



BUCKEYE POWER CURRENT

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Needs vs. Drivers – what do you really need?

Anyone raising a child has likely heard some variation of, “But Daddy, I need this ____ (insert toy, phone, or car)!” Often times it’s not need that prompts the begging but rather an underlying and often hidden driver such as the desire to fit in or stand out.

As Gray Swoope and his team from VisionFirst Advisors shared at Buckeye Power, Inc.’s November 2015 Economic Development Seminar, elements of that example carry over into the site selection process.

Site searches typically begin with a defined set of needs such as acreage, building square footage and infrastructure requirements. However, as Swoope noted, “Uncovering and articulating the project drivers—then mitigating those concerns—is critical to winning a project and successfully establishing the company in their new community.”

How can hidden drivers be discovered?

Factors referred to as “drivers” are a layer deeper than basic needs. An example of a “need” for a manufacturing company is 50,000 SF of expansion space. The “driver” is that the company needs production space ASAP to meet a critical client deadline. Drivers are often what keeps the company leaders up at night.

Companies engaged in site location and expansion decisions do not purposefully withhold drivers. But economic development officials and consultants typically discover drivers through relationship development, thorough research and asking discovery questions. Consultants and community officials must gently ask probing questions about company culture, goals, risks, competitive positioning and keys to success in order to uncover hidden drivers that have not yet been articulated.

Risk mitigation of drivers vs. needs

“For locations that win new projects, success is often derived from how the location mitigated risk factors,” said Swoope.

“Specifically risk mitigation of drivers, not just needs, is essential to winning new projects that can thrive in the chosen location.”

Swoope highlighted examples of risk factors that are top of mind for clients and locations that VisionFirst Advisors is advising. Top risks include:

“Successful locations figured out how to mitigate the risks that mattered to the company.”

---Gray Swoope, President & CEO



- Speed to market
- Increased or unpredictable operating costs
- Finding skilled labor and talent; threshold wage rates
- Company reputation or damage to the brand

EVERYTHING matters to the brand

Companies have always been concerned about their reputation and brand since that heavily influences their ability to attract top talent and clients. “But risk of the company’s reputation or damage to the brand is becoming a big issue that locations must address,” said Swoope. Specific location risk factors that companies now consider include:

- The perception of incentives as corporate welfare
- The state’s propensity of supporting the industry
- Whether the region enhances or harms the brand
- Historical images that might impact the company’s reputation
- Support for different cultures
- Special interest groups

Swoope summarized by sharing, “Economic development officials must ‘own’ the prospecting relationship. Do your research—understand the company’s products, competitors and markets. Build relationships so you have the opportunity to ask questions that will uncover hidden drivers and what keeps the company leaders up at night. And finally, figure out how to mitigate the risks that matter most to the company.”

Buckeye Power and Ohio’s Electric Cooperatives can help with:

- Comprehensive site and building portfolios
- Preliminary site studies
- Site search tours
- Assistance in identifying financial incentives
- Electric rate analyses
- Community profiles
- State and local government contacts
- Contractor introductions

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Industrial Asset Management Council (IAMC)

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Contact Us:

Dennis Mingyar

Buckeye Power Inc.

www.buckeyepowersites.com

6677 Busch Boulevard

Columbus, OH 43229

614-430-7876

dmingyar@buckeyepower.com