



# **STATE OF SOUTH CAROLINA**

**DEPARTMENT OF COMMERCE**

**ACCOUNTABILITY REPORT**

**FISCAL YEAR 2010-2011**

Agency: South Carolina Department of Commerce

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Agency Director: Secretary of Commerce Bobby M. Hitt III

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## **I. EXECUTIVE SUMMARY**

### **I.1 Mission & Values**

The South Carolina Department of Commerce (SCDOC) is the economic development and business recruiting arm of the State. The leadership and staff of SCDOC are fully committed to the mission of the agency and believe in striving to enhance the quality of life for all South Carolinians.

#### **Agency mission statement:**

Working together to create opportunities for South Carolinians by promoting:

- Job creation
- Economic growth
- Improved living standards for South Carolinians

It is our vision that South Carolina's economy will become more competitive in a global economy, providing South Carolinians of all ages and skill levels an opportunity to maximize their talents and abilities.

#### **Agency value statement:**

SCDOC is a professional, team-focused, and innovative organization committed to achieving its mission while being a good steward of the taxpayer's dollar.

### **I.2 Major Achievements**

#### **South Carolina Department of Commerce: Significant Accomplishments in a Difficult Year**

Despite a challenging economic environment, the South Carolina Department of Commerce worked harder than ever and succeeded in producing impressive levels of new job and investment recruitment. SCDOC continues to recruit companies that are producing some of the finest and most advanced products in the world, which are reaching destinations throughout the globe. SCDOC is committed to building on these successes, ultimately making South Carolina a better place to live, work and do business.

#### **South Carolina Attracts Substantial Jobs & Investments**

From 2006 through 2010, SCDOC has recruited 87,550 jobs and more than \$17.7 billion in capital investment. Despite the challenging economic environment, Commerce surpassed its record-breaking 2008 job recruitment levels, recruiting 20,453 new jobs in 2010.

Those jobs were recruited from a variety of industries with world-class companies such as Boeing Fabrication Interiors, Husqvarna North America, The Timken Company,



Mitsubishi Polyester Film, Inc., BMW Manufacturing Company, Amazon.com, Inc. and many more making significant commitments to invest and create jobs in South Carolina.

South Carolina continued strong recruitment of foreign direct investment in 2010. Foreign investment comprised 26 percent of total capital investment and 29 percent of total jobs recruited in 2010. According to the U.S. Bureau of Economic Analysis, South Carolina ranks 4<sup>th</sup> among states for the percent of private industry manufacturing employment in foreign-affiliated companies.

The Department of Commerce continued its impressive recruitment efforts to rural areas of the state in 2010. Of the projects recruited last year, 28 percent of the jobs and 30 percent of the projects went to rural areas where 21.8 percent of the labor force resides.

### **South Carolina Department of Commerce Once Again Lead the Southeast in Job Recruitment**

South Carolina's success is evident when compared to its neighbors. The South Carolina Department of Commerce's job recruitment efforts were #1 in the Southeast for 2010.

In 2010, 44 jobs were recruited for every 10,000 South Carolina residents by the SCDOC, compared to a group average of 27 for the Southeastern States.

Through SCDOC efforts, the state recruited a total of 20,453 jobs in 2010, greatly surpassing the Southeast's average state job recruitment of 15,523.

### **SC Department of Commerce 2010 Top Accomplishments**

1. Community Development Block Grant received a national award for the Quick Jobs Centers designed to provide trade skills to South Carolina.
2. SC DOC leads the southeast in job recruitment for 2010.
3. Over 70% of the investment committed to South Carolina is from firms new to the state (planting the seeds for future growth).
4. In 2010, SCDOC had five announcements that were each 900 new jobs or larger – Amazon.com in Lexington, AQT Solar in Richland, ZF Group in Laurens, First Quality Tissue in Anderson and Proterra in Greenville.
5. Pollina Corporate Real Estate ranks South Carolina as the 4th most Pro-Business State for 2010. South Carolina has ranked among the top five for the last six years.
6. In 2010, Commerce's recruitment efforts resulted in over five million square feet of existing industrial buildings being sold or leased.



7. High Impact Entrepreneurship Conference – SC Commerce co-hosted with New Carolina (Council of Competitiveness). 100+ leaders in small business and entrepreneurial development met and designed strategies for enhancing high impact company start-up and growth. From that conference initiatives have been launched for a new web portal for Commerce, a study on gaps in financing and a strategic innovation plan for the state.
8. Implemented new site certification program with McCallum Sweeny Consultants of Greenville and began working with communities to evaluate the initial 31 industrial sites under the new criteria.
9. Business Services provided direct resource support to 758 small business inquiries.
10. The Research Division developed a new online tool, the automated “Community Profiles” reports, which are accessible to anyone and provide counties, metropolitan statistical areas, and workforce investment areas up-to-date labor market and economic data specific to their regions.

### **I.3 Strategic Goals**

The following strategic goals for our core functions – the attraction of capital investment and new jobs - were developed.

- 1) Increase capital investment and job creation throughout South Carolina;
- 2) Develop a strategy that recognizes the strengths of the state’s existing, small, and emerging industries and builds on the opportunities those strengths present;
- 3) Implement a targeted marketing strategy to promote new investment and job creation and grow industry sectors;
- 4) Increase the quality of the “economic product” in South Carolina through workforce and community development;
- 5) Increase the value of exports from South Carolina businesses;
- 6) Manage all agency resources in a cost effective manner in support of the mission of the Agency.



## I.4 Opportunities and Barriers

**National Economy** – The national economy, still recovering from the recession that began in late 2008 has gradually seen its economic output increase. Economic output increased 3.7% between the second quarters of 2010 and 2011, which was a small increase from the 3.2% increase between the second quarters of 2009 and 2010. Meanwhile, the nation's unemployment rate decreased slightly from 9.5% in June 2010 to 9.2% in June 2011, as about 242,000 jobs were gained. However, the labor force decreased by approximately 263,000 workers, as well, which contributed to the small decline in the unemployment rate. According to the Bureau of Labor Statistics, the national unemployment rate for 2010 peaked in November at 9.8%, but never reached double digits as it did the previous year (10.1% in October 2009). Unlike 2009, the construction industry faced no major job losses, instead remaining relatively static with about 2,000 jobs added. Job loss was concentrated in the government sector and financial services and information industries. Economists have continuously revised economic numbers and have projected a slow recovery period. The Federal Open Market Committee's current forecasts project national unemployment rates dipping below 9.0% to around 8.7% by year end and falling to 8.2% in 2012 and 7.5% in 2013. One bright spot in the national economy lies in its ability to attract foreign direct investment, as it remains the global leader. The level of foreign direct investment was up almost 50% from 2009 to \$194.5 billion. However, this is still a pronounced decrease from the \$316 billion foreign direct investment threshold reached in 2008.

**State Economy** – From June 2010 to June 2011, South Carolina's employment level witnessed slight gains, adding a seasonally adjusted 7,934 jobs. However, in conjunction, the state labor force fell by approximately 4,145 workers, a much smaller decrease than the previous year where the labor force fell by almost 34,000 people. These figures have resulted in a decrease of 12,079 in the number of individuals unemployed in the state, as well as a decrease in the state's unemployment rate from 11% in June 2010 to 10.5% in June 2011. According to the Bureau of Labor Statistics' Current Employment Statistics, the construction industry lost 1,200 jobs, but this was the only industry (other than government) that witnessed a decrease in jobs. This is an improvement from the previous year where manufacturing and trade, transportation, and utilities and leisure and hospitality also witnessed declines. Increases were seen in professional and business services (+9,100 jobs), manufacturing (+7,800 jobs), leisure and hospitality (+7,000 jobs) trade, transportation and utilities (+6,500 jobs), education and health services (+4,000 jobs), and retail trade (+1,100 jobs). Exports from South Carolina increased 18.9% over 2009 totals, representing \$20.3 billion in goods sold. South Carolina continues to be an attractive location for economic development projects because of its comparably favorable business climate with lower taxes, capital and labor costs, and favorable labor and environmental regulations.



## **I.5. How the Accountability Report is used to Improve Organizational Performance:**

The agency uses the Accountability Report to monitor, measure, and document the agency's progress in obtaining goals.

### **SECTION II BUSINESS OVERVIEW**

#### **II.1 Current Employment**

Full Time Employees	67
Temporary Employees	8 (Includes interns)
European Office	1 (contract)
China Office	1 (contract)
<u>SC Public Railways Division</u>	<u>39</u>
Total	116

#### **II.2 Operations Locations**

Main Office	1201 Main St., Suite 1600, Columbia, SC
SC Public Railways Division	540 East Bay St., Charleston, SC
China Office	Shanghai, China
European Office	Munich, Germany



## II.3 Expenditures/Appropriations Chart

### Base Budget Expenditures and Appropriations

	09-10 Actual Expenditures		10-11 Actual Expenditures		11-12 Appropriations Act	
Major Budget Categories	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$6,490,092	\$1,310,720	\$4,663,910	\$2,157,599	\$3,774,746	\$1,889,746
Other Operating	3,397,817	\$792,824	\$2,171,931	\$805,000	\$2,341,265	\$1,088,265
Special Items	\$2,119,808	\$469,038	\$2,422,285	\$1,812,828	\$371,065	\$371,065
Distributions to Subdivisions	\$131,880,024		\$52,826,564		\$69,315,000	
Fringe Benefits	\$1,757,894	\$316,609	\$1,273,311	\$578,226	\$1,076,439	\$539,439
Non-recurring						
<b>Total</b>	<b>\$145,645,635</b>	<b>\$2,889,191</b>	<b>\$63,358,001</b>	<b>\$5,353,653</b>	<b>\$76,878,515</b>	<b>\$3,888,515</b>

### Other Expenditures

Sources of Funds	09-10 Actual Expenditures	10-11 Actual Expenditures
Supplemental Bills	\$4,215,442	\$4,267,796
Capital Reserve Funds		
Bonds	\$51,540,094	\$218,459,906





## II. 4. Major Program Areas Chart

Program Number and Title	Major Program Area Purpose (Brief)	FY 09-10 Budget Expenditures	FY 10-11 Budget Expenditures	Key Cross References for Financial Results*
II.E.1-2. Grants & Incentives	To assist communities with grants for infrastructure, housing, economic development and planning.	<b>State:</b> <b>Federal:</b> 26,800,584 <b>Other:</b> 23,035,257 <b>Total:</b> 49,835,841 <b>% of Total Budget:</b> 34%	<b>State:</b> <b>Federal:</b> 29,086,847 <b>Other:</b> 24,825,180 <b>Total:</b> 53,912,027 <b>% of Total Budget:</b> 85%	7.4
II.A. Business Development-Project Management and Foreign Offices	To recruit new and existing expansions and locations; to increase the capital investment and number of jobs in South Carolina.	<b>State:</b> 1,353,738 <b>Federal:</b> 673,250 <b>Other:</b> 172,409 <b>Total:</b> 2,199,397 <b>% of Total Budget:</b> 1%	<b>State:</b> 2,081,685 <b>Federal:</b> <b>Other:</b> 613,140 <b>Total:</b> 2,694,825 <b>% of Total Budget:</b> 5%	7.1
II.B. Business Services	To help South Carolina companies achieve peak performance. By bringing together professionals who offer a wealth of experience in key areas to offer a dynamic approach that helps businesses and communities prosper.	<b>State:</b> 271,104 <b>Federal:</b> 382,603 <b>Other:</b> 212,817 <b>Total:</b> 866,524 <b>% of Total Budget:</b> 1%	<b>State:</b> 377,057 <b>Federal:</b> <b>Other:</b> 358,914 <b>Total:</b> 735,971 <b>% of Total Budget:</b> 1%	7.3
II.D. Marketing and Communications	To develop marketing strategies utilizing the State's brand in recruiting industry and attracting investments to the State.	<b>State:</b> 492,442 <b>Federal:</b> 325,264 <b>Other:</b> 9,352 <b>Total:</b> 827,058 <b>% of Total Budget:</b> 1%	<b>State:</b> 619,101 <b>Federal:</b> <b>Other:</b> 493,275 <b>Total:</b> 1,112,376 <b>% of Total Budget:</b> 2%	7.7
II.C. Community and Rural Planning and Development	To assist local leaders in achieving success for their communities through product development, asset development and leadership and community investment.	<b>State:</b> <b>Federal:</b> 258,298 <b>Other:</b> 529,197 <b>Total:</b> 787,495 <b>% of Total Budget:</b> 1%	<b>State:</b> <b>Federal:</b> <b>Other:</b> 435,579 <b>Total:</b> 435,579 <b>% of Total Budget:</b> 1%	7.2
II.D. Research	To provide real-time, accurate data, information, and research to support the mission of the agency in recruiting industry and attracting investments to the State.	<b>State:</b> 331,917 <b>Federal:</b> 386,488 <b>Other:</b> 455,743 <b>Total:</b> 1,174,148 <b>% of Total Budget:</b> 1%	<b>State:</b> 560,998 <b>Federal:</b> 382,873 <b>Other:</b> 498,483 <b>Total:</b> 1,442,354 <b>% of Total Budget:</b> 2%	7.6



<b>Program Number and Title</b>	<b>Major Program Area Purpose (Brief)</b>	<b>FY 09-10 Budget Expenditures</b>	<b>FY 10-11 Budget Expenditures</b>	<b>Key Cross References for Financial Results*</b>
Workforce Development	To increase the skills of the state's workforce and the competitiveness of state businesses.	<b>State:</b> <b>Federal:</b> 85,968,156 <b>Other:</b> 188,099 <b>Total:</b> 86,156,255  <b>% of Total Budget:</b> 59%	<b>State:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b>  <b>% of Total Budget:</b>	Note A
I. Administration	To provide real-time, accurate data, information, and research to support the mission of the agency in recruiting industry and attracting investments to the State.	<b>State:</b> 439,990 <b>Federal:</b> 1,139,265 <b>Other:</b> 766,454 <b>Total:</b> 2,345,709  <b>% of Total Budget:</b> 1%	<b>State:</b> 326,474 <b>Federal:</b> <b>Other:</b> 1,152,728 <b>Total:</b> 1,479,202  <b>% of Total Budget:</b> 2%	7.5
<b>Below: List any programs not included above and show the remainder of expenditures by source of funds.</b> Regional Economic Development Organizations.				

Remainder of Expenditures	<b>State:</b> <b>Federal:</b> <b>Other:</b> 1,453,208 <b>Total:</b> 1,453,208	<b>State:</b> 1,388,338 <b>Federal:</b> <b>Other:</b> 157,329 <b>Total:</b> 1,545,667
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\* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

Note A – The Workforce Division was transferred to the Department of Employment and Workforce by Act #0146 of 2010 and Executive Order No. 2010-09.



## II.5 Key Customers

The Department of Commerce's mission is to work together to create opportunities for all South Carolinians. We do that through a wide range of activities that serve a wide range of customers, including:

- a) The people of South Carolina;
- b) Existing and emerging industries within the state;
- c) Small business community;
- d) National and international businesses making a location decision;
- e) Site selection consultants;
- f) Financial community;
- g) Communities seeking jobs and investment;
- h) Government leaders of the state to include county and local leaders;
- i) South Carolina companies looking for international sales opportunities;
- j) Local and regional economic development leaders;
- k) Research universities, technical colleges and local school districts;
- l) Communities seeking funding for economic development and/or infrastructure needs;
- m) Community Development Corporations;

Other customers and their Department suppliers include:

Rail carriers;  
State Ports Authority and its users;  
Users of State and Federal grants;  
Division of Public Railways.



## II.6 Key Suppliers

As is the case with customers, the Department of Commerce has a wide array of suppliers. The suppliers for our core business functions are:

- 1) Local economic development offices;
- 2) City, County, and State government bodies;
- 3) State agencies such as DHEC, the Department of Revenue, South Carolina State Board for Technical and Comprehensive Training, the State Ports Authority, USC, DOT, etc.;
- 4) Utilities, contractors, financial institutions, and other economic development allies;
- 5) Property owners;
- 6) National and international businesses and site location consultants;
- 7) Venture Capital firms;
- 8) South Carolina Commission of Higher Education;
- 9) South Carolina Department of Employment and Workforce;
- 10) Bureau of Labor and Statistics;
- 11) US Department of Labor;
- 12) Existing businesses;

Other suppliers and their Department of Commerce customers include:

Railroad vendors  
General Assembly

Public Railways Division  
Coordinating Council for  
Economic Development &  
CDBG, Recycling Market  
Development Advisory  
Council

Federal Government

CDBG & Appalachian Regional  
Council



## II.7 Major Products and Services

### **Products**

- Customized publications outlining South Carolina's advantages for businesses and consultants making a site location decision;
- Business research publications, including the Small Business and Entrepreneurship Resource Guide, produced by the Business Services Department;
- Recycling On-line Directory, interactive directory featuring recycling source and use companies, haulers, and waste processors;
- Job Development Credits;
- Annual and Five-year plans for Housing Community and Development;
- State and federal grants for housing, infrastructure, community facilities, and improvements and economic development;
- Rail service;
- South Carolina Site Certification Program Description and Instructions;
- Community Development Corporation Certification Guidelines.

### **Services**

- Marketing and sales representation;
- Existing industry, emerging and small business information and issue resolution;
- The BuySC program connecting South Carolina businesses with new and expanding supply chain opportunities;
- Small Business Regulatory Review Committee reviewing state regulations for adverse impact on small business;
- Export development research and opportunity creation; international trade missions;
- Foreign relations facilitation between South Carolina and international officials at all levels;
- Industry research;

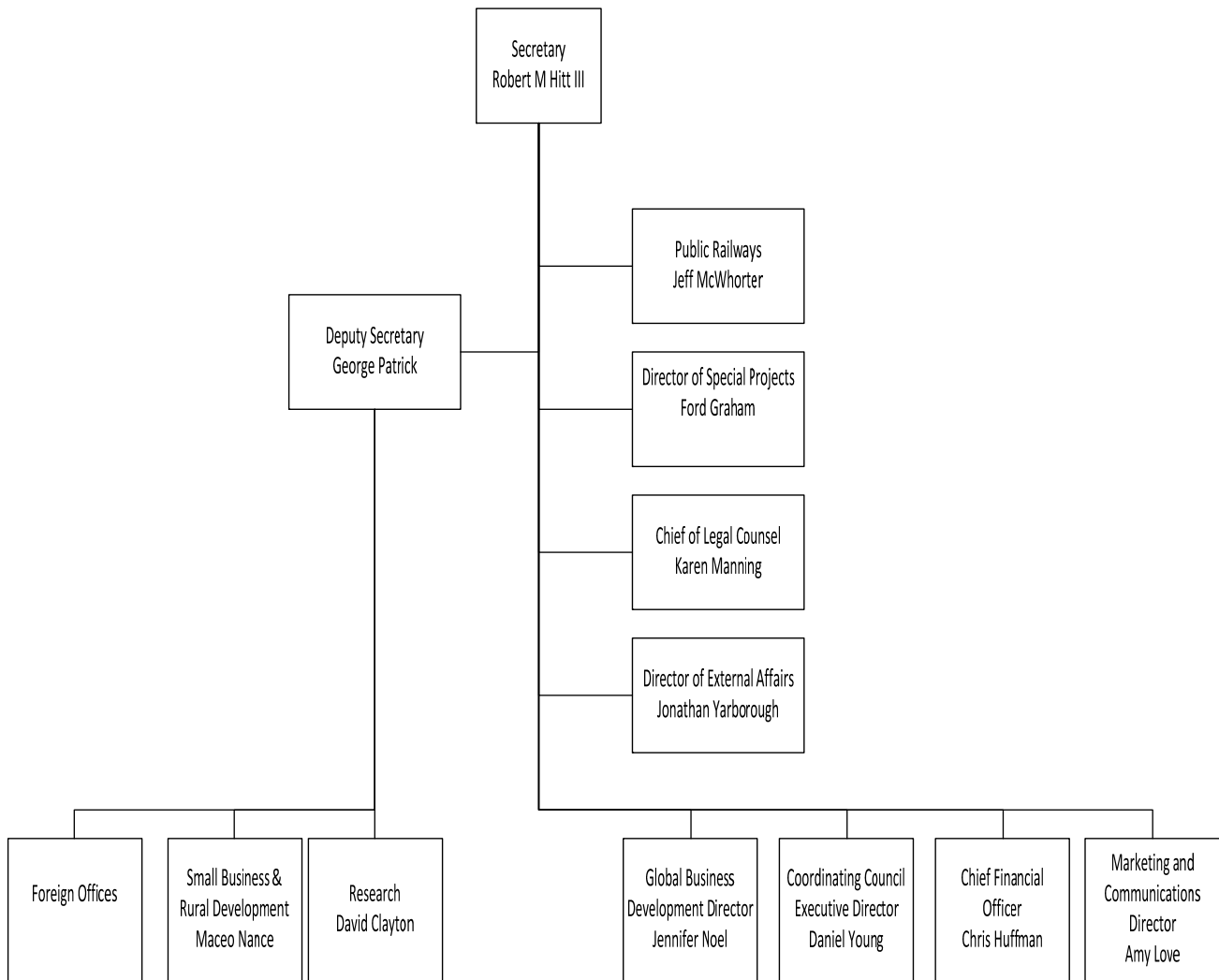


- Site location assistance;
- Local product development assistance for both traditional industries;
- Trade research and development of trade opportunities;
- Financial consultation for businesses and entrepreneurs;
- Technical assistance to business and industry on recycling and recycling markets information;
- Recycling markets information;
- Emergency management information for existing businesses, supporting disaster preparation, response and recovery;
- Training and technical assistance to grant customers on project development, implementation and compliance;
- Technical assistance for applications for grants and incentives;
- Rail service;
- Product development assistance resulting in industrial site, industrial parks, speculative buildings, and certified site development;
- Technical assistance in the redevelopment of rural downtown business districts;
- Technical assistance in the development and sustainability of community empowerment centers;
- Technical assistance for certification/recertification of Community Development Corporations;
- Training seminars for local economic development professionals;
- Educational assistance through the South Carolina Rural Summit, South Carolina Economic Development School and the South Carolina Advanced Symposium;



## II.8 Organizational Chart

### SOUTH CAROLINA DEPARTMENT OF COMMERCE



### III. MALCOLM BALDRIGE PERFORMANCE EXCELLENCE STANDARDS

#### Category 1 – Senior Leadership, Governance, and Social Responsibility

Under the direction of Governor Sanford and Secretary Taylor, the agency and its leaders have embarked on a new era that emphasizes professionalism and teamwork.

- 1.1 The Department of Commerce is a customer-focused organization and that focus starts with the Secretary of Commerce and the executive leadership team.
  - a) The Secretary and executive leaders regularly meet with business and industry clients in order to understand their concerns.
  - b) The Secretary and executive staff are personally involved in many projects. They are involved with weekly updates of each project and attend many of the business negotiations as well as public announcements.
  - c) The executive leadership works with the state's legislative leadership to discuss issues critical to building the state's economy including legislation and key projects.
  - d) The Executive staff meet at least quarterly with Regional Economic Development Alliances to discuss partnership and coordination for economic development in South Carolina.
- 1.2 The agency measures success through:
  - Capital investment;
  - Job creation;
  - Investment by new businesses;
  - Job creation by new businesses;
  - Investment by existing businesses;
  - Job creation by existing businesses;
  - Percent of announced capital investment relative to southeastern competitors;
  - Percent of announced new jobs relative to southeastern competitors;
  - Investment in rural (non-MSA) counties;
  - Job Creation in rural (non-MSA) counties;





- Product development; i.e., industrial park development, community technical assistance;
  - Percentage growth in value of exports;
  - Value of exports per manufacturing employee in the state;
  - Compliance with federal guidelines for grant application and administration for CDBG;
  - Injury rates on public railways.
- 1.3 The Business Services Department's sole purpose is to help South Carolina companies achieve peak performance, growing their investment and job creation capacity. Bringing together professionals who offer a wealth of experience in key areas, the department offers continuing service after the sale and a dynamic approach that helps businesses and communities prosper. The Department also houses the Small Business Ombudsman's Office, providing focused assistance to new and existing small businesses.
- 1.4 The Community & Rural Planning and Development Division staff members assist local leaders in achieving success for their communities through Product Development, Leadership Development and Community Investment.
- 1.5 The agency has several methods of successfully collecting feedback on products, programs and services. Certainly the most effective means is through the number of companies we work with to expand or locate in South Carolina. However, there are other channels where feedback is gathered.
- The Community & Rural Planning and Development Division maintain contact with local development organizations across the state.
  - Agency personnel are active in the South Carolina Economic Developers' Association.
  - The Coordinating Council staff and the grant staff conduct regular training seminars around the state to ensure compliance with programs. The face-to-face contact also allows staff members to better understand and resolve issues and problems.
  - The Community Development Block Grant program (CDBG) holds public hearings annually in conjunction with its Annual Action Plan and seeks public comment on its Performance Report prepared for the U.S. Dept of Housing and Urban Development. In addition, public hearings are held for each grant awarded.



- 1.6 The Department of Commerce is actively involved in the community. During the Christmas season, each division “adopts” a family in need, collecting and distributing gifts and food. The Agency also participates in American Red Cross Blood Drives, Harvest Hope Food drives, and several other charitable activities.

## **Category 2 – Strategic Planning**

- 2.1 The Agency has recognized the value of building the state’s economy around the interdependent industries and businesses that constitute economic sectors as its primary objective.
- 2.2 Each division has developed measurable goals that enhance accountability and good stewardship of taxpayer’s dollars.
- 2.3 The Department has developed a unique marketing strategy involving a comprehensive approach to market the benefits of doing business in South Carolina. Exposure will be gained through search engine optimization, search engine marketing, social media, traditional advertising in industry publications and participation in trade shows. This marketing plan will help communicate South Carolina's business story and create an opportunity to communicate with prospective investors why South Carolina is an ideal location for their business.



## Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 09-10 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
II.A Business Development	Increase investment and job creation throughout South Carolina.	Increase investment and job creation throughout South Carolina.	7.1
II.C Community & Rural Planning and Development	Increase the quality of the "economic product" in South Carolina through workforce development, <b>community development</b> and general aviation development.	Assist in the development of new and upgraded infrastructure in 10 communities. Design, develop, and implement an improved site certification process. Initiate the process of product development for 10 communities.	7.2
II.B International Trade	Increase the value of exports from South Carolina businesses.	Help SC companies make direct sales abroad. Build governmental and business relationships between SC and other countries. Raise SC companies awareness of benefits to expanding in the global market place. Conduct at least 4 Trade Missions.	7.3
II.B Business Services	Develop a strategy that recognizes the strengths of the State's existing, small and emerging industries and builds on the opportunities those strengths present.	Match startup or existing businesses to resources that will take them to the next step in their business growth. Support minority and women owned businesses. Produce a Small Business Resource Guide.	7.3
II.E1 II.E2 Grants and Incentives	Increase investment and job creation throughout South Carolina.	Create new jobs and investment with the disbursement of funds to economic development projects.	7.4
II.D Research	Provide data and strategy for industrial recruitment to South Carolina. Author research reports and policy briefs relevant to economic development.	Respond to project RFPs on a timely basis with accurate data. Create economic outlook and policy reports. Develop economic models and strategic plans to promote economic development in the state.	7.6
II.D Marketing and Communications	Implement a targeted marketing strategy to promote new investment and job creation and grow industry sectors	To develop a marketing and communications plan with divisional specific activities that is in line with Agency goals. To work with media on press events, announcements and opeds as necessary.	7.7



### Category 3 – Customer and Market Focus

- 3.1 One of the key components of Agency culture is the concept that our ultimate customers are the people of South Carolina. In previous administrations, industrial prospects were the ultimate customers. Industrial prospects and bringing new jobs to the people of the state remain the core function of the agency, but under the leadership of the Governor and the Secretary, there is a fundamental change in recognizing that the people of the state are our ultimate customers to whom we are accountable.

While the people of the state are the Agency's ultimate customers, the Agency has a number of other customers. The diversity of the Agency is reflected in the diversity of customers and stakeholders it serves.

- Businesses making location decisions;
- Existing, emerging and small businesses, and industries;
- Companies needing export, recycling, and finance resource assistance;
- State and local governments;
- Communities;
- State Ports Authority and its customers wishing to ship cargo by rail; and

- 3.2 The Department of Commerce is eager to assist constituents and prospective investors. The agency's leadership is accessible and assistance is readily available through Commerce's various divisions. Information is also available through the agency's website, webinars, seminars, presentations and through various other means.

The agency closely monitors the analytics of the website to identify traffic patterns and make necessary adjustments to provide desired information in a straightforward manner.

- 3.3 The Small Business Ombudsman's Office serves as a direct link to the state's small business community, connecting entrepreneurs and business owners with resource information and technical assistance – including: business start-up, finance, product and market development, workforce development, and regulatory assistance.
- 3.4 Business Services has partnered with a number of state and federal agencies and organizations to produce direct support webinars and seminars focused on finance and the enhancement of high impact entrepreneurship. These partners include the Federal Reserve, NFIB, SC Chamber, SC Bankers Association, New Carolina, and SC Manufacturing Extension Partnership, to name a few. Events



included a webinar on finance, conference on finance, a Salute to Small Business conference (with business matchmaking sessions), and a conference on High Impact Entrepreneurship.

- 3.5 The BuySC program is managed by Business Services, and has served to connect over 50 South Carolina businesses with other “new to South Carolina” companies, e.g. Boeing, MTU Detroit Diesel and Amazon, as well as other existing South Carolina businesses – matching buyer and supplier needs with SC products and services.
- 3.6 The Recycling Market Development Team works with businesses, industry, government and other organizations to provide technical and economic development assistance to foster a thriving recycling markets, companies and sustainable business development in South Carolina.
- 3.7 When customers indicate a shortcoming in product and/or infrastructure, staff is responsible for relaying that information to communities so they may improve their ability to capitalize on future opportunities.
- 3.8 The Department of Commerce is a sales, marketing, and product development organization and, the building of strong relationships with customers and stakeholders is essential to our success. Project managers deal one on one with their clients in order to ensure continuity throughout the sales process. This enables them to develop in-depth knowledge of the client’s needs, which translates into pertinent information in a timely manner from the Marketing and Research Divisions.

The Agency works with individual communities in much the same manner. A single point of contact is appointed for each community to continually assess their needs and to inform them of important changes. They are also well positioned to act as a catalyst for changes that need to take place. Finally, a new mandate for the project managers is to visit communities in order to improve relationships and build consensus essential to moving the State’s economy forward.

- 3.9 The Department of Commerce prepared and disseminated an agency annual report to local economic developers, regional development alliances, the General Assembly, Councils of Government, and other economic development allies. The report contained project updates, agency activities, year-end numbers and agency accomplishments. The goal of the annual report is to keep Commerce's allies better informed of agency accomplishments.
- 3.10 The Department of Commerce collaborates with other state entities. The CDBG program works with the State Housing Authority to assist non-profit customers to understand the unique needs of their separate customers.
- 3.11 The Research Division works diligently to support all departments and divisions throughout the Agency to achieve their goals. This is accomplished through



fielding information requests from other departments and divisions in a timely manner as well as implementing long-term investigative projects. Research also supports the efforts of individuals and businesses seeking economic information, particularly labor market and employment information. Research maintains databases and Web sites which provide data and information to support Commerce's economic allies, as well as assist in the recruitment and expansion of businesses in the state. Finally, Research and its Labor Market Information group personally assist local Workforce Investment Boards and other local workforce and economic development entities in developing detailed labor market and economic analyses of their regions for use in their planning and development.

- 3.12 Each week, Marketing/Communication distributes an email newsletter of the week's business news relevant to South Carolina. The weekly e-blast, "Commerce Communications" is distributed to allies, business leaders, developers, regional alliances, local economic developers, and prospective investors. "Commerce Communications" has been a successful means to communicate the state's business activity and the agency's recruitment efforts with businesses and economic development professionals across the state.

#### **Category 4 – Measurement, Analysis, and Knowledge Management**

- 4.1 The Division of Research supports the Agency through research, analysis, and providing information. Data to support this service comes from a wide variety of sources including U.S. Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, and the South Carolina Department of Employment and Workforce. In addition, Research utilizes several 3rd party proprietary databases such as Dun & Bradstreet Selector and EMSI Strategic Advantage. Research support is used in the following manner:

- **Requests for Information/Proposals:** Assistance to project managers in their mission to recruit industry to South Carolina constitutes the most consistent need for data and information. These proposal projects are complex, requiring analysis of data from national, state, and local levels as well as proprietary business data. Furthermore, Research proactively analyzes business growth trends and South Carolina's competitive advantages for industrial recruitment to develop prospective company leads for project managers.
- **Economic Analysis Report:** This report is produced annually by the Labor Market Information group as a requirement of the ETA State Workforce Information Grant. It provides a recap of the state's economic and labor situation for the previous year as well as a look at trends and growth.
- **Support for Commerce Programs:** The Division of Research provides research and analysis support for Project Managers, Marketing & Communications, and other Commerce staff including, but not limited to, the following tasks:



- County or state economic, demographic, or employment profiles;
- Comparisons between other states, counties, and metropolitan regions;
- Analysis of costs associated with doing business (electricity rates, building lease rates, tax rates, etc.);
- Research on a specific company;
- Capital investment information and analysis;
- Financial analyses of companies;
- Long-term custom research projects;
- Requests for industry and economic data;

➤ **Industry and Occupational Analysis Reports:**

Research currently develops industry profile reports that are used in proposals and by project managers as marketing tools. They provide the most current employment, occupations, earnings, wages, output, national rankings, and detailed information which highlight South Carolina's strengths to position the state advantageously for continued capital investment.

- 4.2 Research manages and maintains a suite of informational tools to provide the Agency with timely data in a usable format. Elements of this suite include the following:
- **Workforce Information Database:** A part of Labor Market Information, this database contains the most complete, current collection of local and state economic and labor market information in South Carolina. It is accessible to users statewide via the Web site [www.scworkforceinfo.com](http://www.scworkforceinfo.com). It is accessible internally for development of custom reports and data extracts for analysis.
  - **Document Directory:** Available via the Agency's Web site, <http://sccommerce.com/news-room/publications>, this site houses data and reports—created by or in conjunction with the Department—relevant to South Carolina economic development.
  - **Knowledge Center:** This internal, SharePoint-based intranet tool allows Research to share and disseminate all its relevant data and information with various divisions throughout the Agency, reducing requests for redundant data and facilitating efficiency in ensuring all Agency personnel have access to data whenever needed.
- 4.3 Quarterly reports are issued on these grant funds at the Coordinating Council for Economic Development. Senior Leadership and staff use these financial reports to determine commitment of funds, balance and pending commitments.
- 4.4 The Coordinating Council staff is constantly working on cost estimates for the Enterprise Zone incentive. These numbers are used to augment those done by the Budget & Control Board to advise legislators on budget estimates.





- 4.5 The agency website is routinely updated to ensure that relevant and desired information is provided to interested parties. The homepage of the website underwent an upgrade so that users could better navigate the various services, information and resources available through the Department of Commerce. The agency's goal is to provide information about all the benefits of investing or growing a business in South Carolina.

### **Category 5 – Work Focus**

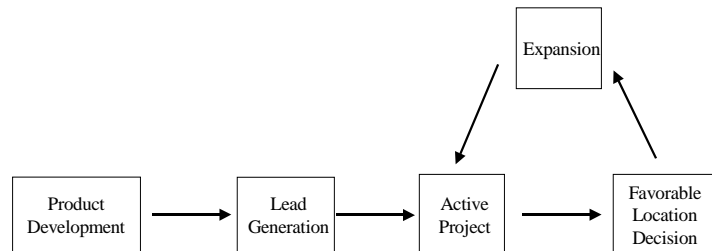
- 5.1 The Agency continues to promote training and development opportunities for employees. Funds have once again been allocated and utilized for employee training. Annual Training Objectives are identified in each employee's performance planning stage document. As new processes and business evolves, additional training is coordinated.
- 5.2 The Agency continued the Sales Incentive Plan (SIP) for project managers in the Global Business Development Division. This program is managed in conjunction with the agency Employee Performance Management System (EPMS) process.
- 5.3 A number of measures have been implemented by Human Resources to ensure a safe, positive workplace.
- Employees receive updates to the policy manual. The manual contains all of our updated agency policies including affirmative action, harassment, discipline, and performance. Policies are also posted on the Agency's intranet. These policies are reviewed and updated as needed.
  - The Division of Public Railways has written safety procedures and guidelines and regularly performs inspections on equipment.
- 5.4 Staff in the Human Resources Department coordinate activities in a wide range of community oriented fund-raising activities such as the Salvation Army, United Way, Community Health Charities, Harvest Hope, and Families Helping Families.
- 5.5 The Agency continues to promote future state leaders through internship opportunities.





## Category 6 – Process Management

- 6.1 As with any organization based on sales and marketing, the building of relationships is an integral part of the Agency's success. This process makes the Agency's front-line sales team the single point of contact with the client company or the company's representatives as soon as an inquiry is identified as a viable project. This allows the project manager to begin amassing information on the company, the project, and the project's requirements and facilitates the building of personal relationships with decision makers. This chart outlines the "life cycle" of a project:



- 1) A lead is received from a company, consulting firm, or one of our economic development allies.
- 2) The project is screened by the Global Business Development Division Director to determine its viability. Once it is determined to be a viable project, a project manager is assigned who will act as the constant point of contact for the client company. It is the project manager's responsibility to establish personal contact with the client.
- 3) The project manager determines the parameters of the project and the information needs. These are then relayed to the Research Department and/or local development allies. Once the data is gathered, it is then funneled to the customer. As the project matures, communities and states are eliminated, and additional information is required from both the state and community until a favorable location decision is made.
- 4) The Research Department gathers all data to support the project managers in converting a lead into a win (a business choosing South Carolina as its location target or facilitating an expansion). The Research Department supports the project managers in amassing information on the company, the project, and the project's requirements. The Research Department completes Requests for Information and Requests for Proposal from project managers and gathers all information from the respective counties and local development allies. This includes gathering data on buildings and sites, permitting, infrastructure, workforce and quality of life issues, amongst other factors. The Research Department manages the proposal



process, conversing with local economic allies as well as consultants, allowing the project managers to continue to focus on building the personal relationship with the target business.

- 5) Project managers review all information before dissemination to the client company.
- 6) After the decision is made and a facility becomes operational, the Business Services Department establishes contact to monitor the progress of the facility and offer advice and help should problems arise.
- 7) Assuming the facility operates successfully and profitably it will expand within the first five years of operation at which time a project manager from Global Business Development Division will be assigned to facilitate the process.
- 8) A quality workforce plays a vital role in businesses locating, expanding, and remaining competitive. Utilization of workforce services and resources provides for on-going identification, assessment, and training of current and prospective employees to meet business needs.

The process has remained virtually unchanged for the last ten years with one major exception – the time it takes for the process to run its course has become compressed. What used to take years now frequently only takes months and sometimes even weeks. In order to meet the increased time demands of clients, the Agency utilizes technology whenever possible to reduce turn-around time.

- 6.2 Project managers maintain contact with customers regularly in order to stay abreast of new developments and to ensure information needs are met. As the project “matures” and moves toward a final decision, contacts intensify and the Agency’s senior leadership may be briefed daily.
- 6.3 Each of the other divisions is tasked with supporting the front-line sales team. Each uses the latest technology available to maximize their outcomes.
- 6.4 The Department of Commerce builds alliances with key economic developers in each county. These alliances consist of those members of the State’s economic development community that are crucial to the success of the State’s economic development efforts. They also consist of the local development offices, state and local government entities, and private companies that have a stake in the economic success of the state. These relationships with our partners are nurtured in a number of ways.
  - The leadership of the Agency is active in the South Carolina Economic Developers’ Association.
  - The Community & Rural Planning and Development Division are tasked with maintaining constant contact with each of the state’s 46 counties.



Where possible, counties are provided with technical support and planning expertise in an effort to improve the county's competitiveness through the development and improvement of industrial sites, industrial parks, and speculative buildings. The Division further supports product development with grants from the Rural Infrastructure Fund.

- The Community & Rural Planning and Development Division are also charged with the responsibility of coordinating and overseeing the South Carolina Advanced Symposium and the South Carolina Economic Development Institute. Both programs represent quality economic development training programs for the practitioner as well as those needing an overview of the profession.
- The South Carolina Coordinating Council for Economic Development further supports product development with grants for infrastructure.
- Interaction with state agencies such as DHEC, the Department of Revenue, and the Center for Advanced Technology Training, currently known as Ready SC™, and the State Ports Authority is encouraged early in the process so they can gain a better understanding of the customer's operation and minimize impact of potential problems on the final location decision.
- Consultants who represent companies making location decisions are contacted to make sure the Agency is meeting their needs.

6.5 Marketing and Communications works closely with Global Business Development to facilitate the project announcement process from the generation of the memorandum to communicating the information to the Governor's office to facilitating a public announcement with the investor. A flowchart of this information was utilized to document the process and provide checkpoints along the way for accuracy and quality control of information. The Communications coordinator works closely with the company, as well as county and alliance developers to generate and distribute press releases as appropriate.

6.6 A yearly Marketing/Communications plan is generated with input from each Division director to successfully employ tactics which will achieve the established goals of the Division, as well as the Agency while working to ensure cost effectiveness and maximum returns.

6.7 CDBG grants are awarded to units of local government and maintain a close contact with community developers and officials in customer communities. The CDBG Program is represented on the Board of the South Carolina Community Development Association, which coordinates community development professionals and promotes cooperative exchange of techniques and ideas. The CDBG Program also works closely with the ten regional



councils of governments to ensure effective project implementation on the state's local and regional levels.

- 6.8 The Agency's effort to provide grant funds to the most effective community development projects is enhanced by the objective project selection process used by the CDBG Program. The CDBG Program administered two competitive grant funding rounds, Community Investment and Infrastructure. Projects submitted in these programs were evaluated against objective scoring criteria that were established by staff with customer input and approved by HUD. The CDBG staff applies an extensive scoring methodology to determine those grants that are most likely to achieve the desired results.
- 6.9 Requests for grants associated with economic development projects are handled in much the same way as banks handle loans. Project managers bring requests to the Coordinating Council for Economic Development, who looks at the worthiness of the project and then allocate an amount of funds as well as determine the most appropriate source of funds.
- 6.10 The Enterprise Zone staff works closely with the staff of the Department of Revenue and participating companies to monitor the Enterprise Zone program to ensure that only those companies meeting their job creation commitments receive incentives. Quarterly and annual reports are submitted and checked for compliance.

## **Category 7 – Results**

Job Recruitment (both Foreign and Domestic) into South Carolina continues to be strong. The Agency's hard work led the way in the southeast again in 2010 with firms creating 20,453 new jobs in South Carolina.

The following are some of the results in 2010.

### **7.1 GLOBAL BUSINESS DEVELOPMENT**

In 2010, Commerce assisted with the expansion or location of 172 firms announcing the recruitment of 20,453 jobs and investment of \$4.1 billion in South Carolina. (Note: Commerce does not include utility, hospitals, power plant and military capital investments in its numbers.)

- The State's rural areas accounted for 4,122 new jobs recruited and \$855 million in capital investments. This represents 20% of job recruitment and 21% of capital investments statewide where 21.7% of the State's workforce resides.
- Eighty-seven new firms announced the creation of 13,385 new jobs and capital investment totaling \$2.95 billion. New firms represented roughly 65% of announced new jobs and 73% of announced investment.



- Manufacturing continues to be the leading sector for investment (92%) and job creation (81%).
- The Paper sector was the leading industry sector in capital investment (\$1billion), while the leading sector for job creation was the Automotive Industry (6,219 new jobs).
- The leading source nations for international investment were Germany (58.5%) and Sweden (10.8%). The leading international job creators were firms from Germany (61.9%) and Korea (6.8%).

### **New and Existing Firms**

In 2010, the Agency assisted with 85 existing industry expansions, which announced the creation of 7,068 new jobs (35% of total job creation) and \$1.1 billion in investment (27% of total investment). New industries accounted for 49% of total projects, 65% of total new jobs and 73% of total investment.

2010 Capital Investment Activity By New and Existing Firms							
	Capital Investment		Jobs		Firms		
Existing	\$	1,108,989,942	27%	7,068	35%	85	49%
New	\$	2,949,325,497	73%	13,385	65%	87	51%
Grand Total	\$	4,058,315,439	100%	20,453	100%	172	100%

### **Sector Analysis**

The Agency continues to focus on creating and sustaining major industry sectors. The sectors making the largest capital investment in 2010 were the Paper Industry with \$1billion and Automotive with \$797.1 million. The Automotive sector led the way in job creation with 6,219 jobs, followed by the Aerospace & Aviation Sector. South Carolina continues to play a major role in the automotive industry with the expansion or addition of companies like BMW Manufacturing Co., Proterra, and U.S. Engine Valve Company.

Besides growth in the aforementioned target industry sectors, the Agency also attracted industries such as Alternative Energy, Information Services, Textiles and Warehousing and Distribution. Some of the top companies in these industries included AQT Solar, Geocent LLC, Gildan Activewear and Amazon.com.



2010 Capital Investment Activity							
By Sector							
(In Alphabetical Order)							
Sector	Capital Investment		Jobs		Firms		
Advanced Materials	\$	5,189,000	0.1%	70	0.3%	2	1.2%
Aerospace & Aviation	\$	44,332,074	1.1%	1,485	7.3%	8	4.7%
Agribusiness	\$	1,100,000	0.0%	11	0.1%	1	0.6%
Alternative Energy	\$	665,600,000	16.4%	1,306	6.4%	9	5.2%
Automotive	\$	797,050,000	19.6%	6,219	30.4%	22	12.8%
Biotechnology	\$	30,000,000	0.7%	0	0.0%	1	0.6%
Building Products	\$	24,200,000	0.6%	1,096	5.4%	4	2.3%
Chemicals	\$	58,007,000	1.4%	155	0.8%	5	2.9%
Customer Service Center	\$	1,875,000	0.0%	670	3.3%	3	1.7%
Finance and Insurance	\$	2,736,342	0.1%	185	0.9%	1	0.6%
Food Processing	\$	57,864,000	1.4%	739	3.6%	9	5.2%
General Manufacturing	\$	262,909,600	6.5%	769	3.8%	10	5.8%
High Tech Manufacturing	\$	47,067,500	1.2%	689	3.4%	8	4.7%
Information Services	\$	9,136,000	0.2%	431	2.1%	7	4.1%
Medical	\$	67,280,000	1.7%	731	3.6%	7	4.1%
Metal Fabrication	\$	104,856,100	2.6%	1,004	4.9%	18	10.5%
Non Metallic Mineral Manufacturing	\$	57,000,000	1.4%	140	0.7%	2	1.2%
Other	\$	5,000,000	0.1%	12	0.1%	1	0.6%
Paper Products	\$	1,009,000,000	24.9%	1,045	5.1%	3	1.7%
Plastics	\$	74,349,000	1.8%	611	3.0%	14	8.1%
Recycling	\$	199,100,000	4.9%	318	1.6%	6	3.5%
Textiles	\$	197,406,000	4.9%	1,183	5.8%	18	10.5%
Utilities	\$	170,000,000	4.2%	0	0.0%	1	0.6%
Warehousing & Distribution	\$	118,000,823	2.9%	1,464	7.2%	8	4.7%
Wood Products	\$	49,257,000	1.2%	120	0.6%	4	2.3%
Grand Total	\$	4,058,315,439	100.0%	20,453	100.0%	172	100.0%

### **International Investment**

Direct foreign investment in South Carolina continued to be strong in 2010. The Agency recruited 49 international firms, which produced \$1.1 billion announced investment and 5,889 announced new jobs. German firms led the way in capital investment, accounting for 58.5% of the total international capital investment. German-owned companies accounted for 61.9% of jobs created by international companies with 3,648 jobs.



2010 Capital Investment Activity by Country (In Alphabetical Order)						
Country	Capital Investment		Jobs		Firms	
Australia	\$ 8,000,000	0.8%	200	3.4%	1	2.0%
Belgium	\$ 3,856,000	0.4%	30	0.5%	1	2.0%
Canada	\$ 43,085,000	4.1%	339	5.8%	5	10.2%
China	\$ 6,000,000	0.6%	120	2.0%	1	2.0%
Curacao	\$ 4,000,000	0.4%	40	0.7%	1	2.0%
France	\$ 15,400,000	1.5%	80	1.4%	3	6.1%
Germany	\$ 618,766,000	58.5%	3,648	61.9%	16	32.7%
Ireland	\$ 53,925,000	5.1%	228	3.9%	3	6.1%
Italy	\$ 8,500,000	0.8%	34	0.6%	1	2.0%
Japan	\$ 52,000,000	4.9%	80	1.4%	3	6.1%
Korea	\$ 21,500,000	2.0%	400	6.8%	2	4.1%
Netherlands	\$ 13,176,100	1.2%	125	2.1%	2	4.1%
Norway	\$ 37,000,000	3.5%	12	0.2%	1	2.0%
Spain	\$ 3,000,000	0.3%	100	1.7%	1	2.0%
Sweden	\$ 114,000,000	10.8%	280	4.8%	4	8.2%
Switzerland	\$ 51,500,000	4.9%	118	2.0%	2	4.1%
Turkey	\$ 2,678,000	0.3%	45	0.8%	1	2.0%
UAE	\$ 1,000,000	0.1%	10	0.2%	1	2.0%
<b>Grand Total</b>	<b>\$ 1,057,386,100</b>	<b>26%</b>	<b>5,889</b>	<b>29%</b>	<b>49</b>	<b>28%</b>

### County Capital Investment Data

During 2010, Commerce recruited \$856 million in capital investment and 4,112 jobs from 55 firms to rural areas of South Carolina or areas that are not part of a metropolitan statistical area (MSA). Recruitment to rural South Carolina or areas not part of an MSA accounted for roughly 21% of capital investment and 20% of job creation where 21.7% of the State's workforce resides.

2010 Capital Investment Activity By Rural and Urban Areas						
	Capital Investment		Jobs		Firms	
Rural	\$ 855,804,100	21%	4,112	20%	55	32%
Urban	\$ 3,202,511,339	79%	16,341	80%	117	68%
<b>Grand Total</b>	<b>\$ 4,058,315,439</b>	<b>100%</b>	<b>20,453</b>	<b>100%</b>	<b>172</b>	<b>100%</b>





## 7.2 COMMUNITY AND RURAL PLANNING AND DEVELOPMENT

The Community & Rural Planning and Development Division (C&RP&D) continues its mission to improve the quality and competitiveness of South Carolina communities through programming focused on community product and leadership development. The Division works closely with local leaders to create opportunities for greater investment, job creation, and leadership potential.

Division staff members work with local leaders to develop economic development “product,” such as speculative buildings and industrial sites and parks to ensure that communities have available properties for investors and job creators to select from.

In addition, a new site certification program was developed during the year. This creative program is expected to place South Carolina at the forefront for site certification throughout the country.

### Product Development

Product Type	Number completed	Number in Progress
Speculative Buildings	5	3
Industrial Parks	4	1
Certified Sites	73	5

An inventory of both industrial sites and industrial parks is a must if South Carolina is going to be competitive in the industrial marketplace. After much due diligence, working with local county developers, regional alliances and allies, this inventory was increased by nearly 10% during the year. A complete overhaul of the existing sites database was executed and data continues to be refined and updated frequently.

### Community Revitalization

The last community to complete efforts to improve downtown areas through the Agency’s Opportunity Grant program was the City of Greenwood. With the project now 98% complete, 29 new or expanded businesses have taken root in downtown Greenwood bringing with them an additional \$ 8.5 million in private investment to match the Agency’s investment of \$1,234,763. The total public/private investment total is now in excess of \$23 million.

In addition, Division staff has continued to work with the Town of Allendale, the Council of Governments and other agency staff to assist in the development of a new county library and Quick Jobs Center in downtown Allendale. This project should provide a much needed financial boost to the town while at the same time increasing the job skills of those citizens who take advantage of the Quick Jobs Center. Project should be complete by fall of 2011.



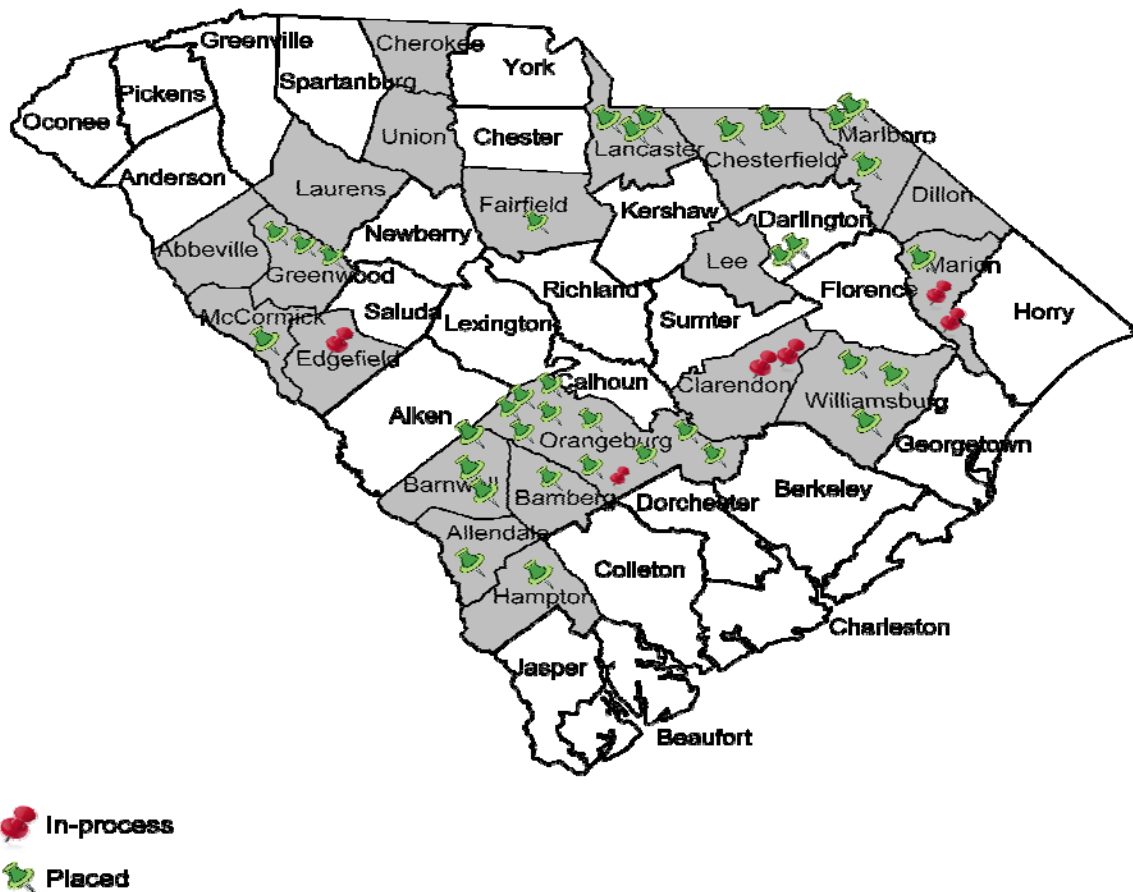


In addition, division staff initiated a new pilot program during the year designed to encourage the development of jobs and investment into rural downtowns. Bishopville and Union were targeted as test communities for the Community Enterprise Program. Results of the project should be available by the end of 2011.

### Special Project

With the improvement of rural South Carolina being a major Division focus, staff worked in partnership with representatives from the Department of Corrections and Department of Agriculture to design, develop and implement a produce stand project. This project will provide an outlet for local farmers and citizens a location to sell their South Carolina grown produce in a more attractive uniform setting. Although early in the process, the program has generated much interest with 43 stands in operation and 5 awaiting completion of paperwork.

#### **Produce Stand Distribution**



## Leadership Development

An important component of the C&RP&D program is focused on timely and up-to-date economic development education for local leadership. Through partnerships with South Carolina economic development allies, educational opportunities give local leaders the tools to strengthen their decision making knowledge.

Annually, division staff plans and implements two educational opportunities for local leaders. This year, the division completed the 21<sup>th</sup> annual South Carolina Rural Summit and The South Carolina Economic Development Institute. For local development professionals, division staff designs, develops and oversees the Economic Developers' Workshop.

Program Type	Number of Attendees	Number of Graduates	Program Rating
South Carolina Rural Summit	163	N/A	4.20 (5 pt. scale)
South Carolina Economic Development Institute	53	51	3.78 (4 pt. scale)
Economic Developer's Workshop	29	N/A	4.10 (5 pt. scale)

## 7.3 BUSINESS SERVICES

### Export Development

Globalization plays a critical role in the future of successful businesses. Companies engaged in international business are more stable, achieve higher growth rates, and pay higher wages. Exports are vital to the state's economic health as well. The benefits of exporting extend beyond the obvious advantage of profit earnings, helping diversify a company's markets and helping them gain a competitive edge through global exposure to new technology, new ideas and competition. In fact, South Carolina was the 17th largest exporter among the 50 states in 2010 and 14<sup>th</sup> in exports per capita.

The importance of export development to the state is irrefutable:

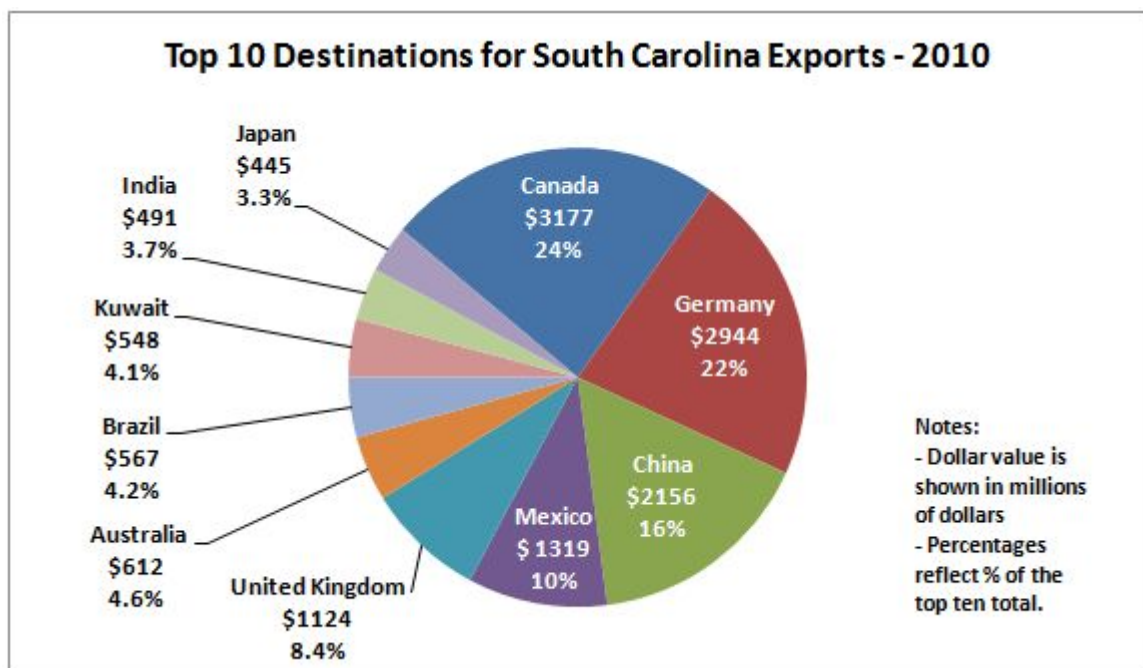
- Exporting supports thousands of jobs in South Carolina: It is estimated that for every \$1 billion of goods sold for export, 6,250 jobs are sustained. Using this formula some 126,000 jobs in South Carolina were supported by exports last year.
- A study published by the Institute for International Economics and the Manufacturing Institute found that companies that export, experience higher productivity rates (+44%), pay higher wages (+11%), offer better benefits



(+37%), have higher growth rates, are more competitive and stable, and they are less likely to go out of business.

- Just under 8% of South Carolina's total private sector manufacturing employment is supported by exports (2009\*), the 3<sup>rd</sup> highest share among the states. An estimated 28.7% of all manufacturing employees in South Carolina depend on exports for their jobs, the 3<sup>rd</sup> highest share in the U.S. and well above the U.S. average of 20%. (\*Most recent data from the U.S. Department of Commerce).

In 2010, South Carolina companies exported \$20.3 billion worth of products to 192 countries. The state's largest export destination last year was Canada, which received exports of \$3.2 billion. This was nearly 16% of South Carolina's total 2010 exports.



*Source: U.S Department of Commerce*

South Carolina's leading manufactured exports are Vehicles, which alone accounted for \$5.3 billion or 26% of South Carolina's total export shipments in 2010. Other top manufactured exports last year were Machinery, Rubber, Plastic, Electrical Machinery, and Organic Chemicals.

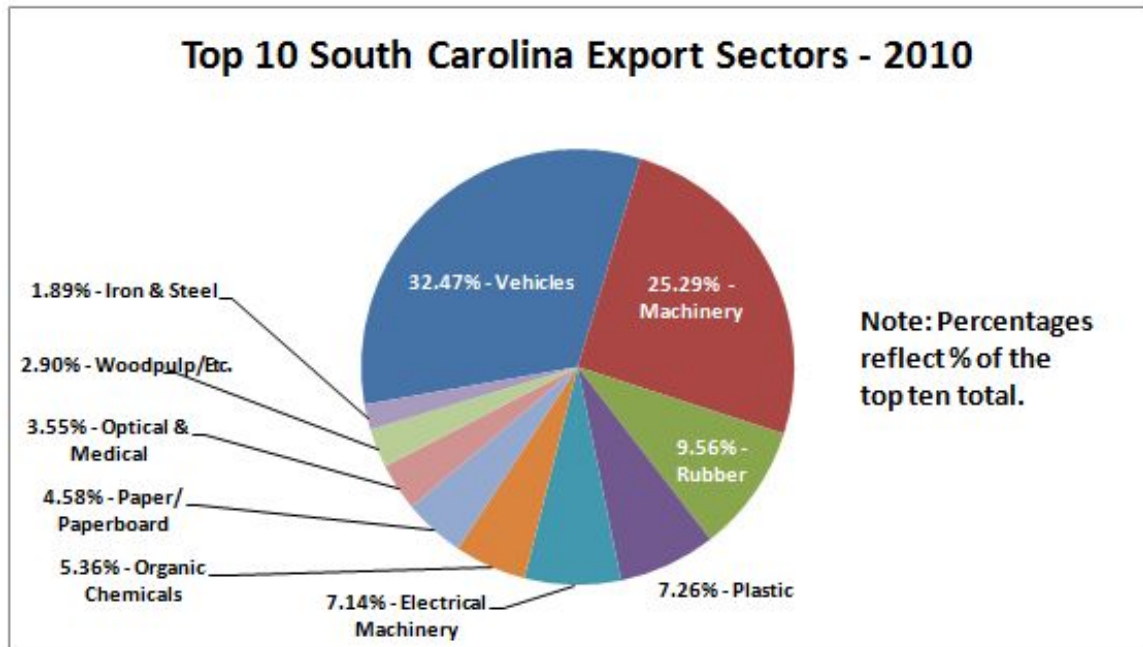
South Carolina's 2010 Exports also revealed that:

- South Carolina exports to the world increased \$13.6 billion from 1996 to 2010, which represented a 203% growth rate, 10<sup>th</sup> best among the states.
- In 2010 South Carolina ranked number one among U.S. states and territories in the export of tires and railway maintenance equipment and second in the



nation of exports of automobiles, gas turbines, capacitors and kraft paper/paperboard, all manufactured within South Carolina.

- The state's leading product sector export is vehicles, with more than \$5.3 billion in exports in 2010.
- South Carolina is the second largest exporting state or U.S. territory to Germany.



*Source: U.S. Department of Commerce*

Commerce's export development team provided support to medium-sized and smaller companies wanting to expand and participate in overseas markets. Typical client companies tend to be mostly small businesses, with occasional support to larger manufacturers. During the year the team provided international trade related assistance to South Carolina businesses, large and small, helping them better compete in the global economy by identifying new markets and sales opportunities through international trade events and one-on-one counseling. Delegations were organized and led to the annual Southeast U.S.-Canadian Provinces Alliance Conference in New Brunswick, Canada where Business to Business (B2B) matchmaking meetings took place. The State continued its series of country focused export seminars which continued to be well-attended by the business community. Additionally, program staff co-organized export workshops through the year and around the state.

### **Small Business Ombudsman's Office**

- Number of small business inquiries addressed: 758
- Eighth Annual Salute to Small Business held (Commerce supporting): over 200 attendees
- The Small Business Regulatory Review Committee reviewed all 144 proposed regulations for 2010-11.



## **Existing Business**

- Direct contact or correspondence with 668 companies as part of a campaign to connect with new, newly expanded and existing SC companies.
- Made 12 company site visits
- Assisted over 50 companies with BuySC supplier development leads
- All 46 counties were served.
- Partnered with the National Federation of Independent Businesses (NFIB), the SC Bankers Association and the Federal Reserve on a webinar and conference covering banking and finance options for SC businesses.
- Number of counties participating in SC Industry Appreciation Week and Ambassadors awards: 46
- Number of people directly involved in SCIAW/Ambassadors events: over 2,000
- News stories (print) generated: over 70 across the state

## **Recycling Market Development**

There are over 300 recycling companies with 15,600 current jobs in recycling in South Carolina (multiplier equivalent of over 37,440 jobs) which has the result of \$1.5 billion in personal income impact and \$11.0 billion total economic impact in 2010. In 2010 South Carolina's Recycling industry generated \$438 million in capital investment and 1,200 new jobs.

- Number of business inquiries addressed: 225
- Provided technical assistance to 25 entities on the start-up or expansion of recycling businesses;
- Eighth Annual Recycling Business Forum hosted: 90 attendees;
- Made 15 presentation to business and ally groups;
- Conducted 6 RMDAC and 3 Recycling Industry Group meetings;

## **7.4 GRANTS ADMINISTRATION**

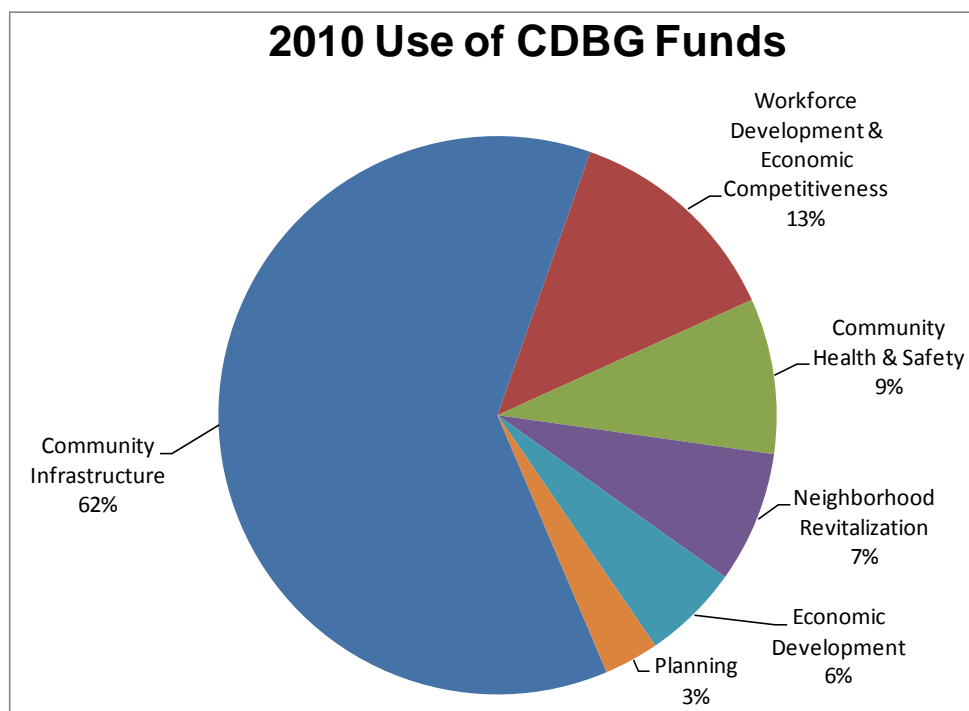
### **Community Development Block Grant Program**

In 2010, the CDBG Program awarded \$26.3 million for 78 projects in 61 different rural communities around the state, further improving South Carolina's business climate and quality of life. Over 333,000 citizens will benefit from:



- Improved economic competitiveness in 10 rural communities as a result of demolition or clearance of dilapidated properties, downtown revitalization, and expanding or improving access to workforce development resources at libraries;
- Healthier, safer and more sustainable communities as a result of new or upgraded public infrastructure in 38 communities, expanded or improved fire, public safety and health facilities in 5 communities and comprehensive neighborhood revitalization in 4 communities; and
- Economic development assistance to help create 200 new jobs.

Residents of 44 counties will also benefit from increased statewide and local planning and coordination



### Appalachian Regional Commission Program

As a federal-state partnership, the Appalachian Regional Commission (ARC) provides social and economic support for a 13-state region stretching along the Appalachian Mountains from southern New York to northern Mississippi. In South Carolina, ARC supports economic development activities in Anderson, Cherokee, Greenville, Oconee, Pickens and Spartanburg counties.

In 2010, the State's priorities for funding were workforce development, a competitive economy and infrastructure. More than \$2.8 million was awarded for nine projects that support these priorities.





<b>ARC Category</b>	<b>Amount</b>
Community Infrastructure	\$1,574,831
Workforce Development	\$597,500
Downtown Redevelopment	\$500,000
Technical Assistance	\$179,000
<b>TOTAL</b>	<b>\$2,851,331</b>

### **Job Development Credit Program**

The Job Development Credit (JDC) Program is a discretionary incentive implemented in 1996 to reward companies for creating new jobs and investing in South Carolina, especially in less-developed areas. The JDC acts like a rebate, refunding some or all of a company's qualifying and eligible capital expenditures. The JDC is performance-based; a company must perform in a manner consistent with the level of job creation and new capital investment on which the approval was based before it can benefit from the program.

In 2010, a total of 45 projects representing over 6,900 new jobs and \$2.1 billion in new capital investment were approved for Enterprise Zone benefits.

<b>2010 Job Development Credit Approvals</b>				
<i>(By County Development Tier)</i>				
<b>County Designation</b>	<b>Total Projects Approved</b>	<b>Total Jobs</b>	<b>Total Investment</b>	<b>Average Company Hourly Wage</b>
Developed	10	3,241	791,018,416	\$23.14
Moderately Developed	15	2,100	1,085,526,021	\$23.24
Under Developed	5	466	78,665,877	\$18.82
Least Developed	4	229	92,226,100	\$24.54
Distressed	11	915	99,729,500	\$20.41
<b>TOTAL</b>	<b>45</b>	<b>6,951</b>	<b>2,147,165,914</b>	

### **Enterprise Zone Retraining Credit Program**

The Enterprise Zone Retraining Credit Program helps existing industries maintain their competitive edge and retain their existing workforce by allowing them to claim a Retraining Credit for existing production employees. If approved for the Enterprise Zone Retraining Credit, companies can reimburse themselves up to 50% of approved training costs for eligible production workers (not to exceed \$500 per person per year). In 2010, seven retraining applications were approved, enabling the participating companies to retrain an estimated 1,500 employees over a five-year period.



## Coordinating Council for Economic Development

The Economic Development Set-Aside Fund is the Coordinating Council's primary business development tool for assisting local governments with road, water/sewer infrastructure or site improvements related to business location or expansion.

The Rural Infrastructure Fund is used mainly to assist local governments in the state's rural areas with economic development preparation through a variety of activities, but funds may also be used for buildings, site or infrastructure improvements related product development to business location or expansion.

The Closing Fund, which was created in 2006, is used to assist when additional funding is necessary to recruit or retain within the state high impact economic development projects.

In 2010, \$34.7 million in Business Development Assistance was awarded to local governments in 29 counties for water, sewer, roads, land acquisition, site preparation, building acquisition or improvements (RIF and Closing Fund only), or other assistance necessary to facilitate business expansions or locations (Closing Fund only). The related businesses will create over 8,400 new jobs and \$1.9 billion in new capital investment. During the year, an additional \$7.3 million was committed to undecided projects which, if won, would create an additional 2,400 jobs and \$572 million in investment.

A total of \$862,000 was awarded to six "Distressed," "Least Developed" and "Under Developed" counties for projects aimed at public infrastructure improvement, workforce development and community safety, developing facilities to attract small business, and Community Development Corporation training, technical assistance and funding. Each of these activities will help improve the ability of communities in the state's most rural counties to grow or attract new jobs and capital investment.

The amounts below only include new grant awards during 2010 and do not include committed funds or amendments or adjustments to any previously approved grant funds.

<b>2010 Coordinating Council Business Development Grants and Related Jobs and Investment</b>			
<b>County Tier</b>	<b>Total Awards</b>	<b>New Jobs</b>	<b>New Capital Investment</b>
Distressed	\$4,089,800	1,444	\$107,386,500
Least Developed	\$4,378,812	1,200	\$426,700,000
Under Developed	\$5,710,000	810	\$43,569,719
Moderately Developed	\$10,600,000	1,040	\$513,100,000
Developed	\$9,900,000	3,929	\$802,805,000
<b>TOTAL</b>	<b>\$34,678,612</b>	<b>8,423</b>	<b>\$1,893,561,219</b>





<b>2010 Business Development Grants</b>						
<b>County</b>	<b>County Tier</b>	<b>Scope of Work</b>	<b>Funding Source</b>	<b>Grant Amount</b>	<b>Projected New Jobs</b>	<b>Projected Investment</b>
Allendale	Distressed	Building	RIF	75,000	70	1,500,000
Anderson	Moderately Developed	Site Prep	Setaside & Closing Fund	9,600,000	500	500,000,000
Bamberg	Distressed	Building	RIF	300,000	35	400,000
Charleston	Developed	Building	Closing Fund	50,000	74	3,030,000
Charleston*	Under Developed	Site Prep	Closing Fund	3,000,000		
Cherokee	Least Developed	Water/Sewer	RIF	53,812	50	6,500,000
Cherokee	Least Developed	Site Prep	RIF	500,000	64	55,000,000
Chester	Under Developed	Water/Sewer	Setaside	50,000	12	0
Clarendon	Distressed	Building	RIF	150,000	100	7,750,000
Darlington	Under Developed	Building	Closing Fund	100,000	30	6,000,000
Dorchester	Developed	Building	Closing Fund	1,000,000	285	125,000,000
Dorchester	Developed	Relocation Costs	Closing Fund	25,000	640	7,400,000
Dorchester	Developed	Site Prep	Setaside	350,000	120	47,000,000
Dorchester	Developed	Roads	Setaside	50,000	71	1,500,000
Edgefield	Least Developed	Building	RIF	100,000	85	10,000,000
Fairfield	Least Developed	Building	RIF	100,000	60	2,400,000
Florence	Moderately Developed	Building	Closing Fund	100,000	50	2,500,000
Greenville	Developed	Building	Closing Fund	25,000	20	4,000,000
Greenville	Developed	Relocation Costs	Closing Fund	200,000	50	10,000,000
Greenville	Developed	Multiple site prep, infrastructure, roads	Setaside & Closing Fund	3,000,000	800	30,000,000
Greenville	Developed	Land	Setaside	150,000	70	14,000,000
Greenville	Developed	Water/Sewer	WWIF	40,000	0	3,500,000
Greenwood	Least Developed	Relocation Costs	RIF	75,000	32	4,700,000
Hampton	Least Developed	Building	RIF	50,000	12	600,000
Jasper	Under Developed	Water/Sewer	Setaside	60,000	21	2,133,842
Kershaw	Developed	Site Prep	Setaside	250,000	50	6,375,000
Lancaster	Distressed	Relocation Costs	RIF	100,000	225	50,400,000
Lancaster	Distressed	Relocation Costs	RIF	50,000	34	985,000
Lancaster	Under Developed	Relocation Costs	Setaside & RIF	1,250,000	250	10,031,500
Laurens	Least Developed	Site Prep	Setaside & RIF	3,500,000	897	347,500,000
Lexington	Developed	Land	Setaside	2,500,000	1,249	90,000,000
Marion	Distressed	Building	RIF	1,100,000	300	4,500,000
Marion	Distressed	Building	RIF	75,000	80	3,000,000
Marlboro	Distressed	Relocation Costs	RIF	300,000	40	1,080,000
Marlboro	Distressed	Building	RIF	189,800	35	14,700,000



<b>2010 Business Development Grants</b>						
<b>County</b>	<b>County Tier</b>	<b>Scope of Work</b>	<b>Funding Source</b>	<b>Grant Amount</b>	<b>Projected New Jobs</b>	<b>Projected Investment</b>
Newberry	Under Developed	Land	Setaside	700,000	502	15,007,000
Pickens	Under Developed	Site Prep	Setaside	250,000	50	5,450,000
Richland	Developed	Building	Closing Fund	2,000,000	500	461,000,000
Spartanburg	Moderately Developed	Building	Closing Fund	500,000	100	3,000,000
Sumter	Under Developed	Building	Closing Fund	200,000	120	6,000,000
Sumter	Under Developed	Building	Closing Fund	600,000	75	8,978,877
Sumter*	Developed	Roads	Setaside	260,000		
Williamsburg	Distressed	Building	RIF	750,000	200	6,000,000
Williamsburg	Distressed	Site Prep	RIF	500,000	75	7,040,000
York	Moderately Developed	Building	Closing Fund	100,000	40	3,500,000
York	Moderately Developed	Roads	Setaside	100,000	300	600,000
York	Moderately Developed	Roads	Setaside	200,000	50	3,500,000
<b>TOTALS</b>				<b>34,678,612</b>	<b>8,423</b>	<b>1,893,561,219</b>

*\*Economic development grants made to Charleston County for the Clemson University Restoration Institute and to Sumter County for improvements to the entrances to Shaw Air Force Base needed to support the relocation of the Third Army. Economic impact is expected but not tied to specific jobs and investment projections.*

## **7.5 ADMINISTRATION**

The Division of Administration's primary focuses is on the support that it provides to the entire agency on a day to day basis and to operate the agency as cost efficiently as possible. The Division continues to ensure that all state laws, rules and regulations are followed. Annual audits show Commerce to be in good standing.

## **7.6 RESEARCH**

The Division of Research provides timely, accurate data, information, and research to support the mission of the Department of Commerce in attracting industry and investment to South Carolina; in maintaining and disseminating industry, economic, and labor market information; in integrating workforce and economic development functions; and in recommending policies to promote overall state economic growth. The division is structured according to three primary, overlapping functions:

### **1. Business Intelligence**

Define internal and external data needs; utilize IT to effectively maintain, disseminate, and utilize data for effective economic development.



## **2. Industry Research and Recruitment**

Research, implement, and proactively recommend strategies for successful industry recruitment that furthers economic growth and standard of living in South Carolina.

## **3. Workforce and Economic Development Strategic Planning and Analysis**

Perform economic research to guide policies that foster statewide economic growth.

### **Activity Report for July 2010 - June 2011**

- Prepared 248 proposals and requests for information for companies considering South Carolina for investment and job creation.
- Created and disseminated monthly economic outlook reports and an annual South Carolina economic analysis report to monitor the health of the state's economy and community.
- Implemented data mining and analytical reporting software to facilitate sharing of up-to-date labor market and economic information.
- Created the automated “Community Profiles” reports, which are accessible to anyone online and provide counties, metropolitan statistical areas, and workforce investment areas up-to-date labor market and economic data specific to their regions.
- Created a series of industry analysis reports and fact sheets to support the global business development mission. Responded to an average of 41 requests per month for information and analyses from internal and external sources.
- Met all six deliverables required by the US Department of Labor Workforce Information Grant, including occupational and industry employment projections, two year and ten year time horizons. Provided labor market information in response to over 80 requests from state agencies, local workforce organizations, economic development organizations, educators, and the general public. Created county-specific labor market information data sheets to inform local governments, economic development agencies and workforce interests of their specific workforce and employment conditions.

## **7.7 MARKETING AND COMMUNICATIONS**

- Wrote and disseminated over 125 press releases promoting new investment, job creation and other accomplishments related to Commerce activities.
- Promoted new investments through several groundbreaking and announcement ceremonies, such as Husqvarna, U.S. Foodservice, Caterpillar, Owens Corning, Boeing (Interiors fabrication facility) and many more.



- Won several national awards, such as Trade and Industry Development Magazine - Corporate Investment & Community Impact (CiCi) Awards for Boeing, Red Ventures and Crane Co., Area Development Magazine - Silver Shovel Award Winner, Business Facilities Magazine – 2011, placed in 5 categories Deal of the Year Award for Boeing, Site Selection Magazine – ranked 5<sup>th</sup> in 2010 for “Top State Business Climates,” Southern Business and Development Magazine - Named Jack Ellenberg 2010 Person of the Year.
- Attended and promoted South Carolina at approximately 35 trade shows and conferences including: SEUS-Canada, Carolina Recycling Associations (CRA) Annual Conference, South Carolina Rural Summit, Workforce Development Symposium, SAE World Congress, BIO 2010, Roundtable in the South, North American Auto Show and Canadian Manufacturing Week.
- Developed a new South Carolina Aerospace Industry video for promotional purposes that not only focuses on South Carolina’s aerospace industry, but also quality workforce, market access and other high tech industries.
- Developed an Agency Business Services brochure; Aerospace brochure; Renewable Energy brochure and 2010 Activity Report.
- Commerce’s online advertising generated more traffic to the agency website with 57% of all traffic to the site coming from search engines - an increase of 46% year over year. More than 186,000 unique visitors went to the website throughout the year.

