
Investment Created	\$3.539 B	\$4.176 B	\$4.766 B

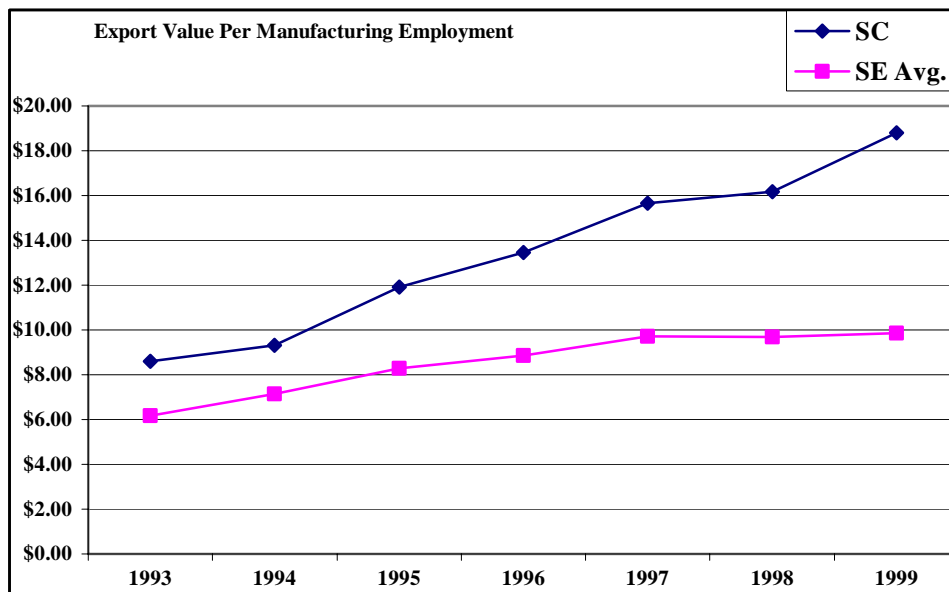
**4. Rural Development Jobs and Investment:**

In support of the Governor’s Business Plan “to strengthen rural communities” and to “provide economic opportunities and prosperity for all citizens,” the Department closely monitors the

programs and outcomes that affect South Carolina’s more needy areas. The rural (Non-MSA) counties tallied 10,065 jobs during calendar year 2000. This represented announced capital investment of \$1,656,181,804 consisting of 475 companies—a new record.

<b>Capital Investment In South Carolina Rural (Non-MSA) Counties</b>			
	<b>Investment</b>	<b>Job Creation</b>	<b>Firms</b>
<b>2000</b>	\$1,656,181,804	10,065	475
<b>1999</b>	\$1,801,082,300	8,707	449
<b>1998</b>	\$1,544,546,489	10,118	470

**5. International Trade** – The Trade program helps companies grow by introducing them and their product into an overseas market through trade fairs and missions. In FY 2000-2001, the trade program staff fielded 780 inquiries for export assistance from South Carolina companies, and nearly an equal number of import and other related calls. This number was an increase from the prior year where 712 inquiries were addressed. From these contacts, 215 South Carolina companies participated in a record 26 trade shows and missions. Last year 90 companies participated. Companies were introduced to 113 new markets. The following chart clearly shows that South Carolina leads the Southeast in the value of exports per manufacturing job.



South Carolina’s export value per manufacturing job last year reached \$18.79 and the Southeast’s export value per job was \$9.86. This gap continues to grow with the 1993—1999 growth rate for South Carolina exceeding 118% and the Southeastern growth rate only reaching

60%. This trend is a good indicator that South Carolina companies are finding success in the global market place. The trade program’s goal is to strive to increase this export value per manufacturing job to \$20.00.

**6. State Film Office Division – Marketing Effectiveness**

The State Film Office evaluates the effectiveness of its marketing program by comparing its budget, staff and revenues to its Southeastern state peer group and to California, New York, Texas and Ontario/Vancouver, the leaders in film production. The film office currently ranks fifth out of eleven Southeastern states in terms of revenues produced—but near the bottom in terms of budget. This ranking is artificially elevated, because Tennessee did not respond to the survey. It has a large indigenous film production base and out-produce South Carolina every year. Budget has a direct impact on South Carolina’s ability to compete with other states. South Carolina must have the staff and resources to conduct an aggressive marketing and advertising program and to provide timely responses to prospects.

<b>2000 Ranking of Film Offices By Revenue</b>
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<i>Film Office</i>	<i>2000 Films</i>	<i>2000 Revenues</i>	<i>2000 Ranking by Revenues</i>	<i>2001 Annual Budget</i>
<i>Florida</i>	N/A	\$3,900,000,000	1	\$775,000
<i>N. Carolina</i>	81	\$250,100,000	2	\$1,000,000
<i>Georgia</i>	3	\$134,800,000	3	\$1,035,000
<i>Virginia</i>	4	\$85,400,000	4	\$1,000,000
<i>S. Carolina</i>	5	\$49,100,000	5	\$386,000
<i>Maryland</i>	9	\$31,400,000	6	\$1,200,000
<i>Louisiana</i>	2	\$28,000,000	7	\$522,859
<i>Kentucky</i>	2	\$6,000,000	8	\$100,000
<i>Mississippi</i>	2	\$3,000,000	9	\$245,150
<i>Alabama</i>	N/A	N/A	N/A	\$244,000
<i>Tennessee</i>	4	N/A	N/A	\$1,000,000
<i>NY State/City</i>	201	\$2,450,000,000	N/A	\$1,050,000
<i>California</i>	N/A	N/A	N/A	\$3,500,000
<i>Texas</i>	7	\$277,000,000	N/A	\$600,000
<i>British Columbia</i>	103	\$766,000,000	N/A	\$900,000
<i>Ontario</i>	62	\$304,000,000	N/A	N/A



**7. State Aeronautics Division**

During FY 2001, the airplane was available for scheduling 338 days, experienced only one thirty-minute maintenance delay, had no flight cancellations due to maintenance and no safety incidents.

<b>Flight Operations Performance</b>	<b>FY 2000</b>	<b>FY 2001</b>
Aircraft Block Hours	427	410
Aircraft Flight Hours	348	330
Flights (Legs)	468	473
Flight Leg Passengers	1,301	1,296
Passenger Miles	320,536	316,951

**8. Community Development Block Grants Program and Coordinating Council for Economic Development (CCED):**

1. The CDBG five year plan was completed and approved by HUD within the required timeframes.
2. CDBG completed a study of procedures and eliminated 24 procedures or duplications and cut application review time by one-third.
3. CCED revised its financial reporting process, which decreased fund status reporting time and increased reporting accuracy.
4. CCED conducted six regional seminars and trained over 300 program participants.
5. CCED established a compliance office in Greenville, South Carolina. Cost containments included sharing of space and equipment with the Department of Revenue and no additional staff. New audit procedures will be developed in the next fiscal year.

**9. SC Public Railways Division**

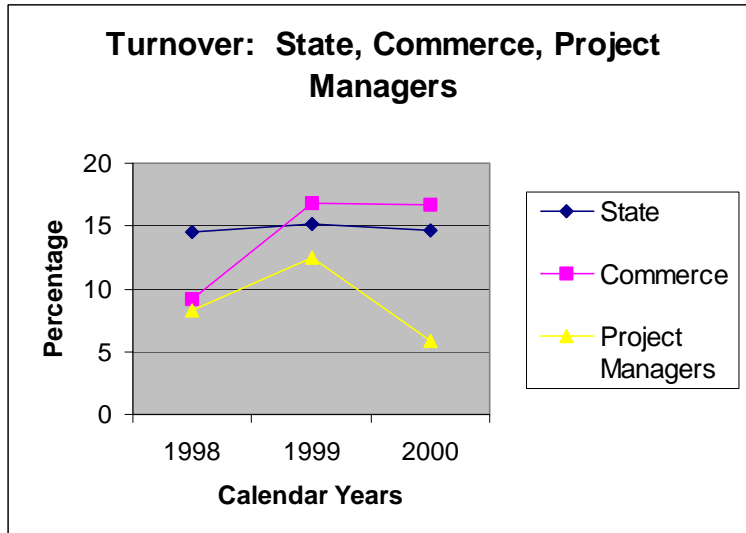
1. Railways recorded no lost time accidents in 2000, which compares favorably with 1998 Bureau of Labor Statistics reports of 2.5 lost workday injuries for each 100 employees (Railways has 38 employees).
2. Railways met its goal of switching 8.31 cars per operational hour at the Port Royal Utilities Commission (PRUC) and 5.04 cars per operational hour at the Port Terminal Railroad (PTR)—actual performance was 8.27 at PRUC and 5.38 at PTR.
3. Railways met its construction project financial goal by completing the projects under budget. Costs were 99.91% of the budgeted amounts.

**C. What are your performance levels and trends for the key measures of employee satisfaction, involvement and development?**

**1. Employee Turnover Analysis:**

<b>Separation Reason</b>	<b>1999</b>		<b>2000</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Similar work outside State Gov.</b>	6	22.2	6	22.2
<b>Moved from job area</b>	4	14.8	5	18.5
<b>Different work outside State Gov.</b>	3	11.1	3	11.1
<b>Reduction in Force</b>	0	0	3	11.1
<b>Performance</b>	1	3.7	2	7.4
<b>Returned to school</b>	1	3.7	2	7.4
<b>Different job in State Gov.</b>	2	7.4	2	7.4
<b>Retirement</b>	0	0	1	3.7
<b>Change in Administration</b>	5	18.5	1	3.7
<b>Personal</b>	4	14.8	1	3.7
<b>Deceased</b>	0	0	1	3.7
<b>Conduct</b>	1	3.7	0	0
<b>Totals</b>	27	100	27	100

- a) **Departures to Other Employers in South Carolina:** - The chart above shows that 22.2% of the 27 employees left Commerce to perform similar work in the private sector. While this is the most significant reason for turnover, it represents only 3.7% of the total turnover in Commerce in each of the last two years and no frequency of separations was noted in any specific area, except for IT jobs discussed below.
  
- b) **Information Technology** – It is consistently difficult to recruit and retain IT professionals within the state’s salary and budgetary system. Comparatively low salaries, lack of funding and annual budget cuts diminish the department’s ability to recruit and retain highly technical staff. Commerce’s IT Director position was vacated twice during 1999 and 2000. In the last two years, Commerce has lost six (6) of its seven (7) positions. The Department was forced to fill both IT positions with internal staff and to replace those positions with less experienced applicants. While this enabled the Department to fill vacancies, continuity of programs and level of expertise was diminished.
  
- c) **Project Manager Turnover** – Commerce monitors project manager turnover closely. Prior to 1998, most of Commerce’s project managers were leaving for better paying, but similar positions in South Carolina. A sales incentive plan was developed to reduce turnover and to motivate staff. Turnover has been reduced considerably, as the information below demonstrates.



Calendar Year	DOC Average Employment	DOC Separations	Project Managers Average Employment	Project Managers Separations
1998	153	14	12	1
1999	160	27	16	2
2000	162	27	17	2

**2. Employee Satisfaction – Exit Interviews:**

In a small organization, it is difficult to convince an exiting employee that his or her survey information will remain anonymous. Therefore, information obtained through exit interviews may be less accurate than other survey methods. Human Resources is currently exploring other methods of gathering employee satisfaction information. While perhaps less accurate, the information below indicates that the employees' concerns were advancement, communication, and pay. These issues will be further analyzed during the next fiscal year.

Employee Exit Interview Questionnaire	% Positive Responses 1999	% Positive Responses 2000
Did you understand the Department's mission?	100	100
Were you informed of policy changes?	91	94
How do you rate your workload?	91	94
Did you receive adequate training?	81	82
Did you receive fair and equal treatment?	63	82
Do employees function as a team?	77	81
How was communication between you and your supervisor?	81	76
How was communication in your department?	72	76
How do you rate the benefits?	90	76
How was communication from top management?	36	58
Was your pay appropriate for your work?	45	52
How do you rate advancement opportunities at DOC?	36	35

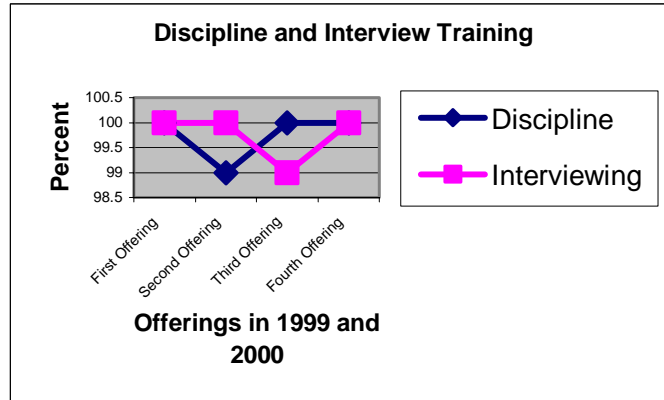
**Answer key: excellent, good, fair, poor, no opinion**

**A positive response is an excellent or good response.**

**# Surveys = 27**

*Section III – Elements of Malcolm Baldrige Criteria*

3. The chart below indicates the Department’s discipline and interviewing training is well-received by supervisors. Indications that Commerce supervisors manage discipline effectively are the department’s EEO and other labor dispute records (only two incidents in past three years—both resolved in favor of Commerce). This data does not include the Railways Division.



**D. What are your performance levels and trends for the key measures of regulatory/legal compliance and citizenship?**

REGULATORY AND LEGAL COMPLIANCE INDICATORS*	STATUS	
	1999	2000
Affirmative Action Plan Goal	76.9% Achievement	85.7% Achievement
EEO Complaints Filed	1	0
EEO –Resolved in favor of DoC	1	0
Employment Law Suits	0	1
Law Suits Resolved in favor of DoC	0	1
Workers Compensation Claims	2	3
Workers Compensation Claims Cost	\$14,251	\$48,741
Commerce Financial Audit	Unqualified opinion (clean)	Unqualified opinion (clean)

\*Does not include Railways Division data.

**Aeronautics Division** – The flight department has flown a total of 89,237 consecutive hours over the last sixty years. There has never been an accident involving damage to property or injury to persons. Last year, the Aeronautics Division received a Corporate Business Flying Safety Award from the National Business Aviation Association (NBAA) in recognition of that safety record. For FY 2000, the NBAA reported that the Corporate/Executive aviation accident rate per 100,000 hours flown was total accidents – 0.125 and fatal accidents – 0.060.

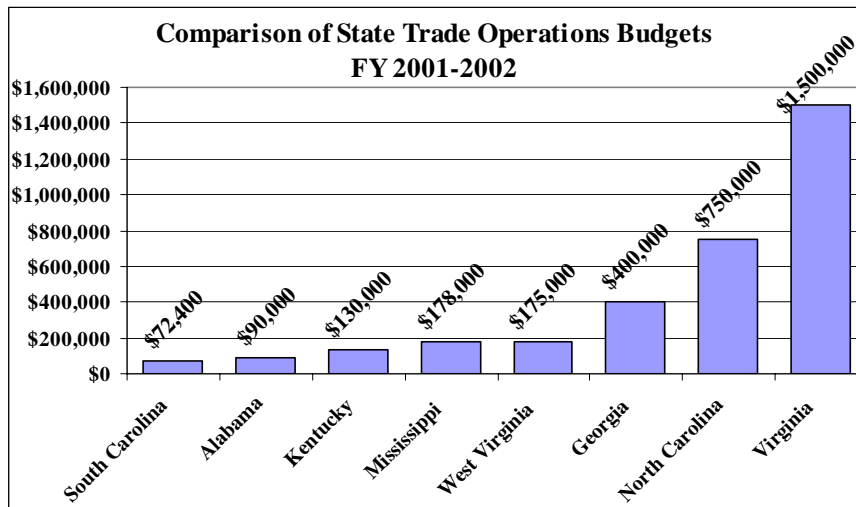
**SC Public Railways Division** – The Railways division experienced no lost-time safety incidents for calendar year 2000. Trend and benchmark data will be available in the next report.

**E. Current levels and trends of financial performance**

The “Opportunities and Barriers” section of this report (page 5) shows that state funding for Commerce’s core economic development operations has been decreasing over the last twelve years as compared to the growth of the state’s general fund budget. Commerce’s current economic development budget is actually less than the budget of the agencies that were merged to form the Department of Commerce, without adjusting for inflation.

It is extremely difficult to compare programs and budgets with other states that have different organizational structures, operating functions, and funding systems. Commerce has, however, begun to compile information that may be helpful in analyzing the relationship between budgets, staff, results, and financial performance. The State Film Office provided budget information in the “Results” section of this report that shows the Film Office was ranked 5<sup>th</sup> in generation of film revenue, even though its budget was less than 8 of the 11 Southeastern states. The following trade program information also indicates South Carolina does a lot with a little—and could do a lot more with a little more.

In a comparison of several other Southeastern states’ operational trade budgets, the South Carolina Department of Commerce’s international trade budget is smallest. Even with one of the smaller trade budgets among the various states, the program is recognized as a leader among state trade programs. Last year Commerce won the Council for Urban Economic Development’s Annual Gold Award for State Export Programs. The trade program was also recognized as the recipient of the President’s “E” Award for Export Service Excellence. Both of these awards are acknowledged as indicating national leadership in trade development programs and other states are using South Carolina’s program as a benchmark. Unfortunately, due to the state’s budget deficit, the trade program’s budget has just been adjusted downward by over 17% from the previous year.



*Section III – Elements of Malcolm Baldrige Criteria*

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The following chart shows the cost per million dollars of capital investment created and the cost per job created, using our state appropriated operating budget dollars as a base. While this information by itself is only descriptive of South Carolina's costs, it may provide a good measure of performance when compared to other states in the future.

<b>Year</b>	<b>State Operating Budget</b>	<b>Capital Investment (in Millions)</b>	<b>Cost per Million \$ Invested</b>	<b>Number Jobs Created</b>	<b>Cost per Job Created</b>
1997	\$11,361,908	\$5,501,921	\$2.07	29,303	\$388
1998	\$12,087,370	\$5,833,375	\$2.07	31,632	\$382
1999	\$12,970,372	\$6,377,259	\$2.03	29,874	\$434
2000	\$14,658,932	\$6,134,374	\$2.39	35,132	\$417