

Moore: Relocation Expert Says RI Can Lure GE

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Russell J. Moore



John Boyd

When I first heard that General Electric was considering packing up and leaving Connecticut thanks to Governor Daniel Malloy's affinity for raising the corporate income tax, I thought Rhode Island would be the last place that a Fortune 100 company would consider.

That's because Rhode Island's penchant for pandering to special interest groups at the expense of the general population, which has resulted in high taxes, poor services, and a sea of red ink across all levels of government, coupled its with onerous regulations, would scare away just about any business--never mind lure back one that famously left a few decades ago.

And my first reaction was pretty much conventional wisdom. During a telephone conversation earlier last week with John H. Boyd, the principal of [The Boyd Company, Inc.](#), a relocation consultant to massive US corporations, he said that when the news broke that General Electric might be considering a move, the usual suspects like Houston and Dallas, Texas and

Atlanta, Georgia were all the assumed front runners to land the big prized company. But as summer has turned to fall and fall to winter, Rhode Island finds itself very much in the hunt, Boyd said.

A New Hope

(It should be noted that Boyd is not working with General Electric, at least not at this point. That means he offers a fresh perspective and valuable expertise on Rhode Island's chances at luring the company back to where it was originally located. Boyd has served as a consultant to

big companies like Rhode Island's own Schneider Electric, formerly American Power Conversion. He specializes in advising and assisting with their relocation projects.)

“With its new tax cuts, pension reform, and improving state business climate - this is a new day for Providence and for Rhode Island in the industry attraction arena. Just like it is a new day for the re-engineering GE - morphing from an old line manufacturing company to a high tech software and healthcare giant,” said Boyd.

I was very skeptical at first, but Boyd makes some very salient points that make for a convincing argument.

“Jack Welch, the iconic retired General Electric CEO, has said that “Rhode Island drives business away”, over and over again to anyone who would listen. But that was then, this is now. Under the new Governor and her tax cuts, we are not hearing the same narrative from GE now led by Jeff Immelt,” said Boyd. “The fact that Providence is under consideration, is a real game-changer. There is branding value in being a finalist for a trophy project like this.”

Rhode Island Awakens?

Boyd pointed out that while the aforementioned places would be destinations that feature low taxes, cost structures, and reasonable regulatory environments, they're all over 1,000 miles away, and therefore would be a difficult relocation. The company wants to keep many of its key employees, and those folks have expressed disinterest in undertaking such a long distance relocation, Boyd said.

Further, Rhode Island can offer Class A office space for at least 20 percent less in rent or purchase cost than Boston, for instance, and significantly cheaper than the Greater New York area.

In the same respect, because there is a lower cost of living here than compared to our main rivals, the labor costs will also be at least 15 percent lower. Both of those factors mean larger profit margins for the company. That's attractive.

While Rhode Island traditionally has high energy costs, the fact that the state did cut the sales tax on energy costs last year, and shows that the state is working to address the issue.

Further, Providence has developed a reputation as an attractive place for Millennials, because, let's face it: we're cool. Providence is a place that outsiders have a tendency to like. That signals to a corporation like GE that it won't be hard to attract talented employees here for generations to come.

Providence Strikes Back!

"Providence should certainly be doing better than it is with respect to economic development," Boyd said.

That's not to say that Providence's rivals don't have their advantages.

For instance, GE is moving in a different direction as a company. They're selling off their finance division and moving more heavily into technology. That's a boon to Boston, since the route 128 character is packed with other technology companies.

And both Boston and New York can offer far better incentives than we here in Rhode Island can afford.

"If it comes down strictly to incentives, than Providence doesn't stand a chance. Rhode Island loses. It's that simple," said Boyd.

But even if Boston gets GE instead of Rhode Island, it would still be a benefit to our state, since so many of the people who would work there would live here and pay taxes here.

Return of General Electric?

But fortunately, these deals hardly ever come down to who can offer the biggest financial incentives or special deals. That means Providence has a decent chance at landing one of the most successful companies. That would pay huge dividends and have a multiplier effect for the state that is tough to overstate.

As I noted before, Boyd has a very positive view of Governor Gina Raimondo. He said that business leaders across the country have taken notice of her historic leadership on the pension reform issue. She is also perceived as a strong leader who can get things accomplished and that engenders confidence in business leaders.

"In the end, economic development is really all about strong leadership," said Boyd.

All that said, he also noted that Rhode Island made a huge blunder by letting TeeSpring get away.

"TeeSpring should serve as a lesson learned to Rhode Island's political leaders," said Boyd.

Russell Moore has worked on both sides of the desk in RI media, both for newspapers and on political campaigns