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Alabama poised to win jobs under Trump, says site consultant

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John Boyd Jr., a consultant on corporate site selection, says Alabama is doing a lot right in the fight to attract new business.

By Lawrence Specker

A corporate site-selection expert says that contrary to some economic gurus he does foresee a resurgence in manufacturing jobs under the administration of President Donald Trump - and he thinks Alabama is in a good position to claim some of them.

John Boyd Jr. leads The Boyd Company, a New Jersey-based business that provides location consulting services to businesses. The firm boasts clients such as Pratt & Whitney, PepsiCo, Hewlett-Packard and JP Morgan Chase.

Boyd wouldn't say a thing about the client whose interests brought him to Mobile this week: Not a peep about what type of business might be considering a new home in the area or where in the

area that might be. But he did agree to share his thoughts on why his company is bullish on Trump and Alabama.

The Boyd Co. recently released a study in which it considers a hypothetical 225,000-square-foot manufacturing plant with 500 employees, and calculates the cost of operating such a plant in each state. The hypothetical cost ranged from just over \$30 million in South Carolina to a hair under \$40 million in New Jersey. Alabama had the fifth-lowest costs, at \$30.4 million; spots 2-4 were occupied by Louisiana, Mississippi and Arkansas.

Key observations and opinions shared by Boyd:

Reshoring is a thing: In a recent forum hosted by the Mobile Area Chamber of Commerce, free-trade experts from the Heritage Foundation and the Brookings Institution expressed doubts that Trump trade policies could drive companies to bring jobs back to the United States. Many of those jobs were lost to technological advances, they said, and strong-arm trade policies could backfire. "We have a completely different perspective on that," said Boyd. "There's no doubt this administration and its policies are accelerating the pace of reshoring."

He said that "reshoring was happening before Trump," although at small rate compared to the loss of manufacturing jobs over the last couple of decades. It has been motivated by a variety of factors, he said, from a focus on supply-chain issues to the sense that a "Made in the U.S.A." label is becoming more of a selling point. "Companies are buying into the idea that the nation's business climate will be better under Trump," Boyd said.

Site selection companies are "immediately comforted by his pledge to cut taxes and make the business climate more friendly to the private sector," Boyd said, and they're not overly worried about the bluster that some see as alarming or counterproductive. "His brand is, he's a negotiator," he said. "During the campaign, he talked about sending 11 million illegals back to Mexico. No one thought he really meant that. You start from here, and increase your leverage to get a better deal."

Alabama is doing some things right: "This is one of the higher-performing states in the nation in terms of high-tech job creation," he said. "Alabama performs well in terms of targeting trophy projects and providing necessary incentives," Boyd said.

He said he'd been pleased to see Gov. Kay Ivey maintaining an active presence at the recent Paris Air Show. That was a signal, he said, that the governmental transition following the ouster of Gov. Robert Bentley hadn't caused the state to lose its competitive focus.

Speaking of incentives: "Incentives have become more contentious," Boyd said. "However, they have never been more necessary. We talk about incentives as a necessary evil."

The battle to bring in new manufacturing operations is "super-competitive," Boyd said, so much so that he refers to it as "the second war between the states." In that environment, even a state with a low cost of doing business may find it necessary to sweeten the pot.

Training matters: Civic, business and education leader have put a heavy emphasis on workforce development, and Boyd said the state is doing a good job - particularly when it comes to AIDT. "Rest assured, executives around the country know about the program and respect it," he said. But he added that continued investment in worker education is not a bad idea. "The need will increase," he said.

Different strokes: Boyd said he sees different strengths for different regions of the state. Birmingham, he said, is most likely to attract "white-collar trophy projects" in such as banking and finance offices and corporate headquarters. "We see some potential there over the next 18 months," he said.

Huntsville, meanwhile, has a confluence of military and high-tech businesses, plus the promise that the FBI could shift thousands of jobs to the area. This may reflect a bigger trend, Boyd said: "The area that defense is getting into ... is data security. There's a new marriage, a new synergy, between data security and intelligence. It's always been there, but it's never been more a part of site-selection decisions."

Mobile, meanwhile, will continue to trade on its port and the Mobile Aeroplex at Brookley. "Any credible site selection process for avionics, aviation, aerospace considers Mobile today, and that's significant," he said. "And there's really only a handful of markets around the country that can say that."

"Here's why aerospace is so exciting," Boyd said. "Over the next 20 years ... over 41,000 new airplanes need to be built, just to meet the increased demand for air service in Asia and China." That alone is a huge driver for the industry, he said.

Alabama could screw it up: Boyd said that from his viewpoint in the site-development trade, Alabama needs to hold the line on taxes and continue offering economic development incentives. He said the state's rate of union participation is high compared to other right-to-work states, which could give some companies pause. But what he'd really hate to see is a contentious piece of legislation such as North Carolina's 2016 HB2, the so-called "bathroom bill" that led to boycotts, corporate aversion and other economic backlash for the state. "All things being equal, we would not advocate religious freedom bills," Boyd said. A bill seen as permitting discrimination against homosexual or transsexual people can cast "a cloud over the state climate," he said, in part because it makes it harder for high-tech companies located in such a state to recruit employees.

The Walmart effect is real: Local officials, including Mobile Mayor Sandy Stimpson, have predicted that Walmart's decision to build a massive distribution center in the Mobile area will draw in other companies. Boyd finds that completely plausible.

"Companies do not want to be pioneers," he said. "The idea that a company like Walmart, with its deep resources and wherewithal to make smart site selections ... chose Mobile, is a great endorsement of the business climate here, of the relationship that elected officials have with the private sector, and a belief that infrastructure will improve. Walmart looked all of that."

Walmart had other options, along the Gulf Coast and elsewhere in the southeast, he said. Its choice of Mobile could leader other companies to feel that the "pioneering" has already been done.

Is there a dark side to the numbers? Often, when Alabama appears on a national ranking in the company of Louisiana, Mississippi and Arkansas, it's not at the happy end of the spectrum. A Google search for the term "Alabama ranks 49th" brings up a depressing roster of issues, from cardiovascular-related death to education to energy efficiency to anti-tobacco programs for children.

Do the incentives and low taxes that help draw in business have costs that offset the gleam of those "trophy projects?" Given Boyd's specialty, it's no surprise that he prefers to see the hope offered by new jobs.

"As Alabama continues to attract more corporate investment, more jobs, will healthcare improve? Will schools improve? I would like to think so," he said.